Stock Symbol: 1463

強盛染整股份有限公司

CHYANG SHENG DYEING & FINISHING CO.,LTD.

Annual Report 2023

The Annual Report is available at: http://newmops.twse.com.tw
http://www.csgroup.com.tw

Printed on April 30, 2024

I. The Company's spokesperson and acting spokesperson:
(1) Spokesperson: Cheng Yi-Min
Title: VP of the Financial Department
Tel: (02)2555-6866
E-mail: public@csgroup.com.tw

(2) Acting spokesperson: Mei-Na Lan
Title: Manager of the Finance Department
Tel: (02)2555-6866
E-mail: public@csgroup.com.tw

II. Addresses and telephone numbers of the head office, branch offices, and factories:
Address of the head office and factories: No. 126, Dagong Road, Dayuan District, Taoyuan City
Tel: (03)386-7661
Address of branch offices: 6F, No. 63, Sec. 1, Dihua St., Taipei City
Tel: (02)2555-6866

III. Stock transfer agency:
Name: Stock Affairs Department of Taishin Securities Co., Ltd.
Address: B1, No. 96, Sec. 1, Jianguo N. Rd., Taipei City
Website: https://www.tssco.com.tw
Tel: (02)2504-8125

IV. Names of the accountants and name, address, website, and telephone number of the accounting firm for financial statements in the most recent year:
CPAs: CPA Chen Chen-Chien, CPA Yu Sheng-Ho
Accounting firm name: KPMG
Address: 68F, No. 7, Sec. 5, Xinyi Rd., Taipei City (Taipei 101)
Website: www.kpmg.com.tw
Tel: (02)8101-6666

V. Name of overseas stock exchange and method for accessing information on overseas negotiable securities: None

VI. Company website: www.csgroup.com.tw

Table of Contents

1. Letter to Shareholders

I. 2023 Operating Performance:

(I) Business Plan Implementation Results:

The Company's main businesses include textiles dyeing and finishing OEM services and construction. Textiles OEM services include fiber processing, bleaching, dyeing, and finishing OEM services, while the construction business involves the construction and purchase/sale of residential/commercial buildings. The Company's consolidated revenue was NT$347,508 thousand, operating profit was NT$15,758 thousand, net profit of the term was NT$107,302, in which net profit attributable to owners of the parent was NT$107,279 thousand, net profit attributable to non-controlling interests was NT$23 thousand, and EPS was NT$0.65.

(II) Budget Implementation:

In accordance to the "Guidelines for Disclosure of Financial Forecasts by Public Companies", the Company is not required to disclose financial forecast information.

(III) Analysis of Financial Gains and Losses and Profitability:

Unit: Expressed in thousands of New Taiwan Dollars

Item	Year	2023	2022	Increase (decrease)
Financial receipts and expenditures	Operating revenue	347,508	495,932	(148,424)
	Operating margin	15,758	76,553	(60,795)
	Interest income	2,857	1,858	999
	Interest expenditure	(5,348)	(3,859)	(1,489)
	Net profit after tax	107,279	68,684	38,595
Profitability	Return on assets (%)	3.87	2.59	1.28
	Return on equity (%)	4.57	2.99	1.58
	Ratio of net profit before tax to paid-in capital (%)	6.98	5.02	1.96
	Net profit margin (%)	30.88	13.89	16.99
	Earnings per share (NTD)	0.65	0.42	0.23

(IV) Research and Development Status:

1. Development of new products for mass production:
   (1) Ceased the usage of fluorine-based water repellent in favor of fluorine-free water repellent, thereby reducing the pollution of water resources without compromising the quality of the finished products and the effects of post-processing by calendering, laminating, etc.
   (2) Initiated the mass production of ocean recycled yarn manufactured using fluorine-free water repellent instead of 3M water repellent could meet all quality requirements.
   (3) Reduced the weight of the Tsp*T fabric and achieved a soft, elastic feel required for entering the mass production stage.
   (4) Successfully concluded the trial production of solution-dyed fabric based on polyester fibers, entering the mass production stage.
   (5) Successfully concluded the trial production of winter and summer police uniforms with mass production underway.

2. Plans for development of new products and quality improvements:

(1) Initiate a trial production of a biomass dispersing and leveling agent to be used in the dyeing stage to avoid foaming in the dyeing vats, which leads to abnormalities such as color stains on the fabric surface, and to increase the production vat volume ratio.
(2) Improve the performance of the low-tension continuous scouring and desizing machine used in the preprocessing stage to process warp-faced non-elastic fabrics and multi-layer thick-grade fabrics, increasing the output and enhancing the effect of scouring and desizing for the benefit of dyeing operations.
(3) Introduce a beltless fabric wheel exhaust-dyeing machine to be used in the dyeing stage to dye nylon and polyester fiber fine denim fabrics, aiming to avoid surface scratches, slipping, and other abnormalities, and increase the output of nylon fabrics.
(4) Initiate a trial production of elastic fabric using recycled yarn manufactured from warp-and-weft polyester fiber waste to develop more types of environmentally friendly yarn production methods and increase the number of recycled products.
(5) Initiate a comprehensive trial production of nylon and nylon interwoven fabrics, including processing modifications and related raw material selection and use, to improve the quality of nylon fabrics.

II. Summary of 2024 Business Plan:

(I) Operating Policy:

Chyang Sheng Vision: "Modernize C.S. into a first-rate, world class company that allows employees to achieve life-long learning and growth". Uphold the spirit of professionalism through dyeing and finishing services to satisfy customer demands, pursue revenue growth, and sustainable operations.

Our operating code of conduct: "Create new revenue streams, decrease costs, utilize collective power; upgrade, transform, innovate, and surpass". Our hope is that the entire company will adopt these standards and practices to create new opportunities for the Company. We've established specific policies for this purpose:

1. Focus on talent-centric knowledge capital.
2. Develop customer relations from the perspective of the service industry.
3. Build culture oriented towards customer values and teams that are efficient and capable of executing at the highest level, thereby maintaining customer trust.
4. Achieve new streams of revenue, decrease expenditures, manage costs, and prevent any waste.
5. Practice 6S Visual Management, improve the quality of employees and work environments.
6. Establish a culture of discipline for an exceptional human-centric culture.
7. Build a management team capable of executing and performing at the highest level.

Additionally, we will continue to develop the Company's core competencies - the ability to practice and execute quality - and hope that these values are understood, implemented, and practiced by all employees. Declaration of our enterprise culture:

1. Create a culture of integrity and accountability.
2. Create a culture that pursues excellence and advancement.

3. Create a culture of sharing knowledge and information between individuals.

Encourage colleagues to reset their thinking, to re-think, re-design, embrace positive attitudes, do the right things, and cultivate the right people; do the right things well and to completion while also finding methods for success instead of reasons for failure; bear hope instead of complaints, interpret things positively, think outside the box and do not harbor negative emotions. This will lead to good thinking that will lead the Company to success.

The Company's doctrines of "integrity, team, professionalism, and efficiency" is something we hope all colleagues practice at their jobs daily.

1. Integrity: Face problems with honesty instead of gas-lighting, pointing fingers, or dealing with office politics.
2. Team: Each individual is a key cog in the Company. Do your job well, integrate into teams, and move forward with the Company instead of passively expending oneself.
3. Professionalism: Continue to learn and hone one's professional capabilities; the Company also provides employees with basic and advanced training.
4. Efficiency: Reviewing the aspects of people, machinery, materials, and regulations to increase efficiency in every aspect.

Taiwan's "Climate Change Response Act" was passed in 2023. The new law sets a net-zero emissions target for 2050, improves the level of climate governance, imposes a carbon levy for exclusive use, adds a special chapter on climate change adaptation, and includes management mechanisms for carbon footprint and product labeling. In response to the Glasgow Climate Pact established at COP 26 in 2021, nations have been urged to enhance their reduction targets; Taiwan has increased its 2030 carbon reduction goal from 20% with the base period of 2005 to 24%±1%. The Company not only strives for economic growth, but also assumes responsibility for sustainable development. It seeks to promote an environmental sustainability plan that includes investments in energy conversion, optimization, and recycling, waste reduction, and the reuse of waste in the food chain. These steps are taken to establish an operating model based on sustainable development to protect environmental resources and approach the goal of net zero. In addition to the economic development of the Company, social aspects and shared values of stakeholders must also be taken into account to ensure the comprehensive protection and sustainability of the environment and ecosystems.

(II) Sales forecast:

The Company's 2024 sales forecast is the amount: Dyeing, finishing, and OEM shipments amounting to 26,400 thousand yards.

(III) Production and sales strategy:

1. Create customer value

The Company is one of the few professional domestic dyeing and finishing plants with quality assurances for professional dyeing for domestic brands and merchants and is committed to providing services that create added value for its customers.

(1) Classification of products from each production line that are suitable for

processing

Long fiber dyeing line: Polyester long-fiber woven general fabric and polyester long-fiber warp-and-weft two-way elastic woven fabric series. Nylon long-fiber woven general fabric and nylon long-fiber warp-and-weft two-way elastic woven fabric series.

Interweaving cold dyeing line: Short- and long-fiber interwoven fabrics and long- and short-fiber elastic interwoven fabrics.

(2) Special feature products include:

- T/C, T/R blend fabric reduction series.
- Microfiber processing products and high color fastness dyeing series.
- Long slim 20 denier high density ultra water repellent processing.
- T 100%, T-OP "two-way elastic" fabric series.
- Poly HCR high shrinkage elastic polyester fabric series.

(3) Functional processing products include:

- Moisture wicking, antibacterial moisture wicking processing
- Development of processing with hybrid functions such as antibacterial, odor resistance, or UV resistance.
- Microcapsule processing for health benefits such as mosquito repellent, aromas, and moisturizing skin care.
- Introduction and application of nanoscale processing catalysts.
- Fluorine free (C0) eco-friendly water repellent processing.
- EN-471 requirement standards for fluorescent orange and fluorescent yellow.
- Fabrics meet TFT function certification standards for UV resistance, moisture wicking, and fast drying.

2. Provide professional services through market segmentation

The Company's long-fiber exhaust-dyeing line provides brand customers with customized services and focuses on the reliable quality of the Poly and Nylon series, utilizing digital color management and processes such as concentrated quantification of fine denim, high-density, and elastic fabrics. The Company maintains close contact with major brand customers to meet the demands of the market.

3. Quality first, on-time delivery, rapid service

Although the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Regional Comprehensive Economic Partnership (RCEP) have both entered into force, Taiwan has unfortunately been unable to participate in these two major regional trade organizations. Despite disadvantages, Taiwan has had the opportunity of obtaining a portion of orders transferred out of China due to the trade war between the U.S. and China. Ultimately, product quality has become the most critical aspect. This became an opportunity for enterprise transformation and upgrade and striving to achieve quality first, on-time delivery, and rapid service.

4. Digital technology application

Full dedication to plans for further upgrade and transformation to productivity 4.0.

(1) Build seamless upstream/downstream transition mechanisms to obtain real-time data to achieve the goal of rapid materials preparation, reduced inventory, and on-time delivery based on the requirements of orders.

(2) Big data analysis mechanisms such as ERP and MES are linked to the reproducible formulas labs and on-site monitoring technology, allowing for automated formula management and production resumes of products to achieve data transparency and rapid response capabilities for production lines.

(3) Introduce energy-saving dyeing and setting machines and utilize equipment automation and smart feedback control technology to achieve smart production lines and transition towards a smart factory for professional dyeing and finishing.

(4) Introduce automated optical inspection (AOI) systems to identify discarded cloth in key segments of production machinery, replacing labor operated inspection systems. Implement AI assisted automatic fabric/report inspection for finished products to solve labor shortages and increase both accuracy and timeliness.

5. Talent cultivation

(1) Cultivate high quality, worldly, energetic, and idealistic mid-level managers through the "Industry-Academia Special Joint Program".

(2) The rotation of R&D, technical, and on-site personnel shall be conducted in a manner to develop multi-skilled talent by exposing them to both office and factory affairs for talent required to address complex environments and changes in the future.

(3) Assist employees with career planning and increase opportunities for them to train their core capabilities.

6. Function integration in production lines, maintain and update machinery

(1) Review the latest plans relating to demand of production and sales and combine production lines according to function, allowing for concentrated production of equipment and fully expressing their combined productivity benefits.

(2) Implement energy and water conservation for machinery and equipment to decrease the ratio of dyeing liquor ratio and consumption of energy and chemical catalysts as we transition towards sustainable environmental protection.

(3) Eliminate and replace pre-treatment equipment to combine scouring and condensing processes. This eliminates production bottlenecks by shortening processes and improves the smoothness of elastic fabric finishing.

7. Selection of raw materials and incoming inspections

(1) The raw materials qualification program selects suitable raw materials or competing products to improve processing quality and decrease the price

fluctuation impact of raw materials.

(2) By eliminating unsuitable combinations and standardizing formulas, identical formulas can be utilized in concentrated processing to promote product consistency and decrease waste due to the changing of specifications.

(3) Each batch of incoming raw materials are sampled and submitted to the testing lab for rigorous inspections to ensure material stability.

8. Comprehensive quality controls

(1) Each manufacturing processes adheres to the quality policies of "no manufacturing of defective products", "no acceptance of defective products", and "no dissemination of defective products". Quality controls and guarantees are performed to provide customers with satisfactory products and services.

(2) Implementation of ISO 9001 quality controls ensures consistent quality that satisfy customer requirements.

(3) A Quality Management Team has been established to plan and perform operations related to quality management and inspection. Systematic quality audits assist production departments with the implementation and performance of comprehensive quality controls.

III. Future Development Strategy:

The Company's primary business operations continue to be in joint exports. Due to changes in global market competition, our primary fabric plants have invested into vertical integration from fabrics to garments and the development of brands and distribution channels to maintain competitive advantage. As such, business in Taiwan's OEM operations have been severely compressed. In response to the intense changes of the competitive environment in the global textile industry, the Company's long and short-term development goals are as follows:

(I) Continue transitioning towards advancements in high-value, differentiated products

Develop various high value-added materials to achieve differentiation, combining them with technology and trends to produce functional fabrics that generate greater business opportunities.

(II) Obtained GRS certification for the development of eco-friendly textile products

Currently, many textile manufacturers in Taiwan have invested in the development of eco-friendly textiles such as recycled nylon, dope dyed fiber, bio-based eco-friendly textiles, and anhydrous dyed textiles; the use of recycled PET bottles in textiles has earned an excellent global reputation. The trend of eco-friendly textiles will inevitably garner more future attention and as such, complying with global trends will facilitate entry into the global production and sales supply chain.

(III) Develop fashionable and highly functional textiles

In recent years, consumer preference has shifted towards a lifestyle that "combines sports, work, and life" which is why the demand for fashionable and functional textile products has increased. Taiwan's textile industry has become a major global base of R&D and production for functional textiles. As more major global brands continue to release functional fashion garments, the Company will actively strive to find a niche to expand the textile market.

The strategy to achieve development goals in the preceding paragraph requires long-term development and planning of digital transformation, smart mechanical production, innovative manufacturing processes, and strategic alliances to identify brand requirements and perform vertical integration with garment distribution channels. The combination of the Company's existing dyeing and finishing business with an operation model that encompasses energy supply for dyeing and finishing as well as the professional service park will allow full utilization of the circular economy development model provided by recycling and steam and electricity symbiosis at Dayuan Industrial Park. The short-term business plan will focus more on high fastness quality such as the concentrated quantification and high quality production of higher T100% two-way elastic fabrics, fine and lightweight denier fabrics, and high density fabrics. Working with domestic upstream suppliers of poly eco-friendly raw materials eliminates any worries for domestic mass production while forming strategic partnerships with brand operating customers will sustain the development plan to increase sales volume.

IV. The impact of the external competitive environment, regulatory environment, and macroeconomic conditions:

(I) Competition in the global economy is transitioning towards regional integration in the form of global supply chains. Following the UK, Taiwan applied to join CPTPP (Comprehensive and Progressive Agreement for Trans-Pacific Partnership) in 2021 but has yet to join as further review and negotiations are required. Also, the RCEP (Regional Comprehensive Economic Partnership) formed by ASEAN countries and its 5 FTA partners, including China, became effective in 2022. The partnership's ultimate goal is to eliminate tariffs on more than 90% of products between member countries; due to the continuing U.S.-China trade war, China will undoubtedly utilize this opportunity to increase their trading power to oppose the U.S. and CPTPP. If Taiwan is unable to negotiate and sign individual free trade agreements or gain entry into the trade organizations in these two major regions, exports of Taiwanese textiles will suffer severe crowding out effects.

(II) The Russia-Ukraine War has persisted for more than two years, resulting in severe impact to the global economy. The surging prices of natural gas, coal, and imported raw materials has caused a global inflation and affected consumer purchase power. Even as COVID-19 restrictions ease globally in 2023, brands are seeing an increase in inventory, orders are stagnating, and there has been a negative short-term impact to global economy growth. Due to many global factors and interference, domestic energy prices will continue to increase and inevitably impact energy costs for the current year. In response, production management must take inventory of energy consumption in each plant and establish KPI goals for improvement, utilize the PDCA management cycle to review energy consumption, and adopt a spirit of constant improvement to suppress the severe impact of surging energy prices.

(III) The standards of environmental protection laws have comparatively risen and have evolved along with environmental sustainability. The Company conducted engineering to improve heating systems used in manufacturing processes and has replaced the existing coal heating systems with a new medium pressure steam heating system and gas boiler, both of which meet the operation guidelines of the latest provisions in the "Boiler Air Pollution Emission Standards".

(IV) In order to implement the eco-friendly guidelines of the "Zero Discharge of Chemicals (ZDHC)" certification, the Company has obtained Bluesign certification and is fully dedicated to implementing certified replacements for dyes and chemical catalysts. Improvements to raw materials and additives have resulted in effects such as increased costs. Further review of raw material consumption and selection of competing products must be conducted to effectively control and manage variable costs.

(V) With the passage of Taiwan's Climate Change Response Act in 2023 and the impending introduction of a carbon fee in 2025, as well as increasing pressure from international brands on suppliers to reduce carbon emissions, companies will need to pay more attention to supply chain carbon management and development this year. The Company sent in-house engineers for external training to create carbon inventories and thus improve its data transparency and reliability. Later, the Company intends to move forward with investigating carbon footprints of its products and performing classification and calculations to facilitate the timely completion of certification by a third-party notary public.

Chairman: Chen Jen-Fa Executive: Lu Fang-Fu Head of Accounting: Cheng Yi-Min

2. Company Overview

I. Date of Establishment: Established on October 19, 1983.

Addresses and telephone numbers of the head office and factories

		Address	Tel
Head office	:	No. 126, Dagong Road, Dayuan District, Taoyuan City	(03) 386-7661
Factories	:	No. 126, Dagong Road, Dayuan District, Taoyuan City	(03) 386-7661
Taipei Office	:	6F, No. 63, Sec. 1, Dihua St., Taipei City	(02)2555-6866

II. Company History:

※1983:

The Company was established in Dayuan Kuoda Industrial Park on October 19, 1983 with a paid-in capital of NT$190,280,000 and began building a short-fiber dyeing and finishing factory, mainly providing customers with processing, dyeing, and finishing services.

※1984:

After the short-fiber dyeing and finishing factory was completed and formally began operating in September 1984, the Company began to provide continuous dyeing and finishing for short-fiber woven fabric, such as cotton, T/C, and T/R.

※1985:

Reviewed and approved by the Bureau of Standards, Metrology and Inspection, Ministry of Economic Affairs as a factory with "Class A Quality Control," and in October, was further recognized as an "Excellent Quality Control Factory" in 1985. The Company was invited to organize the "Quality Control Observational Tour," which invited domestic companies on the tour.

※1987:

Comprehensively implemented the "MIS computerized production and sales information management system" to improve production efficiency and the quality of marketing services.

※1991:

February: Chairman Chen Tse retired and the executive board elected Mr. Chen Jen-Fa to succeed him as the chairman.

※1992:

August: Passed the evaluation by SGS YARSLEY and obtained the quality assurance certifications "ISO-9002", "EN 29002", and "BS 5750 PART 2", becoming the first textile dyeing and finishing company to obtain this recognition.

August: Premier Hau Pei-Tsun led Minister Kuo Wan-Jung of the Council for Economic Planning and Development, Minister Hsiao Wan-Chang of the Ministry of Economic Affairs, Minister Chao Shou-Po of the Ministry of Labor, Minister Chang Po-Ya of the Department of Health, Minister Chao Shao-Kang of the Environmental Protection Administration, and Director-General Hu Chih-Chiang of the Government Information Office on a visit to the Company's factory.

November: Recognized as an "Excellent Taxpayer" by Taiwan Provincial Government Finance Department in 1992.

※1993:

January: Expansion of the long-fiber dyeing and finishing factory was completed and began production; expanding products to the continuous dyeing, exhaust dyeing, and cold dyeing of woven fabric with short-fiber, long-fiber, and both short-fiber and long-fiber.

November: The "CIM Factory Automation Investment Plan was reviewed and approved by the Industrial Development Bureau, becoming the first dyeing and finishing company to obtain this approval.

December: Selected by the "Energy Technology Service Center" under the Ministry of Economic Affairs as a demonstration factory for providing energy conservation guidance to the textiles industry.

※1994:

April: Invited by the "Energy Technology Service Center" under the Ministry of Economic Affairs to hold a presentation of energy conservation results.

July: Passed the evaluation by Hong Kong's ITS (Inchcape Testing Services) and obtained the "Marks & Spencer Laboratory certificate of compliance".

November: Invited to the Office of the President and President Lee Teng-Hui personally awarded the excellent supplier award for "industrial automation".

※1995:

December: Passed the quality verification by the UK's COURTAULDS (now LENZING) and obtained a licensing number to use the TENCEL® trademark.

※1996:

January: Organized the "Dyeing and finishing industry pollution prevention observational tour" in coordination with the MOEA Industrial Development Bureau, China Technical Consultants, Inc., and Taiwan Textile Research Institute, and invited dyeing and finishing companies nationwide to observe the environmental protection improvements and industrial waste reduction results of the Company.

December: The Company's stock was formally listed on the stock exchange on December 5, 1996 with a paid-in capital of NT$884,756 thousand.

※1997:

March: The Company was invited by the IDB, US Environment Protection Training Association, and Indonesia Resources R&D Center to serve as the factory for the observational tour of the training course "Clean Production by the Dyeing and Finishing Industry in APEC Economies."

July: Established Progiant Construction & Development Corporation in July 1997 and expanded into the building development business.

※1998:

March: Organized the "APEC Clean Production Observational Tour" in cooperation with the IDB, and invited distinguished guests from Asia Pacific countries to observe results of the Company's efforts in environmental protection and performance in industrial waste reduction.

April: Obtained the "ISO-14001" Environmental Management Systems certification after passing SGS evaluation.

September: Obtained over 50% shares of Chyang Sheng Textiles Vietnam Co., Ltd. in September 1998 and renamed it Chyang Sheng Vietnam Co., Ltd. to provide printing services.

※1999:

November: Passed the evaluation by Switzerland's TESTEX and obtained the eco-friendly mark "Oeko-Tex Standard 100."

※2001:

September: Obtained the "ISO 9001:2000" Quality Management System certification.

October: The Company obtained LYCRA certification.

※2002:

July: The Company obtained NEXT certification.

※2003:

March: The Company obtained PUMA certification.

November: The Company obtained Adidas certification.

※2004:

December: Submitted an application and implemented the MOEA project "Eco-friendly Fiber Lyocell Scouring Bleaching, and Deweighting Combination Engineering Technology Development Project."

December: Obtained "Nylon UV Resistant" and "Nylon Moisture Absorbing and Quick Drying" certifications for functional textiles from the TFT.

※2005:

September: Signed an agreement with Nano-Tex to jointly develop Nano-Pel, Nano-Tex® Resists Spills, Nano-Tex® Repels & Releases Stains, and Nano-Tex® Coolest Comfort.

※2006:

February: Signed a contract with Taiwan Textile Research Institute for "weaving process monitoring technology," and jointly developed the "fabric inspection machine defect collection system."

August: The application for the "Digital Dyeing and Finishing Collaborative Design and Development Project" was approved by the MOEA.

※2008:

September: The "Digital Dyeing and Finishing Collaborative Design and Development Project" was successfully completed.

※2009:

May: Obtained Adidas Level 2+(Plus) laboratory certification.

June: Comprehensively updated the Company's computer system, completed the implementation of the ERP system developed by Taiwan Textile Research Institute, and continued to increase the Company's use of information technology.

August: Obtained the ISO 14064-1 GHG inventory and verification certificate.

※2010:

April: Completed tasks for merging long-fiber and short-fiber factories, concentrating processing of the two production lines to streamline the organization.

August: Obtained ISO 9001:2008 and ISO 14001:2004 certifications after completing SGS evaluation.

November: Completed the "Chyang Sheng Dyeing and Finishing System Value Chain Digitalization Project" of the IDB.

※2011:

April: Obtained Adidas Level 3 laboratory certification.

December: Obtained BSI verification certificates for the carbon footprint of the Company's polyester low denier, polyester flexible, and nylon products.

※2012:

July: Chyang Sheng Vietnam Co., Ltd. carried out a cash capital increase in the amount of US$7.25 million, added a knitted fabric factory and dyeing and finishing factory, and expanded production lines.

July: Established Pro-Star International Investment Consulting Ltd. on July 1, 2012 to engage in international trade of textiles.

※2013:

November: Obtained Cradle to Cradle certification for 100% poly and Poly 65%/cotton 35% products.

※2014:

December: The Company released shares of Chyang Sheng Vietnam Co., Ltd. and Pro-Star International Investment Consulting Ltd. via capital increase, in order to bring in strategic partners and establish an integrated factory from weaving, dyeing, to garments, and also strengthen sports brand channels. The Company's shareholding ratio of Chyang Sheng Vietnam Co., Ltd. and Pro-Star International Investment Consulting Ltd. was lowered to under 50%, so the companies were not included in the consolidated financial statements.

December: Merged with the wholly-owned subsidiary Xu Chiang Investment Co., Ltd. to integrate the group's resources and enhance overall competitiveness, and retired the 15,142,388 shares of the Company that it held. The Company's paid-in capital became NT$1,732,683,810 after the shares were retired.

※2017:

March: Added continuous sludge drying equipment with the goal of cutting sludge in half, contributing to the environment by reducing waste.

November: Obtained Switzerland's Bluesign@ technology certification and became a partner of Bluesign@ technology companies, achieving the highest environmental protection, health, and safety requirements for products.

※2018:

June: The application for the MOEA technology development project "Optimization of Long-fiber Woven Fabric Smart Manufacturing" was approved and began implementation.

※2019:

December: Completed the "Optimization of Long-fiber Woven Fabric Smart Manufacturing" and enhanced the Company's smart manufacturing management abilities.

※2020:

August: Replaced the existing coal heating system with a new medium pressure steam heating system and significantly reduced carbon emissions, contributing to the protection of Earth's environment by significantly reducing carbon emissions.

※2021:

August: Obtained the latest version of the ISO9001:2015 Quality Management Systems certification, showing that the quality of the Company's operations meets customer requirements.

August: Obtained the latest version of the ISO14001:2015 Environmental Management Systems certification, showing that the Company has achieved a balance between environment, society, and economy and meets society's expectations on sustainable development, transparency, and responsibility.

October: Obtained BlueSign certificates from Switzerland's Bluesign Technologies AG for cotton, T/C, and T/R, processes and products all comply with Environment, Health, and Safety (EHS), It is the world's latest environmental protection standard to ensure safe use by consumers.

※2022:

April: Led the industry in implementing the "Zero Fee" policy for foreign workers after referencing the International Bill of Human Rights and Responsible Business Alliance Code of Conduct, in order to fulfill the Company's corporate social responsibility and protect the human rights of foreign workers. The Company eliminates the risk of human trafficking and forced labor for foreign workers by revising hiring procedures.

※2023:

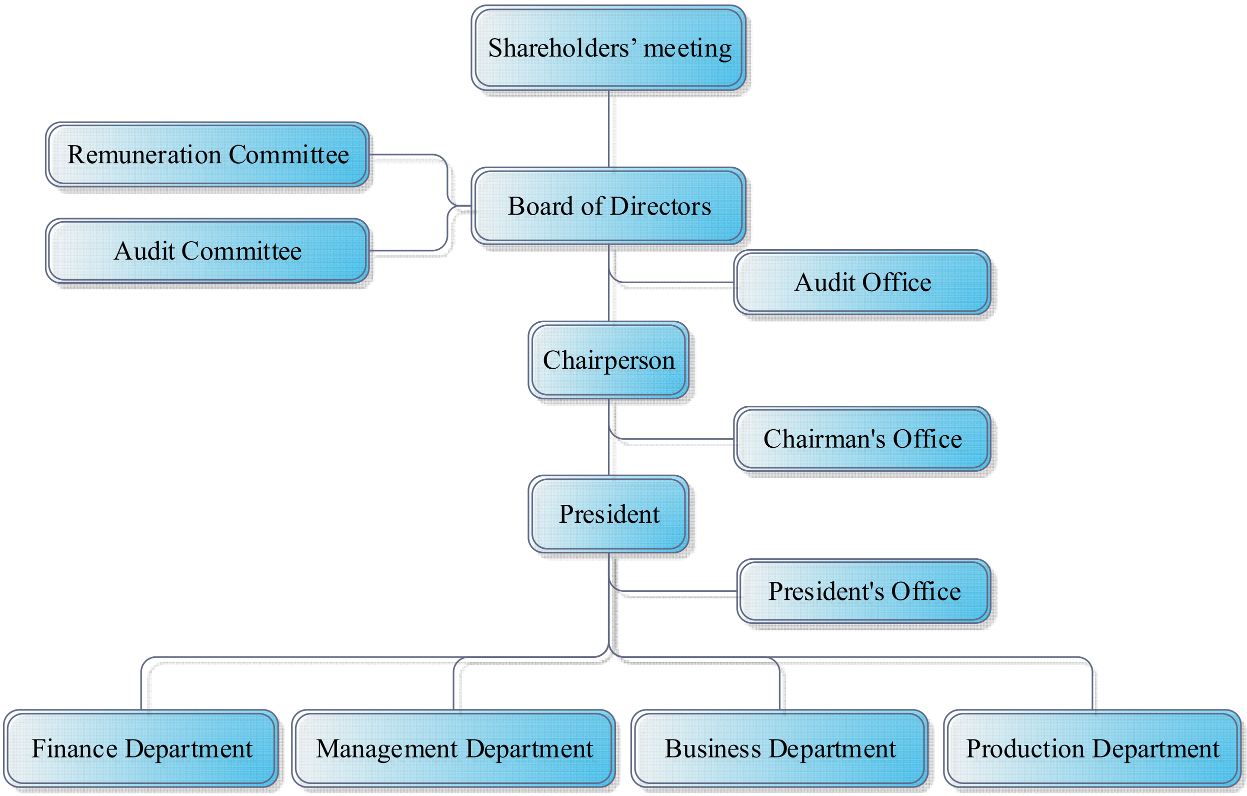
February: Obtained the ecological textiles certification OEKO TEX@standard 100, and passed the testing for harmful substances in products, ensuring that products are harmless to human beings and ecology.

August: In order to expand Nylon orders and improve Nylon production quality, NICSing Tex CO., LTD. was established as a joint venture with upstream international traders.

3. Corporate Governance Report

I. Organization:

(I) Organizational structure:



(II) Business operations of major departments:

Department name	Duties
Chairman's Office	-- Responsible for the Company's mid-term and long-term business development.
President's Office	-- Review the planning and implementation of the Company's business policies and strategies each year. -- Oversee salaries and performance evaluations of personnel in each department. · R&D Section - R&D of new products, competing products, and process improvement. · IT Section - Manages, plans, and maintains company-wide computer software and hardware. · QA Section - Establishes and revises quality specifications, quality control, quality assurance, and acceptance.
Audit Office	-- Assists in the establishment and implementation of the Company's management system, internal control system, internal audit system, and operating procedures. -- Verifies the completeness and reliability of systems and operating procedures.
Business Department	-- Handles import/export affairs, accepts purchase orders from customers, manages customer accounts, follow up, appraisal, serves as a contact for customer services, develops new customers, collects market data, and plans domestic and overseas exhibitions. -- Collects information on the dyeing and finishing business and market.
Management Department	-- Manages labor, personnel, and organizational systems, benefits, safety and health, public relations, education and training, and general affairs. · General Affairs Section - Manages company-wide general affairs and materials. · Human Resources Section - Manages company-wide human resources. · Procurement Section - Handles the procurement, price inquiry, and price negotiations for various materials. · Environmental Safety Section - Establishes, plans, inspects, repairs, and manages wastewater pre-treatment equipment.
Finance Department	· Accounting Section - Summarizes production and sales costs and prepares related statements. Organizes, records, and retains accounts, prepares financial statements, and handles taxes. · Finance Section - Handles fund allocation, contract signing, cashier management, and financial operations.

Production Department	· Production Management Section -	Handles production management, management and settings of engineering standard data, matters of the quality assurance system, quality assurance activities, product inspection and packaging management, production plan formulation and management.
	· Technology Research Office -	Provides formulas, physical property testing, and quality assurance monitoring for production.
	· Bleaching and Finishing Section & Dyeing Section -	Manages all matters related to production in the bleaching segment, dyeing segment, and finishing segment.
	· Inspection Section -	Manages the quality control of finished products and implementation of quality control education for employees.
	· Engineering Office -	Handles factory equipment operations, maintenance of water and electrical equipment, equipment repair, industrial safety, building maintenance, and other related matters.

II. Information on directors, supervisors, president, vice president, assistant vice president, and heads of departments and branch offices:

(I) Directors and supervisors:

Directors and Supervisors (I)

April 27, 2024

Position	Nationality or place of registration	Name	Gender Age	Date of election (appointment)	Term	Date first elected	Shares held when elected		Shares currently held		Shares held by spouse and underage children		Shares held in the name of others		Experience (Education)	Other positions at the Company or elsewhere	Other managerial officer, director or supervisor who is the spouse or a relative within second degree			Note
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Position	Name	Relationship	
Chairman	R.O.C.	Chen Jen-Fa	Male 71-80 years old	2022/06/27	3 years	2001/5/22	6,612,543	3.82%	6,612,543	3.82%	1,445,172	0.83%	-	-	Department of Law, National Chengchi University	Chairman, Progiant Construction & Development Corporation Independent Director, Everest Textile Co., Ltd.	Director	Chen Chia-Ling	Female	None
Director	R.O.C.	Shinkong Asset Management Co., Ltd	-	2022/06/27	3 years	2004/6/18	413,236	0.24%	413,236	0.24%	-	-	-	-	-	-	None	-	-	None
		Representative: Wu Hsin-En	Male 41-50 years old				-	-	-	-	-	-	-	-	Master's in Material Science, California State University, Los Angeles	Chairman, Shinkong Textile Co., Ltd. Chairman, Shinkong Asset Management Co., Ltd.	None	-	-	None
	R.O.C.	Shinkong Asset Management Co., Ltd	-	2022/06/27	3 years	2004/6/18	413,236	0.24%	413,236	0.24%	-	-	-	-	-	-	None	-	-	None
		Representative: Chang Jui-Nan	Male 61-70 years old				-	-	-	-	-	-	-	-	Master's in Business Administration, Lake Superior State University, Michigan	President, Shinkong Textile Co., Ltd.	None	-	-	None
	R.O.C.	Lin Ho-Tsung	Male 71-80 years old	2022/06/27	3 years	2001/5/22	2,913,990	1.68%	2,913,990	1.68%	874,753	0.50%	-	-	Department of Industrial Management and Enterprise Information, Aletheia University	Chairman, Ever-Bright Technology Co. Ltd. Director, Progiant Construction & Development Corporation	Director	Lin Ho-Hsiung	Younger brother	None
	R.O.C.	Phoebes Inc.	-	2022/06/27	3 years	2019/06/20	420,0000	0.24%	420,0000	0.24%	-	-	-	-	-	-	None	-	-	None
		Representative: Cheng Ming-Yueh	Female 61-70 years old				-	-	700,000	0.40%	-	-	-	-	Department of Fashion Design, Shih Chien University	Editor-in-chief, Phoebes Inc.	None	-	-	None
	R.O.C.	Chen Chia-Ling	Female 51-60 years old	2022/06/27	3 years	2015/03/24	1,251,709	0.72%	1,474,709	0.85%	-	-	-	-	Master's in International Business Management, University of Bristol	Independent Director and Trustee of CSOP ETF	Director	Chen Jen-Fa	Father	None
	R.O.C.	FU JIN INVESTMENT CO., LTD	-	2022/06/27	3 years	2001/5/22	487,000	0.28%	487,000	0.28%	-	-	-	-	-	-	None	-	-	None

		Representative: Chen Yu-Chin	Male 61-70 years old				-	-	2,142,204	1.24%	3,598	0.00%	-	-	Department of Business Administration, Aletheia University	Chairman, Fu Jin Investment Co., Ltd. Chairman, Chyang Sheng Vietnam Co., Ltd. Chairman, Fusso Machinery Corporation	None	-	-	None
	R.O.C.	Lin Ho-Hsiung	Male 71-80 years old	2022/06/27	3 years	2013/06/24	2,461,023	1.42%	2,461,023	1.42%	893,490	0.52%	-	-	Graduated from commercial vocational senior high school	Director, Progiant Construction & Development Corporation	Director	Lin Ho-Tsung	Brother	None
	R.O.C.	Weng Chih-Hsien	Male 51-60 years old	2022/06/27	3 years	2016/06/20	-	-	-	-	-	-	-	-	Master's in Accounting, Fu Jen Catholic University Passed the R.O.C. CPA examination	Partner, Lidian Accounting Firm	None	-	-	None
Independent Director	R.O.C.	Wu Chieh-Hsin	Male 41-50 years old	2022/06/27	3 years	2019/06/20	-	-	-	-	-	-	-	-	Master's in Business Administration, Metropolitan State University Master, College of Management, National Yang Ming Chiao Tung University	Chairman, Super Dragon Technology Co., Ltd. Chairman, Ron Pwu Applied Materials Technology Co., Ltd.	None	-	-	None
	R.O.C.	Chen Hsien-Chang	Male 61-70 years old	2022/06/27	3 years	2022/06/27	-	-	-	-	4,458	0.00%	-	-	MBA, Northeastern University, Louisiana	Chairman, Well Joy Enterprise Co., Ltd.	None	-	-	None

Major shareholders of institutional shareholders

April 27, 2024

Name of institutional shareholder (Note 1)	Major shareholders of institutional shareholders (Note 2)	
	Name	Shareholding ratio
Phoebes Inc.	Chun-Yao Lin	99.96%
Shinkong Asset Management Co., Ltd.	Shinkong Textile Co., Ltd.	100%
Fu Jin Investment Co., Ltd.	1. Chen Shu-Yun 2. Chen Yu-Chin 3. Zhuang Jin-Lian 4. Chen Yu-Kun 5. Zeng Mei-Mei 6. Chen Lin-Te 7. Chen Jun-Lun 8. Chen Yu-Ming	24.36% 23.00% 13.10% 10.21% 8.52% 7.23% 7.10% 2.61%

Note 1: The names of the institutional shareholders shall be listed for directors and supervisors who are representatives of institutional shareholders.

Note 2: Fill in the names of the major institutional shareholders (with shareholding percentages ranking in the top ten) and their shareholding percentage. If the major shareholder is a legal person, then fill in Table (2) below.

Note 3: Where the institutional shareholder is not a company, the name and shareholding ratio of shareholders that must be disclosed above is the name and ratio of contributions or donations from the investor or donor.

Main shareholders of institutional shareholders

April 27, 2024

Name of Institution (Note 1)	Major shareholders of institution (Note 2)	
	Name	Shareholding ratio
Shinkong Textile Co., Ltd.	1. Shinkong Synthetic Fibers Corporation 2. Shin Kong Wu Ho-Su Memorial Hospital 3. Ji Zhen Co., Ltd. 4. Hongpu Co., Ltd. 5. Lianquan Investment Co., Ltd. 6. Qianchengyi Co., Ltd. 7. Herui Industry Co., Ltd. 8. Chengguang Enterprise Co., Ltd. 9. Huachen Co., Ltd. 10. Mianhao Enterprise Co., Ltd.	9.45% 6.99% 6.54% 4.68% 4.54% 4.29% 3.99% 3.73% 3.56% 2.70%

Note 1: If the major shareholder in the above table is a legal person, fill in the name of the legal person.

Note 2: Fill in the names of the major institutional shareholders (with shareholding percentages ranking in the top ten) and their shareholding percentage.

Note 3: Where the institutional shareholder is not a company, the name and shareholding ratio of shareholders that must be disclosed above is the name and ratio of contributions or donations from the investor or donor. Add the note "Deceased" if the donor is deceased

Profile of directors and supervisors (II)

I. Disclosure of Professional Qualifications of Directors and Supervisors and Independence of Independent Directors:

Qualifications / Name	Professional qualifications and experience (Note 1)	Independence status (Note 2)	Number of other public companies in which the individual is concurrently serving as an independent director
Chairman Chen Jen-Fa	1. Education: Department of Law, National Chengchi University 2. Current position: Chairman, Chyang Sheng Dyeing & Finishing Co., Ltd. 3. Experience: Independent Director, Everest Textile Co., Ltd. 4. Expertise: Business administration, strategy management 5. Has at least 5 years of work experience required for company operations 6. Not having any of the situations set forth in Article 30 of the Company Act of the R.O.C.	(1) Not a director, supervisor or employee of another company that is controlled by the same person that holds the majority seats on the board or majority votes of the Company. (2) Not a director, supervisor, manager, or shareholder holding five percent or more of the shares of a specific company or institution that has a financial or business relationship with the Company. (3) Not a professional who provided audit service or received compensation in the last two years for commercial, legal, financial, or accounting services to the Company or its affiliates, nor is an owner, partner, director, supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides such services to the Company or its affiliates. (4) Not a government agency, juristic person, or its representative set forth in Article 27 of the Company Act of the R.O.C.	1
Director Shinkong Asset Management Co., Ltd Representative: Wu Hsin-En	1. Education: Master's in Material Science, California State University, Los Angeles 2. Current position: Chairman, Shinkong Textile Co., Ltd. 3. Experience: Chairman, Shinkong Textile Co., Ltd. and Chairman, Shinkong Asset Management Co., Ltd. 4. Expertise: Business administration, project management 5. Has at least 5 years of work experience required for company operations 6. Not having any of the situations set forth in Article 30 of the Company Act of the R.O.C.	(1) Not an employee of the Company or any of its affiliates (2) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of a manager in (1). (2) Not a director, supervisor or employee of another company that is controlled by the same person that holds the majority seats on the board or majority votes of the Company. (3) Not a director, supervisor or employee of another company or institution that has the same chairman, president, or the equivalent or a spouse in one of the roles at the Company. (4) Not a professional who provided audit service or received compensation in the last two years for commercial, legal, financial, or accounting services to the Company or its affiliates, nor is an owner, partner, director, supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides such services to the Company or its affiliates. (5) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the company.	None
Director Lin Ho-Tsung	1. Education: Department of Industrial Management and Enterprise Information, Aletheia University 2. Current position: Chairman, Ever-Bright Technology Co., Ltd. 3. Experience: Director, Progiant Construction & Development Corporation 4. Expertise: Business administration, project management 5. Has at least 5 years of work experience required for company operations 6. Not having any of the situations set forth in Article 30 of the Company Act of the R.O.C.	(1) Not an employee of the Company or any of its affiliates (2) Not a director, supervisor or employee of an institutional shareholder holding directly 5% or more of the Company's shares, being one of the top five shareholders, or being appointed a director or supervisor of the company pursuant to Article 27, Paragraph 1 or 2 of the Company Act. (2) Not a director, supervisor or employee of another company that is controlled by the same person that holds the majority seats on the board or majority votes of the Company. (3) Not a director, supervisor or employee of another company or institution that has the same chairman, president, or the equivalent or a spouse in one of the roles at the Company. (4) Not a director, supervisor, manager, or shareholder holding five percent or more of the shares of a specific company or institution that has a financial or business relationship with the Company. (5) Not a professional who provided audit service or	None

Qualifications / Name	Professional qualifications and experience (Note 1)	Independence status (Note 2)	Number of other public companies in which the individual is concurrently serving as an independent director
		received compensation in the last two years for commercial, legal, financial, or accounting services to the Company or its affiliates, nor is an owner, partner, director, supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides such services to the Company or its affiliates. (6) Not a government agency, juristic person, or its representative set forth in Article 27 of the Company Act of the R.O.C.	
Director Phoebes Inc. Representative: Cheng Ming-Yueh	1. Education: Department of Fashion Design, Shih Chien University 2. Current position: Editor-in-chief, Phoebes Inc. Director, Bioteque Corporation 3. Experience: Editor-in-chief, Phoebes Inc. 4. Expertise: Innovation management 5. Has at least 5 years of work experience required for company operations 6. Not having any of the situations set forth in Article 30 of the Company Act of the R.O.C.	(1) Not an employee of the Company or any of its affiliates (2) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of a manager in (1). (2) Not a director, supervisor or employee of another company that is controlled by the same person that holds the majority seats on the board or majority votes of the Company. (3) Not a director, supervisor or employee of another company or institution that has the same chairman, president, or the equivalent or a spouse in one of the roles at the Company. (4) Not a director, supervisor, manager, or shareholder holding five percent or more of the shares of a specific company or institution that has a financial or business relationship with the Company. (5) Not a professional who provided audit service or received compensation in the last two years for commercial, legal, financial, or accounting services to the Company or its affiliates, nor is an owner, partner, director, supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides such services to the Company or its affiliates. (6) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the company.	None
Director Chen Chia-Ling	1. Education: Master's in International Business Management, University of Bristol 2. Current position: Independent Director and Trustee of CSOP ETF 3. Experience: CEO of China Asset Management (Hong Kong) Limited and Director of DWS Investments Hong Kong Limited 4. Expertise: Financial management 5. Has at least 5 years of work experience required for company operations 6. Not having any of the situations set forth in Article 30 of the Company Act of the R.O.C.	(1) Not an employee of the Company or any of its affiliates (2) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranks as one of its top ten shareholders. (3) Not a director, supervisor or employee of an institutional shareholder holding directly 5% or more of the Company's shares, being one of the top five shareholders, or being appointed a director or supervisor of the company pursuant to Article 27, Paragraph 1 or 2 of the Company Act. (4) Not a director, supervisor or employee of another company that is controlled by the same person that holds the majority seats on the board or majority votes of the Company. (5) Not a director, supervisor or employee of another company or institution that has the same chairman, president, or the equivalent or a spouse in one of the roles at the Company. (6) Not a director, supervisor, manager, or shareholder holding five percent or more of the shares of a specific company or institution that has a financial or business relationship with the Company. (7) Not a professional who provided audit service or received compensation in the last two years for commercial, legal, financial, or accounting services to the Company or its affiliates, nor is an owner, partner, director, supervisor, or manager, or the spouse of any of the above, of a sole proprietorship,	None

Name \ Qualifications	Professional qualifications and experience (Note 1)	Independence status (Note 2)	Number of other public companies in which the individual is concurrently serving as an independent director
		partnership, company, or organization that provides such services to the Company or its affiliates. (8) Not a government agency, juristic person, or its representative set forth in Article 27 of the Company Act of the R.O.C.	
Director Shinkong Asset Management Co., Ltd Representative: Chang Jui-Nan	1. Education: Master's in Business Administration, Lake Superior State University, Michigan 2. Current position: President, Shinkong Textile Co., Ltd. 3. Experience: Executive Vice President, Ruentex Industries Co., Ltd. 4. Expertise: Business administration, project management 5. Has at least 5 years of work experience required for company operations 6. Not having any of the situations set forth in Article 30 of the Company Act of the R.O.C.	(1) Not an employee of the Company or any of its affiliates (2) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of a manager in (1). (2) Not a director, supervisor or employee of another company that is controlled by the same person that holds the majority seats on the board or majority votes of the Company. (3) Not a director, supervisor or employee of another company or institution that has the same chairman, president, or the equivalent or a spouse in one of the roles at the Company. (4) Not a professional who provided audit service or received compensation in the last two years for commercial, legal, financial, or accounting services to the Company or its affiliates, nor is an owner, partner, director, supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides such services to the Company or its affiliates. (5) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the company.	None
Director FU JIN INVESTMENT CO., LTD Representative: Chen Yu-Chin	1. Education: Department of Business Administration, Aletheia University 2. Current position: Chairman, Chyang Sheng Vietnam Co., Ltd. Chairman, Fusso Machinery Corporation 3. Experience: Vice President, Fusso Machinery Corporation 4. Expertise: Business administration, project management 5. Chairman of Chyang Sheng Vietnam Co., Ltd., Chairman of Pro-Star International Investment Consulting Ltd., and Chairman of Fu Jin Investment Co., Ltd. 6. Has at least 5 years of work experience required for company operations 7. Not having any of the situations set forth in Article 30 of the Company Act of the R.O.C.	(1) Not an employee of the Company or any of its affiliates (2) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of a manager in (1). (3) Not a director, supervisor or employee of an institutional shareholder holding directly 5% or more of the Company's shares, being one of the top five shareholders, or being appointed a director or supervisor of the company pursuant to Article 27, Paragraph 1 or 2 of the Company Act. (4) Not a director, supervisor or employee of another company that is controlled by the same person that holds the majority seats on the board or majority votes of the Company. (5) Not a director, supervisor or employee of another company or institution that has the same chairman, president, or the equivalent or a spouse in one of the roles at the Company. (6) Not a director, supervisor, manager, or shareholder holding five percent or more of the shares of a specific company or institution that has a financial or business relationship with the Company. (7) Not a professional who provided audit service or received compensation in the last two years for commercial, legal, financial, or accounting services to the Company or its affiliates, nor is an owner, partner, director, supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides such services to the Company or its affiliates. (8) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the company.	None
Director Lin Ho-Hsiung	1. Education: Graduated from commercial vocational senior high school 2. Current position: Director, Progiant Construction & Development Corporation	(1) Not an employee of the Company or any of its affiliates (2) Not a director, supervisor or employee of an institutional shareholder holding directly 5% or more of the Company's shares, being one of the top five shareholders, or being appointed a director or	None

<table>
<tr><th>Qualifications
Name</th><th>Professional qualifications and experience (Note 1)</th><th>Independence status (Note 2)</th><th>Number of other public companies in which the individual is concurrently serving as an independent director</th></tr>
<tr><td></td><td>3. Expertise: Innovation management
4. Has at least 5 years of work experience required for company operations
5. Not having any of the situations set forth in Article 30 of the Company Act of the R.O.C.</td><td>supervisor of the company pursuant to Article 27, Paragraph 1 or 2 of the Company Act.
(3) Not a director, supervisor or employee of another company that is controlled by the same person that holds the majority seats on the board or majority votes of the Company.
(4) Not a director, supervisor or employee of another company or institution that has the same chairman, president, or the equivalent or a spouse in one of the roles at the Company.
(5) Not a director, supervisor, manager, or shareholder holding five percent or more of the shares of a specific company or institution that has a financial or business relationship with the Company.
(6) Not a professional who provided audit service or received compensation in the last two years for commercial, legal, financial, or accounting services to the Company or its affiliates, nor is an owner, partner, director, supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides such services to the Company or its affiliates.
(7) Not a government agency, juristic person, or its representative set forth in Article 27 of the Company Act of the R.O.C.</td><td></td></tr>
<tr><td>Independent Director
Weng Chih-Hsien</td><td>1. Education: Master, Graduate Institute of Accounting, Fu Jen Catholic University
2. Current position: Senior Special Assistant at Shin Zu Shing Co., Ltd. and Partner of Lidian Accounting Firm
3. Experience: Vice President of Finance, CoreMax Corporation
4. Convener of the Company's Remuneration Committee and convener of the Audit Committee
5. Expertise: Finance and accounting
6. Has at least 5 years of work experience required for company operations
7. Not having any of the situations set forth in Article 30 of the Company Act of the R.O.C.</td><td rowspan="3">(1) Not an employee of the Company or any of its affiliates.
(2) Not a director or supervisor of the Company or any of its affiliates.
(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranks as one of its top ten shareholders.
(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of a manager in (1) or personnel in (2) and (3).
(5) Not a director, supervisor or employee of an institutional shareholder holding directly 5% or more of the Company's shares, being one of the top five shareholders, or being appointed a director or supervisor of the company pursuant to Article 27, Paragraph 1 or 2 of the Company Act.
(6) Not a director, supervisor or employee of another company that is controlled by the same person that holds the majority seats on the board or majority votes of the Company.
(7) Not a director, supervisor or employee of another company or institution that has the same chairman, president, or the equivalent or a spouse in one of the roles at the Company.
(8) Not a director, supervisor, manager, or shareholder holding five percent or more of the shares of a specific company or institution that has a financial or business relationship with the Company.
(9) Not a professional who provided audit service or received compensation in the last two years for commercial, legal, financial, or accounting services to the Company or its affiliates, nor is an owner, partner, director, supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides such services to the Company or its affiliates.
(10) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the company.
(11) Not a government agency, juristic person, or its representative set forth in Article 27 of the Company</td><td>None</td></tr>
<tr><td>Independent Director
Wu Chieh-Hsin</td><td>1. Education: MBA, Metropolitan State University
2. Current position: Chairman, Super Dragon Technology Co., Ltd.
3. Experience: Independent Director, Taisun Enterprise Co., Ltd.
4. Expertise: Business administration
5. Member of the Company's Audit Committee
6. Has at least 5 years of work experience required for company operations
7. Not having any of the situations set forth in Article 30 of the Company Act of the R.O.C.</td><td>None</td></tr>
<tr><td>Independent Director
Chen Hsien-Chang</td><td>1. Education: MBA, Northeastern University, Louisiana
2. Current position: Chairman, Well Joy Enterprise Co., Ltd.
3. Experience: Chairman, Well Joy Enterprise Co., Ltd.
4. Expertise: Business administration
5. Member of the Company's Remuneration Committee and Audit Committee.</td><td>None</td></tr>
</table>

Name \ Qualifications	Professional qualifications and experience (Note 1)	Independence status (Note 2)	Number of other public companies in which the individual is concurrently serving as an independent director
	6. Has at least 5 years of work experience required for company operations 7. Not having any of the situations set forth in Article 30 of the Company Act of the R.O.C.	Act of the R.O.C.	

II. Board Diversity and Independence:

(I) Board Diversity:

◎ Diversity policy:

To strengthen corporate governance and promote the sound development of the composition and structure of the board of directors, the Company's Board of Directors established the "Chyang Sheng Dyeing & Finishing Co., Ltd. Corporate Governance Best Practice Principles," in which Article 20 stipulates: The composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the Company's business operations, operating dynamics, and development needs. The policy should include, but is not limited to, general conditions and values (e.g. gender, age, nationality, culture, and ethnic group) as well as professional knowledge and skills (e.g. law, accounting, industry, finance, marketing, and technology).

◎ Specific management goals:

The board of directors provides guidance on the Company's strategies, supervises management, is responsible for the Company and its shareholders, and ensures that it exercises its functions according to requirements of applicable laws and regulations and the Articles of Incorporation or decisions made during shareholders' meetings with regard to the respective operations and arrangements of the corporate governance system. The Company's board members all have the necessary knowledge, skills, literacy, and industry decision-making and management abilities to perform duties. The Company continues to arrange a variety of continuing education courses for board members, in order to improve the quality of their decisions, enhance their supervision ability, and further strengthen board competencies. The Company attaches great importance to gender parity in the composition of its Board of Directors and aims to increase the proportion of women to one third (33%) or more.

◎ The implementation status of the board diversity policy is as follows:

The Company's Board of Directors currently consists of 11 directors, including 8 non-independent directors (including 2 female directors) and 3 independent directors. All 11 directors are citizens of the R.O.C.

The Board of Directors as a whole already has the ability to make sound business judgments, ability to perform accounting and financial analysis, business administration ability, crisis management ability, knowledge of the industry, an international market perspective, leadership, and decision-making ability. Board members have industry experience and professional competence: The progress is detailed in the table below:

The implementation status of the board diversity policy is as follows:

Core members for diversity / Name of director		Basic composition				Term as independent director	Industry experience							Professional competence	
		Nationality	Gender	Has employee status	Age distribution		Business administration	Corporate governance	Production management	R&D and innovation	Smart production	Investment/Financial management	Brand and marketing	Legal	Accounting/Finance
Director	Chen Jen-Fa		Male		71-80		V	V	V			V	V	V	V
Director	Wu Hsin-En, Shinkong Asset Management Co., Ltd.		Male		40-50		V			V			V		
Director	Lin Ho-Tsung		Male		71-80		V		V						
Director	Cheng Ming-Yueh, Phoebes Inc.		Female		61-70					V			V		
Director	Chen Chia-Ling		Female		50-60			V				V			V
Director	Chang Jui-Nan, Shinkong Asset Management Co., Ltd.	R.O.C.	Male		61-70				V	V			V		
Director	Chen Yu-Chin, Fu Jin Investment		Male		61-70		V		V				V		
Director	Lin Ho-Hsiung		Male		71-80		V					V			
Independent Director	Weng Chih-Hsien		Male		50-60	3		V						V	V
Independent Director	Wu Chieh-Hsin		Male		40-50	2	V	V			V				
Independent Director	Chen Hsien-Chang		Male		61-70	1	V	V					V		

Note: Percentage of directors who are concurrently employees of the Company: 0/11(0%); Percentage accounted for by independent directors: 3/11(27%); Percentage accounted for by female directors: 2/11(18%).

(II) Board independence:

◎The Company has 11 board members, in which 3 are independent directors, accounting for 27% of all directors. All independent directors maintain independence when performing their duties and do not have a conflict of interest with the Company.

◎The Company's chairman and president positions are held by different individuals, and they are not spouses or relatives. Hence, the Board of Directors is able to fully fulfill its responsibility to supervise management, provide guidance for company strategies, and be held accountable to the Company and shareholders.

◎The Company expressly states in Article 17, Paragraph 1 of the Rules of Procedures for Board of Directors Meetings that directors must explain important contents of interests that they or the institution they represent have in an agenda item during the board meeting, in order to ensure the independence of the Board of Directors. If there is a potential conflict of interest, they may not participate in the discussion or voting, and should also recuse themselves. Nor may they vote on other directors' behalf. All of the Company's directors comply with the provisions above and fully ensure that discussions and voting on agenda items are based on directors' objective and independent judgment.

◎The Company established and implemented the "Regulations Governing Board Performance Evaluations" to implementing corporate governance and enhance functions of the Board of Directors and functional committees. Performance evaluations of the Board of Directors, functional committees, and individual directors are conducted annually. An external institution is commissioned to conduct a board performance evaluation every three years, results and recommendations are submitted to the Board of Directors, and referenced when selecting or nominating directors in the next election.

Note 1: Professional qualifications and experience: Describe the professional qualifications and experience of directors. If Audit Committee members have an expertise in accounting or finance, describe the accounting or finance background and work experience, and whether there are situations specified in Article 30 of the Company Act.

Note 2: Independent directors shall describe their compliance with independence, including but not limited to whether the independent director, his/her spouse, and relatives within the second degree of kinship is a director, supervisor, or employee of the Company or its affiliated enterprises. Number of shares and shareholding percentage of the Company held by the individual, his/her spouse, and relative within the second degree of kinship: Is the individual a director, supervisor, or employee of a company that has a certain relationship (refer to Article 3, Paragraph 1, Subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies) with the Company? Amount of remuneration received for providing the Company or its affiliated enterprises with commercial, legal, financial, or accounting services in the last two years.

Note 3: Please refer to the sample template for best practices on the TWSE Corporate Governance Center Website for the disclosure method.

(II) President, Vice Presidents, Assistant Vice Presidents, and Managers of Departments and Branches:

April 27, 2024

Position (Note 1)	Nationality	Name	Gender	Date of election (appointment)	Shareholding		Shares held by spouse and underage children		Shares held in the name of others		Experience (Education) (Note 2)	Concurrently held positions in other companies	Manager who is a spouse or a relative within second degree			Note (Note 3)
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Position	Name	Relationship	
President	R.O.C.	Sun Wei	Male	2024/03/12	0	0.00%	-	-	-	-	Department of Textiles and Clothing, Fu Jen Catholic University President, Kunshan Jumei Textile	Eversuns Co. CEO	None	None	None	None
Vice President, Corporate Governance Officer	R.O.C.	Cheng Yi-Min	Male	2004/06/29	0	0.00%	-	-	-	-	MBA, Hawaii Pacific University Assistant Manager of Auditing, KPMG	Director, Progiant Construction & Development Corporation	None	None	None	None
Vice President	R.O.C.	Sa Chang-Ling	Male	2024/03/12	0	0.00%	-	-	-	-	Master's in Institute of Polymer Science and Engineering, NTU of Science and Technology Associate Vice President, Everest Textile Co., Ltd.	General Manager of NICSing Tex CO., LTD.	None	None	None	None
Assistant Vice President	R.O.C.	Lu Xue-Hao	Male	2024/03/12	223	0.0001%	865	0.0005%	-	-	Nanya Institute of Technology (two-year junior college)	None	None	None	None	None
Chief auditor	R.O.C.	Hsin-Ju Hsieh	Female	2012/12/24	0	0.00%	-	-	-	-	Department of Business Administration, Lunghwa University of Science and Technology Department of Finance, Chihlee University of Technology	None	None	None	None	None

Note 1: It shall include information on president, vice presidents, assistant vice presidents, and department and branch directors, and if the position is equivalent to the president, vice presidents, and assistant vice presidents, regardless of the title, it shall also be disclosed.

Note 2: If there is experience related to the current position, such as employment at an auditing firm or related company during the aforementioned disclosed period, the title and responsible position shall be stated.

Note 3: Where the chairman and president or equivalent position (highest level managerial officer) is the same person, the spouse, or a first-degree relative, the reason, reasonableness, necessity, and response measures (such as increasing the number of independent director seats and more than half of all directors not concurrently serving as employees or managerial officers) must be disclosed.

(III) Where the chairman and president or equivalent position (highest level managerial officer) is the same person, the spouse, or a first-degree relative, the reason, reasonableness, necessity, and response measures must be disclosed: N/A

III. Remunerations to directors, supervisors, president, and vice presidents in the most recent year:

(I) Remuneration to directors and independent directors (Disclose the name and remuneration method)

Position	Name	Director's remuneration								Ratio of total remuneration (A+B+C+D) to net income after tax (%)		Pay received as an employee								Ratio of total compensation (A + B+ C+ D+ E+ F+ G) to net profit after tax (%)		Remuneration received from investee companies other than subsidiaries or the parent company
		Remuneration (A)		Severance pay and pension (B)		Directors' remuneration (C)		Business expense (D)				Salary, bonus and special allowance (E)		Severance pay and pension (F)		Employee bonuses (G)						
		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company		All companies in the consolidated financial statements (Note 7)		The Company	All companies in the consolidated financial statements	
																Cash amount	Stock amount	Cash amount	Stock amount			
Chairman	Chen Jen-Fa	2,495	2,495	-	-	592	603	212	228	3.0749	3.1003	-	-	-	-	-	-	-	-	3.0749	3.1003	None
Director	Lin Ho-Tsung	-	-	-	-	338	338	152	152	0.4568	0.4568	-	-	-	-	-	-	-	-	0.4568	0.4568	None
	HONG SHENG INVESTMENT CO., LTD (VIA merged with Hongsheng on 2023/12/01)	-	-	-	-	338	338	0	0	0.3151	0.3151	-	-	-	-	-	-	-	-	0.3151	0.3151	None
	Representative: Lu Fang-Fu (Dismissed on 2023/12/01)	-	-	-	-	0	0	142	142	0.1324	0.1324	2,255	2,255	-	-	-	-	-	-	2.2345	2.2345	None
	Shinkong Asset Management Co., Ltd		-	-	-	676	676	0	0	0.6303	0.6303	-	-	-	-	-	-	-	-	0.6303	0.6303	None
	Representative: Wu Hsin-En		-	-	-	0	0	144	144	0.1342	0.1342	-	-	-	-	-	-	-	-	0.1342	0.1342	None
	Representative: Chiu Chin-Fa (Dismissed on 2023/05/10)	-	-	-	-	0	0	40	40	0.0373	0.0373	-	-	-	-	-	-	-	-	0.0373	0.0373	None
	Representative: Chang Jui-Nan (Newly assigned on 2023/05/10)					0	0	96	96	0.0895	0.0895									0.0895	0.0895	None
	FU JIN INVESTMENT CO., LTD					338	338	0	0	0.3151	0.3151									0.3151	0.3151	None
	Representative: Chen Yu-Chin	-	-	-	-	0	0	152	152	0.1417	0.1417	-	-	-	-	-	-	-	-	0.1417	0.1417	None
	Chen Chia-Ling	-	-	-	-	338	338	152	152	0.4568	0.4568	-	-	-	-	-	-	-	-	0.4568	0.4568	None
	Phoebes Inc.					338	338	0	0	0.3151	0.3151									0.3151	0.3151	None
	Representative: Cheng Ming-Yueh	-	-	-	-	0	0	144	160	0.1342	0.1491	-	-	-	-	-	-	-	-	0.1342	0.1491	None
	Lin Ho-Hsiung		120			338	338	152	160	0.4568	0.5761									0.4568	0.5761	None
Independent Director	Weng Chih-Hsien	-	-	-	-	50	50	332	332	0.3561	0.3561	-	-	-	-	-	-	-	-	0.3561	0.3561	None
	Wu Chieh-Hsin					50	50	332	332	0.3561	0.3561									0.3561	0.3561	None
	Chen Hsien-Chang	-	-	-	-	50	50	332	332	0.3561	0.3561	-	-	-	-	-	-	-	-	0.3561	0.3561	None

1. Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration: The Company pays fixed compensation and fees for conducting business to independent directors. The Company's independent directors do not receive directors' remuneration.
2. Other than as disclosed in the above table, the remuneration earned by directors for providing services (e.g. providing consulting services as a non-employee of the parent company/all companies in financial statements/investees) in the latest fiscal year: The Company's directors do not receive any compensation, including for consulting services, other than the remuneration disclosed in the table above.

(II) Remunerations to the president and vice presidents (Disclose the name and remuneration method)

Position	Name	Salary (A)		Severance pay and pension (B)		Bonuses and allowances, etc. (C)		Employee bonuses (D)				Ratio of total remuneration (A+B+C+D) to net income after tax (%)		Remuneration received from investee companies other than subsidiaries or the parent company
		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company		All companies in the consolidated financial statements		The Company	All companies in the consolidated financial statements	
								Cash amount	Stock amount	Cash amount	Stock amount			
President	Lu Fang-Fu	1,907	1,907	-	-	348	348	-	-	-	-	2.1021	2.1021	None
Vice President	Cheng Yi-Min	929	1,124			198	274	-	-	-	-	1.0501	1.3027	None

Note: 1 company car is provided for the general manager with a total cost of NT$2,695 thousand, and the balance not discounted is NT$0.

(III) Names of managerial officers that received employee bonuses and status of the distribution: None

April 27, 2024

	Position (Note 1)	Name (Note 1)	Stock amount	Cash amount	Total	Ratio of total amount to net profit after tax (%)
Managerial officers	President	Lu Fang-Fu	-	-	-	-
	Vice President, Head of Accounting and Corporate Governance Officer	Cheng Yi-Min	-	-	-	-
	Chief auditor	Hsin-Ju Hsieh	-	-	-	-

(IV) Compare the percentage of after-tax net profit distributed by the Company and all companies on the consolidated financial statements as remuneration to the Company's directors, president, and vice presidents in the most recent two years, and describe the policy, standard, and composition of remuneration, procedures to determining remuneration, and the connection to business performance and future risks.

1. **Total remuneration to the Company's directors, president, and Vice President as a percentage of net profit:**
   The total amount of remuneration to the Company's directors and president from the Company and all companies in the consolidated financial statements as a percentage of net profit after tax is shown in the table below.

Recipient of remuneration	2023		2022	
	Remuneration as a percentage of net profit after tax		Remuneration as a percentage of net profit after tax	
	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements
Director	7.76%	7.92%	10.62%	10.08%
President	2.10%	2.10%	3.26%	3.26%
Vice President	1.05%	1.30%	N/A	N/A

The Company's chairman (concurrently holds a managerial position), president, Vice President, and independent directors receive fixed compensation. Remaining directors only receive transportation fees and attendance fees for board meetings, and do not receive other wages. The remuneration received by directors are all discussed by the Remuneration Committee and submitted to the Board of Directors for approval. There is no significant difference between remuneration to the Company's managers and industry standards. Furthermore, remuneration to directors is recognized according to the Articles of Incorporation, and changes between any two periods is mainly due to changes in the Company's profits that year.

2. **The policies and standards of paying remunerations, and packages of remuneration:**
   The Company's remuneration policy takes into consideration the salary standard in the market, duties in the Company, and contribution to the Company's business goals. The remuneration to directors is approved by the Company's Remuneration Committee and submitted to the Board of Directors for acknowledgment. However, independent directors do not receive directors' remuneration.

Pursuant to Article 18 of the Company's Articles of Incorporation, should the Company make a profit during the year, no more than 3% of the net profit before tax shall be set aside as directors' remuneration, and the amount shall be reported to the shareholders' meeting. However, an amount shall be set aside in advance to compensate for cumulative losses, if any.

The Company's managers' remuneration shall be paid in accordance with the "Salary Management Measures," and the performance evaluation carried out in accordance with the "Efficiency Bonus Payment Methods and Annual Performance Evaluation and Year-End Bonus Payment Methods" shall serve as the reference for the issuance of managers' bonuses. The performance evaluation of managers shall be based on the following criteria: 1. Financial indicators: Contribution to the Company's profits based on the Company's management profit and loss statement and the manager's target achievement rate; 2. Non-financial indicators: The implementation of the Company's core values and operational management capabilities, and participation in sustainable management shall be two parts of the calculation of operating performance remuneration, and the remuneration system shall be reviewed in a timely manner based on the actual operating conditions and relevant laws at any time; According to Article 18 of the Company's Articles of Incorporation, if the Company was profitable during the year, no more than 1% of the profit may be allocated as employee remuneration.

3. Procedure for determining remuneration:

For the purpose of regularly evaluating the remuneration of directors and managers, the evaluation results shall be based on the Company's "Board of Directors' Performance Evaluation Methods" and the "Efficiency Bonus Payment Methods and Annual Performance Evaluation and Year-End Bonus Payment Methods" applicable to managers and employees, respectively. In addition, the remuneration of the chairman and managers shall be determined with reference to the remuneration level of their position in the peer market and the Company's operating performance indicators. In order to fully demonstrate the achievement of operating performance indicators, the performance measurement standard for the chairman shall be based on the results of the Company's annual operating indicators related to operations, corporate governance, and financial results, and the scope of the evaluation shall include: Indicators such as net profit before tax and corporate governance evaluation; The scope of performance measurement and appraisal for managers shall include: Various performance goals related to major tasks such as managing operational security, supervising the execution of financial plans, managing revenue, strengthening internal control, and implementing quality assurance and management.

Remuneration to directors and managers is periodically evaluated by the Company's Remuneration Committee each year according to regulations. Revisions are discussed by the Remuneration Committee and submitted to the Board of Directors for approval before being implemented.

4. Related to business performance:

(1) Remuneration to directors fully considers the Company's business goals, financial position, and the directors' responsibilities.

(2) Bonuses and remuneration to managers fully considers their professional competence and the Company's business performance and financial position. The director and manager performance evaluation and remuneration policy above is reviewed by the Remuneration Committee, and then submitted to the Board of Directors for approval.

5. **Correlation with future risks:**

Risk factors are all taken into consideration by the Company's management when making important decision. The performance of these important decisions reflects on the Company's profitability, and is further connected to the remuneration to managers.

IV. Implementation of corporate governance:

(I) Operations of the Board of Directors and participation of supervisors in Board operations:

1. A total of 4 Board meetings were held in 2023. The attendance of directors and supervisors was as follows:

Position	Name	Attendance in person B	Attendance by proxy	Attendance in person (%)【B/A】	Note
Chairman	Chen Jen-Fa	4	0	100	Re-elected 2022/06/27
Director	Shinkong Asset Management Co., Ltd Representative: Wu Hsin-En	3	1	75	Newly appointed 2022/06/27
Director	Lin Ho-Tsung	4	0	100	Re-elected 2022/06/27
Director	Hong Sheng Investment Co., Ltd. Representative: Lu Fang-Fu	4	0	100	Date of dismissal 2023/12/01
Director	Phoebes Inc. Representative: Cheng Ming-Yueh	3	0	75	Appointed 2022/09/01
Director	Chen Chia-Ling	4	0	100	Re-elected 2022/06/27
Director	Shinkong Asset Management Co., Ltd Representative: Chang Jui-Nan	2	0	66.67	Appointed 2023/05/10
Director	Shinkong Asset Management Co., Ltd Representative: Chiu Chin-Fa	0	1	0	Relieved of the position 2023/05/10
Director	Fu Jin Investment Co., Ltd. Representative: Chen Yu-Chin	4	0	100	Re-elected 2022/06/27
Director	Lin Ho-Hsiung	4	0	100	Newly appointed 2022/06/27
Independent Director	Weng Chih-Hsien	4	0	100	Re-elected 2022/06/27
Independent Director	Wu Chieh-Hsin	4	0	100	Re-elected 2022/06/27
Independent Director	Chen Hsien-Chang	4	0	100	Newly appointed 2022/06/27

Other disclosures:

I. If any of the following circumstances occurs in the operation of the Board of Directors, the date, period, content of the motions, the opinions of all independent directors, and the Company's handling of independent directors' opinions shall be stated:

(I) Matters referred to in Article 14-3 of the Securities and Exchange Act:

Board of Directors	Date	Agenda content	Independent directors' opinions and the Company's handling of the opinions
4th meeting of the 14th-term	2023/03/23	1. The Company's 2022 board performance evaluation results. 2. The Company's proposed distribution of employee bonuses and director and supervisors' remuneration for 2022. 3. Approval for the acknowledgment proposal of the Company's 2022 Business Report and financial statements. 4. The Company's 2022 dividend distribution proposal. 5. Proposed assessment data for the appointment of accountants and pre-approval for non-assurance services in 2023. 6. Proposed to pass the proposal of the Company and subsidiaries' investment limit in securities. 7. The Company's 2022 Statement on Internal Control.	Approved by all independent directors without any other opinions
5th meeting of the 14th-term	2023/05/11	1. The Company's financial statements. (includes the 2023 Q1 consolidated financial statements)	Approved by all independent directors without any other opinions
6th meeting of the 14th-term	2023/08/10	1. The Company's financial statements. (includes the 2023 Q2 consolidated financial statements)	Approved by all independent directors without any other opinions
7th meeting of the 14th-term	2023/11/09	1. The Company's financial statements. (includes the 2023 Q3 consolidated financial statements) 2. Report on the Company's implementation of ethical corporate management in 2023. 3. Proposed extension of the Company's credit limit. 4. Proposal for the Company to provide endorsement/guarantee to subsidiary Progiant Construction & Development Corporation. 5. Proposal for the Company to provide short-term financing to subsidiary Progiant Construction & Development Corporation. 6. Discuss the Company's 2024 audit plan. 7. Simple merger of the subsidiaries Worthy Textile Industry Co., Ltd. and Hong Sheng Investment Co., Ltd.	Approved by all independent directors without any other opinions
8th meeting of the 14th-term	2024/03/12	1. The Company's 2023 board performance evaluation results. 2. The Company's proposed distribution of employee bonuses and director and supervisors' remuneration for 2023. 3. Approval for the acknowledgment proposal of the Company's 2023 Business Report and financial statements. 4. The Company's 2023 dividend distribution proposal. 5. The Company's routine evaluation of the CPAs' independence and competence. 6. The Company's 2023 Statement on Internal Control.	Approved by all independent directors without any other opinions

(II) In addition to the aforementioned matters, other board meeting resolutions with independent directors' dissenting and unqualified opinions in records or written statements: The Company's independent directors did not express any dissenting or qualified opinions on Board resolutions: None.

II. Specify the name of the director, agenda item, reason for recusal, and participation in voting of directors who recused themselves from agenda items they have a conflict of interest:
The Company's director Lu Fang-Fu concurrently holds the position of manager at the Company, and thus recused himself during discussions on employee bonuses and did not participate in voting. After thorough discussion by the remaining directors in attendance, the proposal was passed as proposed without any objections.

Board of Directors	Date	Agenda content	Directors who recused themselves	Reasons for recusal due to a conflict of interest and participation in voting
4th meeting of the 14th-term	2023/03/23	Proposed distribution of employee bonuses and directors and supervisors' remuneration in 2022.	President Lu Fang-Fu	Lu Fang-Fu concurrently holds the position of director and manager and thus did not participate in discussions and voting. The proposal was approved by the remaining directors in attendance.

III. TWSE/TPEx-listed companies are required to disclose the evaluation cycle and period, scope of evaluation, evaluation method, and evaluation contents of the self (or peer) evaluations conducted by the Board of Directors: The Company's Board of Directors approved the "Regulations Governing Board Performance Evaluations" on November 12, 2019, and completed board performance evaluation for January 1 to December 31, 2023 in 2024 Q1.

1. Implementation of Board evaluations:

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation contents
Internal evaluations are conducted annually and external evaluations are conducted once every three years	2023.01.01 ~2023.12.31	Board of Directors Individual board members Functional committees / Remuneration Committee / Audit Committee	Board of Directors self-evaluation/Self-evaluation by Board members	1. The criteria for Board performance evaluation includes the following five aspects: (1) Degree of participation in company operations (2) Improving the quality of Board decisions (3) Board composition and structure (4) Election and continuing education of directors (5) Internal control 2. The criteria for Board member performance evaluation include the following six aspects: (1) Understanding of the Company's goals and mission (2) Understanding

				of directors' duties (3) Degree of participation in company operations (4) Maintaining internal relationships and communication (5) The professional and continuing education of directors (6) Internal control 3. The criteria for functional committee performance evaluation include the following five aspects: (1) Degree of participation in company operations (2) Understanding of the roles and responsibilities of the functional committee (3) Improving the quality of committee decisions (4) Functional committee composition and election of members (5) The performance evaluation indicators for the board of directors in internal controls shall be based on the Company's operations, and the Company shall determine the content that accords with and appropriate for the Company's performance

				evaluation; each committee shall review and make recommendations on a regular basis.

2. Evaluation results: The Board of Directors has a balanced structure of internal and external directors and number of independent director seats, and also gives consideration to diversity in terms of gender, nationality, and professional skills. Professional backgrounds include business administration, industry technology, and finance related laws, which meet the Company's development needs. Besides convening board meetings each quarter, the company's business information is provided to board members each month, such as achievement of performance goals and business reports, assisting directors with supervising the company's operations and strategy implementation. The goals for evaluation items measured in Board of Directors and board member performance self-evaluations and functional committee performance evaluations were all reached. Overall operating status is good and reflects on the Company's board performance.

3. Formulate improvement recommendations and future improvement plans:

Item	Recommendations in the evaluation report	Measures the Company plans to take
1	Directors are recommended to continue improving their expertise through continuing education in accordance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies"	The Company irregularly provides courses promoted by the competent authority and promotion information to directors for reference.

IV. Programs this year and in the most recent year for strengthening the functionality of the Board (for example, setting up an auditing committee, improving transparency, etc.) and assessment of execution:

(I) Establishing an Audit Committee and Remuneration Committee: The Company's Annual General Meeting selected independent directors and established an Audit Committee on June 27, 2022 to exercise powers specified in the Securities and Exchange Act, Company Act, and other laws and regulations. The Company already has a Remuneration Committee to evaluate the remuneration policy and system for directors and managers, so that the Board of Directors will better perform its duties.

(II) The Company established the Rules of Procedures for Board of Directors Meetings as the basis for Board operations.

(III) Strengthening corporate governance: The Company's Board of Directors approved the appointment of a corporate governance officer on August 10, 2020. The corporate governance officer assists the Board of Directors by performing the following tasks: 1. Handle matters related to board meetings and shareholders' meetings in accordance with the law. 2. Prepare board meeting and shareholders' meeting minutes. 3. Assist in the appointment and continuing education of directors and supervisors. 4. Assist in providing directors and supervisors with the data and laws they need to perform their duties. 5. Assist directors and supervisors with compliance. 6. Other matters specified in the Articles of Incorporation or contract.

(IV) The Company set performance goals to improve the Board of Directors' efficiency and enhance board functions. The Company's Board of Directors conducts internal performance evaluations once a year and an external evaluation at least once every three years in accordance with the "Regulations Governing Board Performance Evaluations". A report is submitted to the Board of Directors before the end of the first quarter in the following year. Performance evaluation results are not only used as the basis for review and improvement, but also referenced when determining remuneration and nomination. The 2023 performance evaluation results were reported to the Board of Directors on March 12, 2024.

(V) The Company announces important resolutions of the Board of Directors on the company website, and has purchase liability insurance for directors.

(VI) Increasing information transparency: The Company's website has an "Investor Section" that provides contact information of the spokesperson and information on the Company's financial position and business performance for inquiry by shareholders. The Board of Directors also approved "Procedures for Handling Material Inside Information" and "Regulations for the Prevention of Insider Trading."

V. Succession plan for Board members and important managers:

(I) Election of Board members:

The Company began using the candidate nomination system in 2021 and elects directors to three-year terms. Unless otherwise stipulated by the law or Articles of Incorporation, elections of directors shall be conducted in accordance with the Company's "Rules Governing the Election of Directors and Supervisors".

The overall composition of the board of directors is taken into consideration in the election of the Company's directors. The composition of the board of directors shall take diversity into consideration and formulate an appropriate policy on diversity based on the Company's business operations, operating dynamics, and development needs. The policy includes but is not limited to the following standards:

I. Basic qualifications and values: Gender, age, nationality, and culture.
II. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

Each board member of the Company shall have the necessary knowledge, skill, and experience to perform duties; the abilities that must be present in the board as a whole are as follows:

I. Ability to make sound business judgments.
II. Ability to perform accounting and financial analysis.
III. Ability for business administration.
IV. Ability to handle crisis management.
V. Knowledge of the industry.
VI. An understanding of international markets.
VII. Leadership.
VIII. Decision-making ability.

The Company plans successors for directors through the following methods:

I. Current directors recommend suitable candidates.
II. Shareholders recommend director candidates.
III. Board performance evaluation results are used as the basis for nominating directors.

The Company stays up-to-date on changes in the Company's internal and external environment and development needs, and arranges annual continuing education courses to enhance the professional competencies of directors and improve their performance when performing duties.

(II) Succession plan for important managers:

In response to business management and human resource development needs, when planning successors, besides considering whether the candidates have outstanding professional and management abilities, their values must also match the Company's values, and they must have integrity, be practical, be innovative, and have a corporate spirit. Training for successors of management include internal training of management skills, which is combined with experience from job rotation to hone the decision-making ability required for becoming senior managers. With regard to external training courses, the Company's senior managers actively participate in the courses of professional training units, and on average receive 16 hours of training.

Note 1: If the director or supervisor is a legal person, disclose the name of shareholders and its representative.

Note 2: (1) If a director or supervisor is separated before the end of the year, specify the date of separation in the remarks, and calculate actual attendance rate (%) based on the number of Board meetings convened during the director or supervisor's term and actual attendance.

(2) If directors or supervisors are reelected before the end of the year, list new and old directors and supervisors, and specify if the director or supervisor is old, new, or reelected and the reelection date in the remarks. Actual attendance rate (%) is calculated based on the number of Board meetings convened during the director or supervisor's term and actual attendance.

2. Attendance of independent directors at Board meetings: A total of 4 Board meetings were held in 2023. The attendance of independent directors was as follows:

2023	Attendance of independent directors in Board meetings in 2023 ◎: In person; ☆: By proxy; ＊: Absent				
	4th meeting of the 14th-term	5th meeting of the 14th-term	6th meeting of the 14th-term	7th meeting of the 14th-term	Note
Weng Chih-Hsien	◎	◎	◎	◎	-
Wu Chieh-Hsin	◎	◎	◎	◎	-
Chen Hsien-Chang	◎	◎	◎	◎	-
Other disclosures:	Independent directors did not have any dissenting or unqualified opinions regarding agenda items of board meetings in 2023.				

(II) Operations of the Audit Committee participating in Board operations:

1. The Audit Committee met 4 times in 2023. The attendance of independent directors is as follows:

Position	Name	Attendance in person B	Attendance by proxy	Attendance in person (%) 【B/A】	Note
Convener and Independent Director	Weng Chih-Hsien	4	0	100	20220627 Re-elected
Independent Director	Wu Chieh-Hsin	4	0	100	20220627 Re-elected
Independent Director	Chen Hsien-Chang	4	0	100	20220627 Newly appointed

Other disclosures:

I. The date of the Audit Committee meeting, the term, contents of the proposals, dissenting or qualified opinions given by independent directors or contents of major proposed items, resolutions of the Audit Committee, and the Company's handling of the resolutions of the Audit Committee shall be recorded under the following circumstances in the operations of the Audit Committee meeting.

(I) Matters referred to in Article 14-5 of the Securities and Exchange Act:

Audit Committee	Date	Agenda content	Opinions or major recommendations from independent directors	Resolutions of the Audit Committee
3rd meeting of the 1st-term	2023/03/23	1. The Company's 2022 board performance evaluation results. 2. The Company's proposed distribution of employee bonuses and director and supervisors' remuneration for 2022. 3. Approval for the acknowledgment proposal of the Company's 2022 Business Report and financial statements. 4. The Company's 2022 dividend distribution proposal. 5. Proposed assessment data for the appointment of accountants and pre-approval for non-assurance services in 2023. 6. Approved the proposal for the Company and subsidiaries' investment limit in securities. 7. The Company's 2022 Statement on Internal Control.	None	Passed with the approval of all members in attendance.
4th meeting of the 1st-term	2023/05/11	1. The Company's financial statements. (includes the 2023 Q1 consolidated financial statements).	None	Passed with the approval of all members in attendance.
5th meeting of the 1st-term	2023/08/10	1. The Company's financial statements. (includes the 2023 Q2 consolidated financial statements).	None	Passed with the approval of all members in attendance.
6th meeting of the 1st-term	2023/11/09	1. The Company's financial statements. (includes the 2023 Q3 consolidated financial statements) 2. Proposed extension of the Company's credit limit. 3. Proposal for the Company to provide endorsement/guarantee to subsidiary Progiant Construction & Development Corporation. 4. Proposal for the Company to provide short-term financing to subsidiary Progiant Construction & Development Corporation. 5. Discuss the Company's 2024 audit plan. 6. Simple merger of the subsidiaries Worthy Textile Industry Co., Ltd. and Hong Sheng Investment Co., Ltd.	None	Passed with the approval of all members in attendance.
7th meeting of the 1st-term	2024/03/12	1. The Company's 2023 board performance evaluation results. 2. The Company's proposed distribution of employee bonuses and director and supervisors' remuneration for 2023. 3. Approval for the acknowledgment proposal of the Company's 2023 Business Report and financial statements. 4. The Company's 2023 dividend distribution	None	Passed with the approval of all members in attendance.

		proposal. 5. The Company's routine evaluation of the CPAs' independence and competence. 6. The Company's 2023 Statement on Internal Control.		
The Company's handling of Audit Committee members' opinions: All members of the Audit Committee approved the agenda items above, and matters were handled according to recommendations.				

(II) In addition to matters above, other resolutions that have not been approved by the Audit Committee but have been passed by a vote of two-thirds or more of the entire Board of Directors: None

II. Regarding the recusal of independent directors due to conflict of interest, the name of the independent directors, agenda item, reasons for recusal, and the participation in voting should be clearly stated: N/A.

III. Communication between independent directors, the chief internal auditor, and the accountants:

(I) The Company's chief internal auditor attends board meetings without voting rights, and reports recent implementation of auditing and overall implementation of audit work in the previous year. The chief internal auditor fully communicates with independent directors regarding the contents of audits, deficiencies found in the internal control system, and improvement and tracking of abnormalities. The Internal Audit Office provides written audit reports and improvement tracking reports to independent directors every month and quarter, and directly communicates with independent directors via e-mail, telephone, or face-to-face when necessary.

Communication between independent directors with the chief internal auditor in 2023 is as follows:

Date	Matters of communication	Communication and implementation results
2023.03.23	The Company's January-February and 2022 audit report	The Audit Office reports audit results to independent directors, and then reports results to the Board of Directors after obtaining approval from independent directors.
2023.05.11	The Company's March-April audit report	The Audit Office reports audit results to independent directors, and then reports results to the Board of Directors after obtaining approval from independent directors.
2023.08.10	The Company's May-July audit report	The Audit Office reports audit results to independent directors, and then reports results to the Board of Directors after obtaining approval from independent directors.
2023.11.09	1. The Company's August-October audit report 2. Report on the audit plan formulated for 2024. 3. Report on the basis for used by the Board of Directors for declaring the effectiveness of the internal control system.	1. After communication and discussion, independent directors did not have any objections regarding audit results, which were submitted to the Board of Directors. 2. The independent directors did not have any objections regarding the 2024 audit plan and results were submitted to the Board of Directors. 3. Directors approved the issuance of a Statement on Internal Control, which was submitted to and approved by the Board of Directors.

(II) The Company's accountants communicate and discuss matters relating to financial statements during Board meetings that they irregularly attend without voting rights.

The Company's accountants may communicate during individual meetings with independent directors based on their professional judgment.

Communication between independent directors and accountants in 2023 is as follows:

Date	Matters of communication	Communication and implementation results
2023.10.20	1. The Company's compliance with the internal control system in 2023. 2. Additional disclosure of financial statements	Independent directors' did not express any opinions

(III) Corporate governance implementation status and deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons:

Evaluation item	Operating status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
I. Does the company establish and disclose its corporate governance principles in accordance with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	V		The Company established "Corporate Governance Best Practice Principles", which is disclosed on the company website for investors to reference.	Complies with the Corporate Governance Best-Practice Principles.
II. Shareholding structure & shareholders' equity (I) Has the company established internal operating procedures for handling shareholder suggestions, questions, complaints or litigation, and handled related matters accordingly? (II) Does the company have a list of major shareholders that have actual control over the Company and a list of ultimate owners of those major shareholders? (III) Has the company established and implemented risk management and firewall systems within its conglomerate structure? (IV) Does the company have internal regulations in place to prevent its internal staff from trading securities based on information yet to be public on the market?	V V V V		(I) The Company has established "Procedures for Handling Material Inside Information" and appointed a spokesperson and acting spokesperson, who are responsible for speaking to the public and handling shareholders' recommendations or disputes. (II) The Company commissioned a professional stock affairs agency to handle stock affairs, and monitors shareholders' shareholding in coordination with the Ministry of Finance. This allows us to gain access to the list of major shareholders that control the company and changes in their pledged shares or shareholding. (III) The Company and affiliates have clear division of authority and responsibilities with respect to management, and established the "Management Regulations for Related Party Transactions" and "Regulations Governing the Supervision and Management of Subsidiaries." Affiliates have independent finances, business, and accounting, and are controlled and audited by the Company. (IV) The Company established a "Code of Ethical Conduct", "Procedures for Handling Material Inside Information" and "Regulations for the Prevention of Insider Trading" applicable to the Company's directors, supervisors, managers, and employees. Related information is irregularly updated and communicated.	Complies with the Corporate Governance Best-Practice Principles.

III. Composition and duties of the board of directors (I) Does the board of directors develop and implement a diversified policy for the composition of its members?	V		(I) Board member of the Company are selected with an emphasis on diversity of backgrounds, general knowledge, skills, and the competencies required to perform their duties. The Company appoints 11 directors in accordance with the Company Act and Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, in which 3 are independent directors, 4 are representatives of legal persons, and the directors have the work experience and expertise required for business, legal affairs, finance, and accounting. (see pages 17-19)	Complies with the Corporate Governance Best-Practice Principles.
(II) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and Audit Committee?		V	(II) The Company's established a Remuneration Committee in accordance with the law, and also established an Audit Committee in 2022. Other corporate governance operations are handled by their respective departments. We currently do not have any other functional committees, but will establish them when needed.	
(III) Does the company establish standards and method for evaluating Board performance, conduct annual performance evaluations, submit performance evaluation results to the Board, and use the results as a basis for determining the remuneration and nomination of individual directors?	V		(III) The Company established the Regulations Governing Board Performance Evaluations and periodically evaluate and review board performance according the regulations. Results are referenced when determining the remuneration of or nominating individual directors, and reported to the Board of Directors. Please see the description in Operations of the Board of Directors for details.	
(IV) Does the company regularly evaluate the independence of CPAs?	V		(IV) The Company assesses the independence of its accountants every year, and requires the accountants to issue a declaration of independence, which is submitted to the Board of Directors for discussion. (Refer to Note 1)	

IV. Does the public company have a suitable number of competent corporate governance personnel, and has it appointed a corporate governance supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their duties, assisting directors and supervisors with regulatory compliance, handling matters related to Board meetings and shareholders' meetings, and preparing proceedings for Board meetings and shareholders' meetings)?	V		The Company's Board of Directors appointed Vice President Cheng Yi-Min as the corporate governance officer reported the appointment to the competent authority and completed the announcement. The corporate governance officer is responsible for corporate governance matters, provides information required by directors and supervisors to perform their duties, handles matters related to Board meetings and shareholders' meetings, handles company registration and change of registration, and prepares proceedings for Board meetings and shareholders' meetings in accordance with the law. When necessary, the corporate governance officer may coordinate with other units or external resources to handle related matters. (Refer to Note 2)	Complies with the Corporate Governance Best-Practice Principles.
V. Does the Company have communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), a stakeholder section on the Company website, and properly respond to important CSR issues of concern to stakeholders?	V		(I) The Company has a spokesperson and acting spokesperson, and contact information are all announced on the Market Observation Post System (MOPS) in accordance with regulations. The company website has a Stakeholders Section with e-mail and URL to respond to stakeholder issues at any time, in order to establish good communication channels with stakeholders and investors. (II) The Company website has a "Corporate Governance Section" for investors to inquire and download corporate governance related regulations, important resolutions of the Board of Directors, and material information. (III) The Company established the "Regulations for Financial and Business Transactions between Affiliated Enterprises" in accordance with the Corporate Governance Best Practice Principles to achieve fair and reasonable financial and business transactions with affiliates, and disclosed the regulations on the company website.	Complies with the Corporate Governance Best-Practice Principles.
VI. Has the company designated a professional shareholder service agency to deal with matters of the shareholders' meeting?	V		The Company appointed a professional stock transfer agency – Taishin International Bank Stock Affairs Department to handle the Company's stock affairs.	Complies with the Corporate Governance Best-Practice Principles.

VII. Information disclosure (I) Has the company established a corporate website to disclose information regarding the company's financial, business and corporate governance status?	V		(I) The Company has a website (www.csgroup.com.tw) that introduces the Company's situation and related businesses. Information on financial position, business performance, and corporate governance are announced on the Market Observation Post System according to regulations of the competent authority.	Complies with the Corporate Governance Best-Practice Principles.
(II) Has the company established other information disclosure channels (e.g., maintaining an English-language website, appointing responsible people to handle information collection and disclosure, appointing spokespersons, or webcasting investor conferences on the company website)?	V		(II) The Company has established Chinese and English version websites, and appointed a spokesperson responsible for communicating with the public. The Company has appointed dedicated personnel to collect and disclose its information, which is announced on the company website or Market Observation Post System. Data of investor conferences each year are also placed on the company website for investors to access.	
(III) Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?		V	(III) The Company has not yet announced and reported the annual financial statements within two months after the end of the fiscal year, but has reported its financial statements and monthly operation results within the time limit specified in the "Matters to be Handled by Issuers of Securities Listed in the TWSE."	
VIII. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, continuing education of directors and supervisors, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	V		(I) Employee rights and employee care: The Company has appointed dedicated units to face different stakeholders, e.g. the Human Resources Department handles employee rights and interests, and the Employee Welfare Committee cares for employee needs. The units are all operating smoothly. (II) Employee care: The Company fully understands that employees are the most important assets to business operations, and that having competent employees with excellent capabilities and performance will drive the Company's stable development and progress. The Company therefore upholds the corporate social responsibility policy of "humanitarian care," the management concept of being "people-oriented," and the concept of "home" to establish a management system that provides employees with	Complies with the Corporate Governance Best-Practice Principles.

			comprehensive care. The Company strictly protects employees' lawful rights and interests according to labor related laws and regulations, and provides employees with a healthy and safe work environment. We have established a variety of open communication channels between labor and management, fair remuneration and promotions, a complete training and development system, complete benefits system, and open and transparent profit sharing system, so that employees will contribute their capabilities and performance without any worries, and jointly growth together with the Company. This creates good labor-management relations and a warm and harmonious atmosphere at work, which lays a solid foundation for the Company's sustainable operation. (III) Investor relations: We established the spokesperson and acting spokesperson system as a communication channel to respond to shareholders' questions. (IV) Supplier relations: The Company has always maintained good relationships with our suppliers. (V) Stakeholders' rights: The Company respects and protects the lawful rights and interests of stakeholders, and maintains good communication with customers, employees, and suppliers through communication channels. We provide information in a timely manner through announcements according to regulations of the competent authority. (VI) Continuing education of directors and supervisors: Every director and supervisor has relevant practical experience and expertise. The Company irregularly notifies directors to take continuing education courses for professional knowledge, and they have received continuing education in accordance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies". (Refer to Note 3) (VII) Implementation of risk management policies and risk measurement standards: The Company's major business policies, investment plans, endorsements and guarantees, lending to others, and bank loans are evaluated and analyzed by the responsible department and decided by the Board of Directors. The Audit Office formulates annual audit plans based on risk assessment results and implements the plans	

			accordingly, in order to implement supervision mechanisms and control risks. (VIII) Customer policy implementation: The Company has a dedicated department that provides customer services and implements the customer policy, which is being smoothly implemented. (IX) Liability insurance purchased by the Company for directors and supervisors and social responsibility: The Company has purchased liability insurance for directors for liabilities within the scope of their duties during their term, in order to mitigate and disperse the risk of any material damages to the Company and its shareholders caused by any error or negligence of directors.	
IX. Specify the improvement of corporate governance with reference to the corporate governance evaluation by the Corporate Governance Center of Taiwan Stock Exchange Corporation in the most recent year, and the measures prioritized for issues that require improvement: For items that the Company did not earn any points in the evaluation results, improvements that can be immediately made are already being made, including updating information on the company website. We have supplemented information disclosed in the annual report this year, but some items need to be evaluated and submitted to the Board of Directors for approval or to the shareholders' meeting for a resolution, so they cannot be immediately corrected. This portion will be evaluated and carried out by related units. Improvements made by the Company for items that it did not receive points in the 10th Corporate Governance Evaluation (2023) announced in April 2024 are as follows: ◎ Improvements already made: 1. Update information on the company website in a timely manner. 2. Improve disclosures of agenda items in shareholders' meetings, board meetings, and the annual report. 3. The Company's 2023 performance evaluation results are already disclosed on the company website, and were reported to the Board of Directors and announced on March 12, 2024. ◎ Not yet improved but prioritized items and measures: 1. Update the Company's English website. 2. Directors are recommended to continue improving their expertise through continuing education in accordance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies". 3. Strengthen the promotion of corporate sustainable development (ESG).				

Note 1: Evaluation of the CPAs' independence and competence:

The Company's audit committee evaluates the independence and competency of its certified accountants every year. In addition to requiring the certified accountants to provide "Declaration of Total Independence" and "Audit Quality Indicators (AQIs)", it also follows the standards of (Note 1-1) and 13 AQI indicators are evaluated. Having confirmed that the accountants have no financial interests or business relationships with the Company, other than visa fees and the current tax and finance audit case, and that the accountants' family members do not breach the independence requirements, and with reference to the AQI indicators, the Company shall confirm that the accountants and the audit firm are above the industry average in terms of experience and hours of training. After discussion and approval by the Audit Committee on March 12, 2024, the Board of Directors passed a resolution on March 12, 2024 to evaluate the independence and competency of the accountants.

After evaluation, there were no concerns about the independence and competence of CPA Yu Chi-Lung and CPA Yu Sheng-Ho of KPMG Taiwan, who were appointed to audit the financial statements this year.

Note 1-1: Evaluation standards of the accountants' independence

Description	Evaluation results	Meet the independence criteria
The accountants have direct or material indirect financial interests in the Company	No	Yes
The accountants are in a financing or guarantee relationship with the Company or a director of the Company	No	Yes
The accountants have a close business relationship with the Company	No	Yes
The accountants and members of the audit team are currently, or have been in the last two years, serving as directors, managers, or in positions of significant influence on the audit of the Company.	No	Yes
The accountants have provided non-audit services to the Company that may directly affect the audit process	No	Yes
The accountants have brokered shares or other securities issued by the Company	No	Yes
The accountants have acted as the Company's defenders or mediated conflicts with other third parties on behalf of the Company	No	Yes
The accountants are related to any of the Company's directors, managers, or other persons with significant influence on the audit process	No	Yes

Note 2: Appointment of the Corporate Governance Officer and Implementation Status

(I) Appointment of the corporate governance officer and scope of duties

The Company's Board of Directors adopted a resolution on August 10, 2020 to appoint Vice President Cheng Yi-Min as the corporate governance officer, in order to implement corporate governance, strengthen board competencies, and protect shareholders' interests. The corporate governance officer is the highest level supervisor of corporate governance related affairs. Vice President Cheng already has at least 3 years of experience in a management position related to legal affairs, finance, or corporate governance in public companies. The corporate governance officer is responsible for supervising and implementing corporate governance operations, including handling matters related to board meetings and shareholders' meetings in accordance with the law, preparing board of directors meeting and the shareholders' meeting minutes, assisting the directors in their appointment and continuing education, providing the directors with the information needed to perform their duties, and assisting the directors with compliance.

(II) Implementation status of corporate governance operations in 2023

1. Handle matters related to board meetings and shareholders' meetings in accordance with the law
   (1) Handle pre-registration of the date of the shareholders' meeting, prepare meeting notices, handbook, annual report, and proceedings, and make announcements within the time limit in accordance with the law.
   (2) Prepare the agenda for board meetings and notify directors within the time limit prescribed by the law, and provide adequate data for reference when deliberating on agenda items. Directors are reminded in advance if they need to recuse themselves due to a conflict of interest with an agenda item, and board meeting minutes are completed within 20 days after the meeting.
2. Assist directors with compliance
   (1) Remind directors of their rights and obligations.
   (2) Provide directors with the latest legislation related to business administration.
3. Assist directors in performing duties and providing the data they require
   (1) All directors are able to obtain assistance from the corporate governance officer to ensure that board meetings comply with procedures and all applicable laws and rules; ensures good information exchanges between board members and between directors and management.
   (2) Provide directors with the data needed to perform their duties, and handle requests from directors as soon as possible within 30 days to effectively help directors perform their duties.
4. Assist directors with participating in continuing education courses

(III) Continuing education of the corporate governance officer

No.	Continuing education institution	Course name	Date of continuing education	Number of hours
1	Taiwan Stock Exchange Corporation	2020 Corporate Governance and Ethical Corporate Management Meeting for Directors and Supervisors	2020.10.23	3
2	Securities & Futures Institute	Case study on breaches of trust by directors and supervisors and practices for determining breach of trust	2020.11.20	3

No.	Continuing education institution	Course name	Date of continuing education	Number of hours
3	Accounting Research and Development Foundation	Analysis of the latest corporate governance policy and compliance auditing practices of corporate governance personnel	2020.11.25	6
4	Accounting Research and Development Foundation	How internal auditors respond to common deficiencies when preparing financial statements according to IFRS	2020.12.02	6
5	Accounting Research and Development Foundation	2021 Seminar on Prevention of Insider Trading	2021.11.09	3
6	Accounting Research and Development Foundation	Corporate corruption detection and prevention practices: Legal liabilities, forensics, and big data analysis	2021.12.03	6
7	Accounting Research and Development Foundation	New policy for "sustainable development", climate governance, and low carbon management	2021.12.21	6
8	Accounting Research and Development Foundation	Continuing education course for accounting officers of issuers, securities firms, and securities exchanges	2022.12.15~2022.12.16	12
9	Securities & Futures Institute	2023 Seminar on Prevention of Insider Trading	2023.10.13~2023.10.13	3
10	Accounting Research and Development Foundation	Practical Measures to Improve the “Three Lines of Defense of Internal Control”	2023.12.08~2023.12.08	6
11	Securities & Futures Institute	Practical Workshop for Directors and Supervisors (Independent) and Corporate Governance Officer - Operating Confidentiality	2023.12.13~2023.12.13	3

Note: Pursuant to the "Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers," the corporate governance officer shall receive at least 18 hours of continuing education in the first year after being appointed, and at least 12 hours every year thereafter. The corporate governance officer completed 12 hours of continuing education courses in 2023.

Note 3: Continuing education of directors:

Position	Name	Continuing education institution	Course name	Date of continuing education	Number of hours
Director	Chen Jen-Fa	Taiwan Academy of Banking and Finance	Lectures on Corporate Governance – Today and Tomorrow's Industrial "AI-ization" – Impact of ChatGPT and Corporate Response	2023/07/11	3
		Taiwan Academy of Banking and Finance	Corporate Governance Forum – Challenges and Opportunities under the Global Net-Zero Transformation	2023/12/15	3
Director	Lu Fang-Fu	Accounting Research and Development Foundation	Applying "Robotic Process Automation" (RPA) to Enhance Internal Control Performance	2023/12/01	6
Director	Wu Hsin-En	Corporate Operating and Sustainable Development Association	Discuss about Taiwanese business operation and M&A strategy from the perspective of global political and economic situation	2023/08/07	3
		Taiwan Academy of Banking and Finance	Corporate governance lecture hall	2023/09/28	3
		Taiwan Academy of Banking and Finance	Corporate governance lecture hall - Corporate Sustainability Workshop	2023/10/31	3
Director	Cheng Ming-Yueh	Taiwan Corporate Governance Association	Corporate Governance Trends and Corporate Sustainability	2023/05/05	3
Independent Director	Weng Chih-Hsien	National Federation of CPA Associations of the R.O.C.(NFCPAA)	Accounting and Tax Issues to be Aware of in NFT Transactions	2023/01/06	3
		National Federation of CPA Associations of the R.O.C.(NFCPAA)	Accounting for Climate Change	2023/09/04	3
Independent Director	Wu Chieh-Hsin	Taiwan Institute of Directors	Decision-Making at the Crossroads	2023/11/22	3
		Taiwan Corporate Governance Association	Corporate Governance and Securities Regulation	2023/11/24	3
Independent Director	Chen Hsien-Chang	Accounting Research and Development Foundation	Corporate corruption detection and prevention practices: Legal liabilities, forensics, and big data analysis	2023/09/05	6

Continuing education measures:

Continuing education hours required for directors and supervisors of TWSE/TPEx-listed companies are as follows:

(I) Newly appointed directors and supervisors should receive at least 12 hours of continuing education in the year they are appointed, and at least 6 hours every year thereafter.

(II) Directors and supervisors that are re-elected should receive at least 6 hours of continuing education each year during their term.

(III) Continuing education hours are accumulated, in principle, from January 1 to December 31. If a course spans multiple years due to special circumstances or course design, the reason shall be specified when disclosing the implementation status of continuing education.

(IV) If the Company established a Remuneration Committee or Nomination Committee, disclose its composition and operations:

1. Information on Remuneration Committee members

<table>
<tr><th>Identity
(Note 1)</th><th>Qualifications
Name</th><th>Professional qualifications and experience
(Note 2)</th><th>Independence status (Note 3)</th><th>Number of other public companies in which the member also serves as a member of their Remuneration Committee</th></tr>
<tr><td>Convener and Independent Director</td><td>Weng Chih-Hsien</td><td rowspan="2">Please refer to page 16 for relevant information on the Disclosure of Professional Qualifications of Directors and Independence of Independent Directors</td><td rowspan="3">(1) Not an employee of the Company or any of its affiliates.
(2) Not a director or supervisor of the Company or any of its affiliates (not applicable in cases where the person is an independent director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).
(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranks as one of its top ten shareholders.
(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of a manager in (1) or personnel in (2) and (3).
(5) Not a director, supervisor, or employee of a corporate shareholder that directly holders 5% or more of the Company's outstanding shares, is a top five shareholder, or appointed a representative as the Company's director or supervisor in accordance with Article 27, Paragraph 1 or 2 of the Company Act (not applicable in cases where the person is an independent director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).
(6) Not a director, supervisor, or employee of other companies controlled by the same person with over half of the Company's director seats or shares with voting rights (not applicable in cases where the person is an independent director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).
(7) Not a director, supervisor, or employee of another company or institution who is the same person or spouse of the Company's chairman, president or equivalent position (not applicable in cases where the person is an independent director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).
(8) Not a director, supervisor, or managerial officer of a specific company or institution with financial or business dealings with the Company, or shareholder with 5% or more shares of the Company (not applicable in cases where the specific company or institution holds 20% or more but less than 50% of the Company's outstanding shares, and is an independent director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).
(9) Not a professional individual who, or an owner, partner, director, supervisor, or manager of a sole proprietorship, partnership, company, or institution that audited or provided</td><td>0</td></tr>
<tr><td>Independent Director</td><td>Chen Hsien-Chang</td><td>0</td></tr>
<tr><td>Others</td><td>Su Pai-Huang</td><td>1. Education: Master, Institute of Industrial Engineering, National Taiwan University
2. Experience: President, Zig Sheng Industrial Co., Ltd.
The Company's directors and supervisors Representative of institutional supervisor Lily Textile Co., Ltd.
Director, Taiwan Synthetic Resins Manufacturers Association
Chairperson of Taiwan Man-made Fiber Industries Association
3. Appointment: Member Su has worked in the textiles industry for over 30 years, and previously served as a director of the textiles industry association. He has an abundance of professional experience in the industry's salary structure.</td><td>0</td></tr>
</table>

Identity (Note 1)	Qualifications / Name	Professional qualifications and experience (Note 2)	Independence status (Note 3)	Number of other public companies in which the member also serves as a member of their Remuneration Committee
			commercial, legal, financial, or accounting services for total compensation not exceeding NT$500,000 in the most recent two years to the company or to any affiliate of the company, or a spouse thereof. This does not apply to members of the Remuneration Committee, Public Tender Offer Review Committee, or Merger and Acquisition Special Committee performing duties in accordance with the Securities and Exchange Act or laws and regulations related to mergers and acquisitions. (10) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the company. (11) Not having any of the situations set forth in Article 30 of the Company Act of the R.O.C. (12) Not a government agency, juristic person, or its representative set forth in Article 27 of the Company Act of the R.O.C.	

Note 1: Please describe the work experience, professional qualifications and experience, and independence of Remuneration Committee members in the form. If the member is an independent director, add the note "Please refer to Profile of Directors and Supervisors (I) in Attachment 1 on page 13." Please fill in independent director or other in identity (please specify if the individual is the convener).

Note 2: Professional qualifications and experience: Describe the professional qualifications and independence of individual Remuneration Committee members.

Note 3: Meet the independence criteria: Describe the compliance of Remuneration Committee members with independence, including but not limited to whether the member, his/her spouse, and relatives within the second degree of kinship is a director, supervisor, or employee of the Company or its affiliated enterprises. Number of shares and shareholding percentage of the Company held by the individual, his/her spouse, and relative within the second degree of kinship. Is the individual a director, supervisor, or employee of a company that has a certain relationship (refer to Article 6, Paragraph 1, Subparagraphs 5 to 8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange) with the Company? Amount of remuneration received for providing the Company or its affiliated enterprises with commercial, legal, financial, or accounting services in the last two years.

Note 4: Please refer to the sample template for best practices on the TWSE Corporate Governance Center Website for the disclosure method.

2. Operations of the Remuneration Committee

I. There are three members in the Company's Remuneration Committee.

II. Current term of office: From June 27, 2022 for June 26, 2025. The Remuneration Committee convened a total of 2 meetings in 2023, the qualifications and attendance of members was as follows:

Position	Name	Attendance in person (B)	Attendance by proxy	Attendance rate (%) (B/A) (Note)	Note
Convener	Weng Chih-Hsien	2	0	100%	Newly appointed on June 27, 2022 (Independent Director)
Committee member	Chen Hsien-Chang	2	0	100%	Newly appointed on June 27, 2022 (Independent Director)
Committee member	Su Pai-Huang	2	0	100%	Newly appointed on June 27, 2022 (Others)

Other disclosures:

I. If the Board of Directors does not accept or revises the Remuneration Committee's recommendation, specify the date of the Board meeting, session, contents of the agenda item, resolution of the Board of Directors, and the Company's response to the Remuneration Committee's opinions (if the remuneration passed by the Board of Directors is higher than the recommendation of the Remuneration Committee, specify the discrepancy and reason): None

II. If with respect to any resolution of the Remuneration Committee, any member has a dissenting or qualified opinion that is on record or stated in a written statement, describe the date of committee meeting, term of the committee, agenda item, opinions of all members, and actions taken by the company in response to the opinion of members: None

III. Proposals and resolutions of the Remuneration Committee meetings and the Company's handling of the members' opinions in the most recent year:

Remuneration Committee	Agenda items and resolutions
3rd meeting of the 5th-term March 23, 2023	Agenda item: ◎Proposal to review the Company's director, supervisor, and manager performance evaluation and remuneration policies, systems, standards, and structures. ◎Discuss the Company's proposed distribution of employee bonuses and director and supervisors' remuneration for 2022.
	Members' opinions: No dissenting or unqualified opinions. Resolution: Passed as proposed after the chairperson consulted all attending members. The Company's handling of the opinions of the Remuneration Committee: Submitted to the Board of Directors and approved by all attending directors.
4th meeting of the 5th-term November 09, 2023	Agenda item: ◎Proposal to review the Company's director, supervisor, and manager performance evaluation and remuneration policies, systems, standards, and structures. ◎The adjusted the Company's remuneration to managers for the current year. ◎Discuss the Company's 2023 year-end bonus distribution proposal.
	Members' opinions: No dissenting or unqualified opinions.

	Resolution: Passed as proposed after the chairperson consulted all attending members. The Company's handling of the opinions of the Remuneration Committee: Submitted to the Board of Directors and approved by all attending directors.

Note 1: If a Remuneration Committee member is separated before the end of the year, specify the date of separation in the remarks, and calculate actual attendance rate (%) based on the number of meetings convened during the Remuneration Committee's term and actual attendance.

Note 2: If the Remuneration Committee is reelected before the end of the year, list new and old Remuneration Committee members, and specify if the member is old, new, or reelected and the reelection date in the remarks. Actual attendance rate (%) is calculated based on the number of Remuneration Committee meetings convened during the member's term and actual attendance.

3. Information on members and operations of the Nomination Committee: N/A

(V) Implementation status of sustainable development and deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reason for such deviations:

<table>
<tr><th rowspan="2">Implementation items</th><th colspan="3">Implementation status (Note 1)</th><th rowspan="2">Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>I. Has the Company established a governance framework to promote sustainable development and a dedicated department (or have another department be responsible for related efforts) for fulfilling sustainable development, with the board of directors authorizing high-level managers to handle such efforts, and having relevant progress be supervised by the board of directors?</td><td></td><td>v</td><td>1. Even though the Company has not established a sustainable development governance framework, the powers planned for implementing corporate social responsibility and sustainable development are as follows:
(1) Implementation and improvement of the corporate governance organization and system.
(2) Communication and implementation of ethical corporate management related work items.
(3) Implement and develop the corporate social responsibility policy and sustainable operations.
(4) Implement and assist with the supervision of risk management related matters.
(5) Planning and implementation of energy conservation, carbon reduction, and carbon neutrality related matters.
(6) Implementation of other matters instructed by the Board of Directors.
The President's Office is responsible for implementing the sustainability policy and improving risk management, and collaborates with human resources and production units in jointly implementing matters related to sustainable development, taking action to face climate change while regularly reporting the implementation status and plans for the following year to the Board of Directors.
2. 2023 Results:
(1) Continue to take air pollution reduction measures and suspend use of coal-fired boilers.
(2) Increase the use of reclaimed water.
(3) Continue to replace machinery and equipment with more energy and water efficient models.
(4) Continue to organize employee care activities and environmental protection related education activities.
The results above are disclosed in the CSR Section of the company website.
3. Results are periodically reported to the Board of Directors, reporting goals that</td><td>The Company will establish a governance framework for sustainable development to comply with the Sustainable Development Best Practice Principles</td></tr>
</table>

Implementation items	Implementation status (Note 1)			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			were set and communication with stakeholders. The Board of Directors periodically examines the Company's strategies and progress towards achieving goals, and urges the Company to adjust its direction when necessary to meet stakeholders' expectations, in order to become aligned with international standards.	
II. Does the company perform assessments of risks in environmental, social, and corporate governance issues relevant to its business activities and devise risk management policies and strategies accordingly? (Note 2)	v		1. Material environmental issues: The Company identified climate change risks and evaluated response measures for climate change. For example, we established risk management procedures for water and electricity consumption in response to the risk of water shortage in the dry season and power rationing during the summer caused by climate change. This includes water rationing and water supply management rules for factories and operating standards on the priority of emergency power supply. As of the end of 2023, the Company has implemented ISO 9001 Quality Management Systems and ISO 14001 Environmental Management Systems. 2. Material social issues: From a social perspective, we list occupational safety and health management as a key item, and obtained ISO 45001 Occupational Safety and Health Management System and CNS 15506 TOSHMS Occupational Safety and Health Management System, related management policies include: Raising employees' awareness, understanding, and capabilities related to safety and health through training and communication; managers at all levels regularly examine the conduct and operating environment of employees and contractors. 3. Material governance issues: To prevent the risk of violating the law due to not immediately updating internal regulations when there are regulatory changes, we planned and established a regulation management system to track changes in domestic regulations, in order to effectively implement, summarize, and respond to regulatory changes.	No deviation
III. Environmental issues (I) Has the company developed an appropriate environmental management system, given its distinctive characteristics?	v		The Company established a Labor Safety and Health Committee and management unit, and also established the Regulations on the Management of Labor Safety and Health Organization. We established an environmental management system based on characteristics of the textiles industry, and obtained ISO14001 Environmental Management System certification, utilizing management measures and strategies to resolve environment related issues in an orderly, targeted, and methodical way. Measures include promoting paperless operations in offices, reducing paper waste,	No deviation

Implementation items	Implementation status (Note 1)			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			and replacing all lights with energy-saving lights to reduce the impact of the Company's operations on the natural environment. The Company signed an agreement with the Industrial Development Bureau, MOEA for the "Industry Low Carbon Technology Integration and Application Guidance Project," in order to improve the industry's image of being eco-friendly and ensure that the Company's conduct does not cause hazards to the environment. The Company continues to actively participate in meetings for formulating and amending environmental protection regulations, providing opinions for amendments and staying up-to-date on regulatory trends. This allows the Company to formulate response measures in advance and effectively control environmental risks.	
(II) Is the company committed to achieving efficient use of resources, and using renewable materials that produce less impact on the environment?	V		The Company and Taiwan Textile Research Institute jointly developed a heat recycling system to lower the burden of operations on the environment. We also recycle and reuse water with the primary goal of achieving zero pollution and emissions. We periodically review water and electricity consumption, replace energy consuming equipment continuously, implement energy conservation and carbon reduction projects in factories, and improve the efficiency of resource and energy use.	No deviation
(III) Does the company evaluate potential risks and opportunities brought by climate change, and take response measures to the-related issues?	V		The Company reviewed climate change related risks and opportunities, including identifying physical risks from water shortage in the dry season and power rationing during the summer caused by extreme weather, transition risks from regulatory changes, and opportunities from water conservation and carbon reduction technologies to provide low carbon products. We formulated response plans based on identification results, and evaluated plans and response measures for current and potential risks and opportunities related to climate issues, including continuing to carry out GHG reduction measures and developing new low carbon, low energy consumption processes. We reduced energy consumption and carbon emissions through improvements to technology and engineering, emissions control, and improved or replaced energy and water saving equipment, so as to meet environmental protection requirements and fulfill our responsibility as a citizen of the Earth.	No deviation

Implementation items	Implementation status (Note 1)			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
(IV) Does the company compile statistics of greenhouse gas emissions, water use, and total weight of waste in the past two years, and does it establish policies for greenhouse gas emission reduction, water use reduction, and other waste management?	V		The Company has dedicated years of effort to its energy conservation and carbon reduction policy, and listed the sustainable development of ecological resources as a business policy (see Business Policy on page 2 of the annual report for details). We use the GHG inventory system to monitor our GHG emissions (18,993 tons and 25,084 tons in 2023 and 2022, respectively), and continue to compile statistics of water consumption (402,000 kL and 518,000 kL in 2023 and 2022, respectively) and total waste (1234 tons and 588 tons in 2023 and 2022, respectively), which are listed in the management report for follow-up. The Company established various emission standards and aims to reduce gas emissions, water consumption and total weight of waste per unit energy consumption by 5% each year, in hopes of becoming a low carbon company for environmental sustainability. To achieve the reduction goals above, we continue to replace production equipment of the water conservation system and improve process R&D, used medium pressure steam to replace coal-fired boilers, and added a new sludge drying system (The amount of energy and environmental protection investment in 2023 and 2022 is 17,167 thousand NTD and 16,282 thousand NTD respectively) to reduce waste. The abovementioned improvements also lowered GHG emissions. Use the energy consumption in 2023 for calculation, the increase or decrease in GHG emissions, water consumption, and waste was -24%, -24%, and 110%, respectively.	No deviation
IV. Social issues (I) Has the Company formulated management policies and procedures in accordance with relevant laws and regulations as well as the International Bill of Human Rights?	v		The Company recruits employees in an ethical and socially responsible way in accordance with regulations of human rights organizations, such as the United Nations International Labor Organization. We are committed to eliminating all risks of human trafficking and forced labor in our operations and supply chain. We announced and implemented the "migrant worker zero fee" policy, and revised labor recruitment procedures to eliminate all risks of human trafficking and forced labor for migrant workers. We meet the expectations of international human rights organizations regarding migrant workers policy. We do not use child labor based on the humanitarian spirit and to comply with labor regulations, such as the Labor Standards Act, ensuring that underage youth can grow in an environment that is healthy for their body and mind. During recruitment, interviewers communicate the company policy of no child labor with job applicants,	No deviation

Implementation items	Implementation status (Note 1)			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			and also strictly verify the identity of applicants to eliminate any possibility of hiring child labor who used false ID. (see the description in Employee Benefits and Labor Relations)	
(II) Does the company establish and implement reasonable employee benefits (including remuneration, leave, and other benefits), and ensure business performance or results are reflected adequately in employee remuneration?	V		The Company complies with the "Labor Standards Act" and related laws and regulations when setting salary and benefit measures, and provides benefits that are competitive in the market to encourage employees. Furthermore, periodic evaluations are conducted for issuing performance bonuses from monthly earnings to share profits with employees. In terms of employee benefits, the Company offers a variety of benefits and established complete retirement regulations that comply with the law. The Company established a "Supervisory Committees of Labor Retirement Reserve" and makes periodic pension contributions to an account at the Bank of Taiwan (originally the Central Trust of China). The committee convenes regular meetings to review pension contributions and utilization, in order to protect employees' rights and interests. Furthermore, for employees who choose to use the new pension system, the Company allocates 6% of their monthly salaries to their individual pension account at the Labor Insurance Bureau in accordance with the law. (see the description in Employee Benefits and Labor Relations)	No deviation
(III) Does the company provide employees with a safe and healthy work environment? Are employees trained regularly on safety and health issues?	V		The Company periodically organizes employees health examinations and strengthens supervision of labor safety and health management by each department. We train the emergency response capabilities and safety concepts of employees through labor safety and health training. The Company hired doctors and nurses stationed at its factory to care for the physical and mental health of employees, and actively follow up on employees' health condition, providing employees with a safe and healthy work environment. No occupational accidents occurred this year. (see the description in Employee Benefits and Labor Relations)	No deviation
(IV) Does the company set up effective career development and training programs for its employees?	V		The Company surveys department and individual needs and career plans, examines the difference in capabilities of employees, and plans and arranges external training for employees, including Taiwan Textile Research Institute, Taiwan Silk & Filament Weaving Industrial Association, and China Productivity Center, providing courses that will benefit employees' career development. This cultivates talent with many competencies. The Company also irregularly hires external lecturers to provide	No deviation

Implementation items	Implementation status (Note 1)			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			training in specific topics at the Company. (see the description in Employee Benefits and Labor Relations)	
(V) Do the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection or customer rights protection and grievance procedure policies implemented?	V		The Company advertises and labels its products and services according to relevant regulations and international standards. The Company established internal control procedures to ensure the reasonableness of procurement and production, and also maintains communication channels with suppliers, maintaining the reasonable rights and interests of both sides based on mutual trust and mutual benefit. The Company is a professional dyeing and finishing OEM service provider, the rights and interests of clients are described in the contract, and customer complaint channels are provided to improve the Company's relationship with customers. The Company cares about the opinions of its customers. Besides individual visits, it also provides a contact person and e-mail addresses for products on its website. We also set up a stakeholder section on the company website to provide a channel for customer questions, complaints, or suggestions, which the Company handles and gives feedback based on the principle of good faith, so as to protect customers' rights and interests.	No deviation
(VI) Does the company have a supplier management policy, require suppliers to comply with regulations on environmental protection, occupational safety and health, and labor rights, and what is its implementation status?	V		The Company established a supplier management policy, which requires product certification documents to be obtained from suppliers before making purchases. Besides evaluating past supply records and reputation, compliance with environmental protection, occupational safety and health, and labor human rights is also an evaluation indicator. When a contract signed with a supplier violates the CSR policy, clauses of the contract may be terminated or canceled. Furthermore, the Company requires suppliers to comply with environmental regulations and issue guarantees. If a supplier is found in violation, the Company may terminate or cancel the contract.	No deviation
V. Does the company prepare sustainability reports and other reports that disclose non-financial information by following international reporting standards or guidelines? Do the reports above obtain assurance from a third party verification		v	Even though the Company has not issued a Sustainability Report, the environmental policy, human rights regulations, corporate governance, health and safety, and Code of Ethical Conduct are all in compliance with GRI Standards, and we also conduct self-evaluations of the implementation status.	The Company has not issued a Sustainability Report, but will include it in future plans

Implementation items	Implementation status (Note 1)			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
unit?				based on the situation.

VI. Describe the deviations, if any, between actual practice and the sustainable development regulations, if the company has formulated such principles based on the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies":
Even though the Company has not established Sustainable Development Best Practice Principles, we are actively fulfilling our corporate social responsibility in corporate governance, environmental protection, and social welfare, and requirements are specified in human resources, environmental protection, and safety and health standards, which is in compliance with regulatory requirements.

VII. Other important information to facilitate a better understanding of the Company's implementation of sustainable development:
The Company's plans for sustainable development and implementation results:
I. Implementation plans:
(I) The Company has joined the "United Nations Global Compact" and contributed to corporate social responsibility worldwide. We advocate 10 principles for human rights, labor, environment, and anti-corruption to drive the Company's sustainable development.
Human rights: 1. Support and respect international human rights within our scope of influence.
2. Ensure that the Company does not violate human rights.
Labor: 1. Protect laborers' freedom of association and effectively acknowledge their collective bargaining right.
2. Eliminate all forms of forced labor.
3. Effectively eliminate child labor.
4. Eliminate discrimination in employment and the workplace.
Environment: 1. Support preventive measures taken for environmental challenges.
2. Take even more measures to fulfill our corporate social responsibility to the environment.
3. Encourage the R&D and diffusion of environmental protection technology.
Anti-corruption: 1. The Company should dedicate its efforts to anti-corruption activities, including extortion and bribery.
(II) The Company has always dedicated efforts to fulfilling its corporate social responsibility. In addition to the description above, our efforts also include:
1. Environmental protection
The Company is a professional dyeing and finishing OEM service provider. In recent years, we have provided guidance for clean production technologies and process waste reduction and pollution prevention technologies with the support of the MOEA and IDB. We believe that we will be able to eliminate the stereotype of being labor-intensive and gradually transition to becoming technology-intensive. Our R&D and design focuses on automated machinery, safety and environmental protection, and product diversification. Our new production image plan aims to present new textures, comfort, and environmental protection. Furthermore, the Company continues to add and optimize sludge drying equipment with the goal of cutting sludge in half. We completed the MOEA technology development project "Optimization of Long-fiber Woven Fabric Smart Manufacturing," which reduces energy consumption through AI, improves product yield, reduces waste, and shortens the delivery time, and introduced the latest water-saving dyeing machine to reduce water consumption, contributing to the protection of the natural environment.

Implementation items	Implementation status (Note 1)			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
In terms of international environmental protection certifications, the Company's textile products have obtained Switzerland's Bluesign® certification and OEKO TEX@standard 100 certification. 2. Product accountability As a global citizen, the Company has a profound understanding of the importance of environmental sustainability, and implements an environmental management system (ISO-14001:2015) to minimize the risk of environmental violations. The Company is actively implementing energy conservation & carbon reduction plans, raising the environmental protection awareness of its employees, and improving the efficiency of resource use.				
3. Labor relations Personnel appointment is based on manpower requirements for the annual plan of each department. The Company finds outstanding talent that match its core values through diverse recruitment channels. The Company works together with campuses in promoting internships and collaborative teaching, as well as practical training, providing students with internship plans to experience the workplace. This assists the professional development of students and strengthens their employability. The Company attaches importance to talent retention and objectively learns about the reason employees resign through interviews, while collecting related information. The information is analyzed for subsequent improvement plans, and provided to department managers for personnel management, work design, and adjusting the criteria of job openings. 4. Anti-corruption The Company established the Ethical Corporate Management Promotion Task Group, which periodically reports the implementation of ethical corporate management in the previous year to the Board of Directors at the beginning of the year, assisting the Board of Directors with inspecting and evaluating if unethical conduct prevention measures are effective. The Ethical Corporate Management Promotion Task Group established the "Ethical Corporate Management Best Practice Principles", "Code of Ethical Conduct", the internal control system, authorization system, and separation of duties. It implements anti-corruption measures in coordination with internal audits, self-evaluations of the internal control system, and channels for reporting unethical conduct. 5. Customer privacy The Company strictly maintains the confidentiality of trade secrets, and does not inquire about or collect information on unrelated intellectual property, such as trade secrets, trademarks, patents, and copyright, of suppliers and customers. The Company shall not disclose the trade secrets to any third party and also signs a non-disclosure agreement (NDA) with customers. Information security risk protection measures have been implemented to protect trade secrets. 6. Socioeconomic Compliance The Company complies with the Fair Trade Act and Regulations Governing Permission of Trade Between Taiwan Area and Mainland Area, and all products comply with international safety standards. This ensures that the business activities are environmentally friendly and complies with ethics. Internal training courses are also organized to promote laws and regulations. II. Implementation Results The Company added sludge drying equipment in 2019 and achieved the goal of cutting sludge in half. The Company signed the "United Nations Global Compact" in				

Implementation items	Implementation status (Note 1)			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
2020 and contributed to corporate social responsibility worldwide, dedicating efforts to 10 principles for human rights, labor, environment, and anti-corruption, in order to drive the Company's sustainable development. The Company signed an agreement with the National Chin-Yi University of Technology to implement an industry-academia collaboration project in 2022 and 2021, which on average provided internships to 12 students in the Company's factory each year. In 2023, the old ones were replaced with new ones and the latest water-saving dyeing machine to reduce water consumption.				

Note 1: If "Yes" was selected, please describe important policies, strategies, measures, and implementation status; If "No" was selected, please explain the reason for discrepancies and describe future policies, strategies, and measures in "Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons." For implementation items 1 and 2, public companies must describe their sustainable development governance and supervision framework, including but not limited to formulating the management approach, strategies, and goals, as well as review measures. Describe the Company's risk management policy or strategy and evaluation of ESG issues related to its operations.

Note 2: The principle of materiality means that ESG issues have a material effect on the Company's investors and other stakeholders.

Note 3: Please refer to the sample template for best practices on the TWSE Corporate Governance Center Website for the disclosure method.

Climate-Related Information of TWSE/TPEx Listed Company

1 Implementation status of climate-related information

<table>
<tr><th>Item</th><th>Implementation status</th></tr>
<tr><td>1. Describe the supervision and governance of climate-related risks and opportunities by the Board of Directors and the management.</td><td>The Board of Directors of Chyang Sheng Dyeing & Finishing Co., Ltd. is the supreme governing body for climate change management and is responsible for leading climate change response and decision-making, convening departmental senior managers to identify key climate risks and opportunities, assessing the risks that floods, droughts, typhoons, and high temperatures may bring to each operation, and striving to keep pace with climate changes and market dynamics to more comprehensively address overall operational strategy planning.
The Board of Directors approves key motions and reports related to climate change, including capital expenditures on energy-conservation equipment and the planning of greenhouse-gas inventories and review schedules in order to proactively address the risks and challenges posed by climate change.
The Audit Committee meets to discuss relevant issues and receives reports from the Chief Internal Auditor on the work of the Internal Audit Department on the effectiveness of the design and implementation of the internal control system for climate-related risks and on audit findings.
The Remuneration Committee meets semi-annually to discuss, evaluate, and review the remuneration of managers for ESG-related performance (including the management of climate change-related issues). The Company expects that climate change-related targets and the degree of target achievement will be included in the performance evaluation and remuneration system of senior managers, in order to monitor and control the achievement of climate change-related targets. By linking the remuneration system to the results of climate change management, managers will be motivated to operate the Company's business in a way that is both profitable and sustainable. This will help to fulfill the Company's sustainability goals and create added value for investors and stakeholders.</td></tr>
<tr><td>2. Describe how the identified climate risks and opportunities impact the Company's business, strategy, and finance (short-term, medium-term, and long-term).</td><td>
<table>
<tr><th></th><th>Short-term
(1-3 years)</th><th>Mid-term
(3-5 years)</th><th>Long-term
(5 or more years)</th><th>Financial impact</th><th>Response strategy</th></tr>
<tr><td rowspan="2">Risks</td><td>Greenhouse-gas control and carbon taxes and fees</td><td>New regulation on renewable energy</td><td>Zero-net emission trend</td><td>Increase in operating costs due to carbon fees</td><td>Improve energy efficiency and invest in green-energy equipment</td></tr>
<tr><td>Increased flooding due to extreme changes in weather patterns, damaging the Company's operating assets</td><td>Supply-chain disruptions due to more frequent droughts</td><td>Rise in average temperature</td><td>·
Increase in operating expenses due to higher electricity consumption
·
Damage to machinery and equipment resulting in property loss
·
Increase in operating costs due to higher prices of raw materials</td><td>·
Procurement of energy-saving equipment
·
Adoption of an environmental management system to track energy usage</td></tr>
<tr><td>Opportunities</td><td>R&D and innovation of new</td><td>Increase in the efficiency of</td><td>Enhanced corporate</td><td>·
Decrease in electricity costs</td><td>Use renewable, low-carbon energy sources to mitigate</td></tr>
</table>
</td></tr>
</table>

<table>
<tr><th>Item</th><th>Implementation status</th></tr>
<tr><td></td><td><table><tr><td></td><td>low-carbon products and services</td><td>resource utilization</td><td>reputation</td><td></td><td>the risks associated with greenhouse-gas emissions, reduce the carbon footprint of products, improve the competitiveness of products on the market, and increase revenue.</td></tr></table></td></tr>
<tr><td>3. Describe the financial impact of extreme climate events and transition actions.</td><td><u>Financial impact of extreme climate events</u>
Flooding caused by heavy rainfall may result in damage to equipment and lead to a temporary inability to deliver goods or a serious shutdown; drought and lack of water may affect the normal operation of production lines, and in times of water shortages, it may be necessary to reduce the amount of water used and transport water by water trucks across different areas to maintain the supply of goods; and an increase in water consumption in high temperatures may result in higher operating costs.
<u>Financial impact of transition actions</u>
Carbon fees, greenhouse-gas control, and renewable energy regulations may increase operating and supply-chain costs.
Investing in green-energy equipment to reduce the impact of energy and water consumption and waste on the climate in response to transition risks will lead to an increase in the Company's capital investment and operating costs.</td></tr>
<tr><td>4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.</td><td>The Company has incorporated climate change and environmental risks into its corporate risk management and continuously monitors the impact of potential international regulations, extreme weather conditions, and other contingencies on its operations. The Company assesses financial impacts, adapts management mechanisms, and proposes response strategies to improve operational resilience. Departments collaborate to assess the impact of climate risk on business processes and raise employee awareness of climate change through training to identify risks and opportunities. Senior management participates in strategy meetings to formulate management decisions and response strategies for major risks.</td></tr>
<tr><td>5. If the scenario analysis is used to assess resilience of climate change risks, the scenarios, parameters, assumptions, analysis factors and main financial impacts used shall be specified.</td><td>The scenario analysis has not yet been carried out.</td></tr>
<tr><td>6. If there is a transformation plan in response to the management of climate-related risks, the content of the plan and the indicators and objectives used to identify and manage physical and transition risks shall be specified.</td><td>Currently, there is no transformation plan to manage climate-related risks.</td></tr>
</table>

Item	Implementation status
7. If internal carbon pricing is used as a planning tool, the basis for the pricing shall be specified.	Internal carbon pricing is not used as a planning tool.
8. If climate-related objectives are set, information such as the activities covered, the scope of greenhouse-gas emissions, the planning schedule, and annual achievement progress shall be specified; if carbon offsets or renewable energy certificates (RECs) are used to achieve relevant objectives, the source and quantity of the offset carbon reduction credits or the number of RECs shall be specified.	No climate-related objectives have been set.
9. Greenhouse-gas inventory, assurance efforts, and reduction objectives, strategies and specific action plans (detailed in 1-1 and 1-2).	For details refer to the explanation below.

1-1 Greenhouse gas inventory and assurance efforts of the Company in the last two years

Company's Profile	According to the Sustainable Development Roadmap, at least the following should be disclosed
□Companies with capital of more than NT$10 billion, steel industry, cement industry □Companies with capital of more than NT$5 billion but less than NT$10 billion ■Companies with a capital of less than NT$5 billion	□Parent company individual inventory □Consolidated financial reporting subsidiary inventory □Parent company individual assurance efforts □Consolidated financial reporting subsidiary assurance efforts

2022

Scope 1 (Note 1)	Total emissions (tons CO_2e)	Intensity (tons CO_2e/1,000 yards) (Note 4)	Assurance institute	Assurance efforts (Note 3)
The parent company	24,836.62	1.013	None	None
Subsidiaries	0	0		
Total	24,836.62	1.013		
Scope 2 (Note 1)	Total emissions (tons CO_2e)	Intensity (tons CO_2e/1,000 yards) (Note 4)	Assurance institute	Assurance efforts (Note 3)
The parent company	247.18	0.01	None	None
Subsidiaries	0	0		
Total	247.18	0.01		
Scope 3 (Note 1: may be voluntarily disclosed)	NA			

2023

Scope 1 (Note 1)	Total emissions (tons CO_2e)	Intensity (tons CO_2e/1,000 yards) (Note 4)	Assurance institute	Assurance efforts (Note 3)
The parent company	18788	1.071	None	None
Subsidiaries	0	0		
Total	18788	1.071		
Scope 2 (Note 1)	Total emissions (tons CO_2e)	Intensity (tons CO_2e/1,000 yards) (Note 4)	Assurance institute	Assurance efforts (Note 3)
The parent company	204	0.012	None	None
Subsidiaries	0	0		
Total	204	0.012		
Scope 3 (Note 1: may be voluntarily disclosed)	NA			

1-2 Greenhouse-gas reduction objectives, strategies, and specific action plans

The Company's paid-in capital is less than NT$5 billion, and pursuant to the FSC Order Jin-Guan-Zheng-Qian-Zi No. 11103849344, the Company shall complete the disclosure of information on greenhouse-gas inventory from 2027 and the disclosure of information on assurance efforts from 2029. Therefore, there is no such information for the current year.

The Company has been committed to promoting energy conservation and carbon-reduction policies for many years. It has introduced a greenhouse-gas inventory system to monitor its greenhouse-gas emissions and has continued to compile statistics on water consumption and total weight of waste, which are included in management reports for control purposes.

The Company established various emission standards and aims to reduce gas emissions, water consumption and total weight of waste per unit energy consumption by 5% each year, in hopes of becoming a low carbon company for environmental sustainability.

To achieve the reduction goals above, the Company continues to replace production equipment of the water conservation system and improve process R&D, used medium pressure steam to replace coal-fired boilers, and added a new sludge drying system to reduce the generation of waste.

(VI) Implementation of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons:

Evaluation item	Operating status (Note 1)			Deviations from the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary	
I. Establishment of ethical corporate management policy and plans				
(I) Has the company established an ethical corporate management policy that was approved by the Board of Directors, and declare its ethical corporate management policy and methods in its regulations and external documents, as well as the commitment of its Board and management to implementing the management policies?	V		(I) The Company established Ethical Corporate Management Best Practice Principles and specified its ethical corporate management policy and practices in regulations and public documents. The Board of Directors and management actively comply with the ethical corporate management policy and the Ethical Corporate Management Best Practice Principles.	No deviation.
(II) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Article 7, Paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies"?	V		(II) The Company specifies plans to prevent unethical conduct in the Ethical Corporate Management Best Practice Principles, and periodically provides training and communicates with employees, so that they will fully understand the Company's determination, policies, prevention plans, and consequences of unethical conduct, so as to achieve ethical corporate management. We regularly audit, analyze, and assess risks through the audit system, and the Management Department establishes prevention measures. Additionally, the Company's Ethical Corporate Management Best Practice Principles already covers conduct specified in Article 7, Paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies".	There are no significant differences.
(III) Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above	V		(III) The Company specified programs to prevent unethical conduct in the best practice principles, and clearly provides operating procedures, code of conduct, disciplinary actions, and a complaint system, analyzing operating activities with relatively high risk of unethical conduct. We strengthen	There are no significant differences.

Evaluation item	Operating status (Note 1)			Deviations from the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary	
effectively and perform regular reviews and amendments?			prevention measures through reviews and irregular audits, and periodically review and amend the programs above.	
II. Implementation of ethical corporate management (I) Does the Company evaluate the ethical conduct record of counterparts, and does it include an ethical conduct clause in contracts signed with the counterpart?	V		(I) Before starting a business relationship, the Company considers the legality of a distributor, supplier, customer, or other counterparty in a transaction and any record of unethical conduct in the past, in order to avoid engaging with parties with a record of unethical conduct. When entering into contracts, the Company includes compliance with the ethical corporate management policy as a contract term. In the event that the trading counterparties are involved in unethical conduct, the Company may suspend or terminate the contract at any time.	There are no significant differences.
(II) Does the company have a dedicated unit responsible for business integrity under the board of directors which reports the ethical management policy and programs against unethical conduct regularly (at least once a year) to the board of directors while overseeing such operations?	V		(II) The Company's Board of Directors appointed the Management Department as the dedicated unit for achieving sound ethical corporate management. The Management Department is responsible for formulating and supervising the implementation of the ethical corporate management policy and prevention plans, and periodically reports to the Board of Directors each year. The implementation status was reported to the Board of Directors in November 2023.	There are no significant differences.
(III) Has the company established policies to prevent conflicts of interests, implemented such policies, and provided adequate channels of communications?	V		(III) The Company's directors, supervisors, managers, employees, and substantial controllers actively report any violations of ethical corporate management regulations to the Board of Directors, managers, chief internal auditor, or other managers. The Company keeps the whistleblower's identity and contents of the report confidential, and actively verifies and handles reports.	There are no significant differences.
(IV) Has the company established effective accounting systems and internal control systems to implement ethical corporate management and	V		(IV) The Company has established effective accounting and internal control systems. Internal auditors and accountants regularly audit the above systems to ensure compliance with	There are no significant differences.

Evaluation item	Operating status (Note 1)			Deviations from the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary	
designated its internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and audit the compliance with the prevention programs accordingly or commissioned a CPA to conduct the audit?			programs for preventing unethical conduct.	
(V) Does the Company provide regular internal and external training on ethical corporate management?	V		(V) The Company irregularly communicates ethical corporate management during employee training and meetings, and arranges training during annual review meetings.	There are no significant differences.
III. Implementation of the Company's whistleblowing system				
(I) Does the company provide incentives and means for employees to report malpractices? Does the company assign dedicated personnel to investigate the reported malpractices?	V		(I) The Company set up an "Employee opinion box", e-mail, and telephone number to encourage employees to express their opinions. Employees can directly report violations to supervisors or the Audit Office, and assign dedicated personnel suitable for the accused.	There are no significant differences.
(II) Does the Company have standard operating procedures for investigating whistleblowing cases and related confidentiality mechanisms?	V		(II) The Company established standard operating procedures for investigating reports, and established the whistleblowing system "Employee opinion box" on the company website and intranet, which receives reports for any illegal or unethical conduct. An independent dedicated unit is responsible for accepting and investigating reports, and ensures the confidentiality of the whistleblower's identity and the contents of the report.	There are no significant differences.
(III) Does the Company take measures to protect whistleblowers from inappropriate treatment or retaliation?	V		(III) The Company maintains the confidentiality of the whistleblower's identity and contents of the report, and prevents whistleblowers from receiving improper treatment due to the report. This is expressly stated in the Ethical Corporate Management Best Practice Principles and Code of Ethical Conduct.	There are no significant differences.

Evaluation item	Operating status (Note 1)			Deviations from the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary	
IV. Enhancing information disclosure Does the Company disclose the contents and implementation results of its Ethical Corporate Management Best Practice Principles on its website and MOPS?	V		The Company discloses information on the Ethical Corporate Management Best Practice Principles on the Market Observation Post System and in the Investors Section of the company website, and irregularly discloses implementation results on the website for investors and stakeholders to reference.	There are no significant differences.
V. If the Company established Ethical Corporate Management Best Practice Principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies", describe its operations and discrepancies: The Company established Ethical Corporate Management Best Practice Principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies" of the competent authority, and there is no significant difference between the principles and their implementation.				
VI. Other important information to facilitate a better understanding of the company's implementation of ethical corporate management: The Company has upheld the business philosophy and values of "integrity, accountability, involving everyone in operations, pursuing excellence, and the happiest services" since it was established, and has created a corporate culture of integrity and accountability, showing how much the Company values ethical corporate management. For the Company's ethical corporate management philosophy, please refer to the description in Business Policy on page 2 of the annual report.				

Note: Provide a brief description regardless of whether "Yes" or "No" was selected.

(VII) If the company has established corporate governance principles and related guidelines, disclose the means of accessing this information:

Please visit the Company's website (www.csgroup.com.tw) for related rules and regulations under Investor Relations\Corporate Governance.

(VIII) Disclose other material information that will benefit understanding of the Company's corporate governance status:

1. Procedures for Handling Material Inside Information

The Company established the "Management Guidelines for the Prevention of Insider Trading," which specifies that management items for handling material inside information and preventing insider trading shall be in accordance with related laws, orders, regulations of the Taiwan Stock Exchange Corporation or Taipei Exchange, and these Guidelines. This provides the basis for establishing management and control mechanisms for preventing insider trading, prevents improper disclosure of the Company's information, and ensures the timeliness and correctness of information that is disclosed. Contents of the Guidelines include:

(1) Applicable subjects and scope of material information.

(2) Operating procedures for maintain the confidentiality of material inside information.

(3) Dedicated unit.

(4) Procedures for handling the disclosure of the Company's material information.

2. The Company periodically reports insider trading related regulations and notices during board meetings, annual seminars, and monthly meetings.

(1) Directors and managers provide and communicate the latest regulations and notices on insider trading after board meetings, including the reporting obligations of insiders and prohibiting insider trading. E-mails on the prevention of insider trading are sent to insiders every quarter, and continuing education is provided each year to raise directors and managers' awareness of compliance with insider trading regulations.

(2) The Company organizes an annual review meeting attended by employees at the executive level and above. This year, a total of 36 people attended the meeting, which included a two-hour special topic report on insider trading regulations and communications, ethical corporate governance, and ethical conduct.

(3) The Company convenes monthly meetings and irregularly schedules cases of insider trading prevention during the meetings, using the cases to let employees clearly understand the latest laws and regulations, as well as the Company's policy for insider trading.

3. Specific measures and training for ethical corporate management and prevention of unethical conduct:

To implement the ethical corporate management policy and prevent unethical behavior, the Company communicates the requirements for discipline and its excellent corporate culture during pre-employment training, promoting the importance of integrity to new employees. The

Company organizes internal training courses on integrity management at irregular intervals and also holds annual seminars on integrity management issues. The seminars are attended by employees at executive level and above and include a 120-minute presentation on "Regulations and Notices on Insider Trading, Ethical Corporate Management, and Ethical Behavior." There were 44 participants in 2023 and 36 participants in 2022. The presentations and video files were made available in the internal employee system after the end of the seminars so that employees who did not attend the events could access them.

(IX) The following items relating to the implementation status of the internal control system shall be disclosed:

1. Statement on Internal Control:

Chyang Sheng Dyeing & Finishing Co., Ltd
Statement on Internal Control

Date: March 12, 2024

This statement relates to the Internal Control System of the Company and the results of a self-assessment for the year 2023:

I. The Company is fully aware that the establishment, implementation and maintenance of its internal control system is the responsibility of the Board of Directors and the management personnel. In this regard the Company has established such a system. The aim of the system is to provide reasonable assurance of the achievement of objectives in the effectiveness and efficiency of operations (including profits, performance, and safeguarding of asset security), reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations.

II. There are inherent limitations to even the most well designed internal control system. As such, an effective internal control system can only reasonably ensure the achievement of the three aforementioned objectives. Moreover, the operating environment and situation may change and impact the effectiveness of the internal control system. However, self-supervision measures were implemented within the Company's internal control system to facilitate immediate rectification once procedural flaws have been identified.

III. The Company judges the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations"). The internal control system judgment criteria adopted by the "Regulations" divides internal control into five elements based on the process of management control: 1. Control environment, 2. Risk assessment, 3. Control operation, 4. Information and communication, and 5. Monitoring. Each element further contains several items. For more information on the aforementioned items, see the "Regulations".

IV. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.

V. Based on the findings of the aforementioned examination, the Company believes it can reasonably assure that the design and implementation of its internal control system as of Saturday, December 31, 2023 (including supervision and management of subsidiaries), including the effectiveness and efficiency in operation, reliability in financial reporting and compliance with relevant regulatory requirements, have achieved the aforementioned objectives.

VI. This Statement will become a major part of the content of the Company's Annual Report and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This statement was passed by the Board of Directors on Thursday, March 12, 2024, with none of the 11 attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Chyang Sheng Dyeing & Finishing Co., Ltd

Chairman: Chen Jen-Fa Signature and Seal:

President: Lu Fang-Fu Signature and Seal:

2. If the company engages an accountant to examine its internal control system, disclose the CPA examination report: None

(X) If any penalties are imposed on the Company and its personnel or punishments are imposed by the Company on personnel in violation of internal control system regulations in the past year and up to the date of report, and the results of the penalty may have a material effect on shareholders equity or stock price, specify the contents of the penalty, major deficiencies and improvement: There were no penalties imposed on the Company's insiders in accordance with the law or for violating the internal control system in 2023.

(XI) Important resolutions adopted in shareholders' meeting and Board meetings in the past year and up to the date of report:

1. Important resolutions of the 2023 Annual General Meeting and their implementation:

Date	Important resolutions and implementation status
2023/06/28	1. Approved the acknowledgment of the 2022 business report and financial statements. Implementation status: Approved. 2. Approved the acknowledgment of the 2022 dividend distribution proposal. Implementation status: July 30, 2023 was set as the record date for distribution of cash dividends, and cash dividends (NT$0.4 per share) were distributed according to schedule on August 18, 2023.

2. Major resolutions of the Board of Directors:

Term/meeting number	Date of meeting	Major resolutions
4th meeting of the 14th-term	2023/03/23	1. The Company's 2022 board performance evaluation results. 2. Report on GHG inventory and verification schedule. 3. Report on the implementation of the Company's Self-Prepared Financial Reporting Plan

Term/meeting number	Date of meeting	Major resolutions
		4. Please discuss conclusions of the Remuneration Committee meeting. 5. The Company's proposed distribution of employee bonuses and directors' remuneration in 2022. 6. Approved the proposal for the Company's 2022 Business Report and financial statements. 7. The Company's 2022 dividend distribution proposal. 8. Proposed assessment data for the appointment of accountants and pre-approval for non-assurance services in 2023. 9. The Company and subsidiaries' investment limit in securities. 10. The Company's 2022 Statement on Internal Control. 11. Scheduling of convened matters of the Company's 2023 Annual General Meeting.
5th meeting of the 14th-term	2023/05/11	1. Report on the Company's financial statements. (includes the 2023 Q1 consolidated financial statements) 2. Report on the Company's purchase of liability insurance for directors and managers. 3. Report on GHG inventory and verification schedule. 4. Report on the implementation of the Company's Self-Prepared Financial Reporting Plan 5. The Company's personnel promotion case.
6th meeting of the 14th-term	2023/08/10	1. Report on the Company's financial statements. (includes the 2023 Q2 consolidated financial statements) 2. Report on GHG inventory and verification schedule. 3. Report on the implementation of the Company's Self-Prepared Financial Reporting Plan 4. Our company established a joint venture with Creative Fabrics Co., Ltd. to establish NICSing Tex CO., LTD.
7th meeting of the 14th-term	2023/11/09	1. Report on the Company's financial statements. (includes the 2023 Q3 consolidated financial statements) 2. Report on the Company's implementation of ethical corporate management. 3. Report on GHG inventory and verification schedule. 4. Report on the implementation of the Company's Self-Prepared Financial Reporting Plan 5. Approval to discuss conclusions of the Remuneration Committee meeting. 6. Approved the Proposed extension of the Company's credit limit. 7. Approved the proposal for the Company to extend and amend the endorsement/guarantee to subsidiary Progiant Construction & Development Corporation. 8. Approved the Company's proposal to extend short-term financing to its subsidiary, Progiant Construction & Development Corporation. 9. Approval for the discussion of the Company's 2024 audit plan. 10. Approval of the simple merger of the subsidiaries Worthy Textile Industry Co., Ltd. and Hong Sheng Investment Co., Ltd.
8th meeting of the 14th-term	2024/03/12	1. The Company's 2023 board performance evaluation results. 2. Report on GHG inventory and verification schedule. 3. Proposal to appoint managers. 4. Discuss the Company's personnel promotion case. 5. Please discuss conclusions of the Remuneration Committee meeting. 6. The Company's proposed distribution of employee bonuses and director and supervisors' remuneration for 2023. 7. Approval for the acknowledgment proposal of the Company's 2023 Business Report and financial statements. 8. The Company's 2023 dividend distribution proposal. 9. The Company's routine evaluation of the CPAs' independence and competence. 10. The Company's 2023 Statement on Internal Control. 11. Proposal for related matters of the Company's 2024 Annual General

Term/meeting number	Date of meeting	Major resolutions
		Meeting.

(XII) Dissenting or qualified opinion of directors or supervisors against an important resolution passed by the Board of Directors that is on record or stated in a written statement in the past year and up to the date of report:

Agenda items of all board meetings in the most recent year and up to the date of report were approved by all directors and supervisors, and no dissenting opinions were expressed.

(XIII) Resignation and dismissal of managerial officers related to the financial report (including chairman, president, chief accounting officer, chief financial officer, chief internal auditor, corporate governance supervisor, and R&D supervisor) in the past year and up to the date of report:

The Company's President Lu Fang-Fu applied for retirement approval on February 29, 2024, and the new President Sun Wei was appointed with the approval of the Board of Directors on March 12, 2024.

V. Information on Fees to CPA:

Unit: NT$, in thousands

Name of the accounting firm	Name of accountants	Audit period	Audit fee	Non-audit fee	Total	Note
KPMG	Yu Chi-Lun	2023.01.01~2023.12.31	1,810	150	1,960	None
	Yu Sheng-Ho	2023.01.01~2023.12.31				

Note: Audit fees are fees paid by the Company to the accountants for auditing and reviewing financial statements and tax certification fees

If any one of the following situations apply to the audit fees and non-audit fees paid to the accountants, their accounting firm, and affiliated enterprises and the contents of non-audit services, disclose the following matters:

(I) If the accounting firm is changed and the audit fees paid in the year of the replacement is less than that of the previous year, the amounts of the audit fees before and after the replacement and the causes shall be disclosed: None.

(II) If the audit fees decreased more than 10% from that of the prior year, the amount, percentage, and reasons for the decrease in audit fees shall be disclosed: None.

VI. Information on change of accountants: None.

VII. The chairman, president, financial or accounting manager of the company who had worked for the certifying accounting firm or its affiliated enterprise in the past year:

None.

VIII. Share transfer by directors, supervisors, managerial officers and shareholders holding more than 10% equity and changes to share pledging by them in the past year and up to the date of report:

(I) Changes in shareholding of directors, supervisors, managerial officers, and shareholders holding more than 10% equity:

Unit: Shares

Position	Name	2023		The current year up to April 27	
		Increase (decrease) in shares held	Increase (decrease) in pledged shares	Increase (decrease) in shares held	Increase (decrease) in pledged shares
Chairman	Chen Jen-Fa	0	0	0	0
Director	Shinkong Asset Management Co., Ltd Representative: Wu Hsin-En	0	0	0	0
Director	Lin Ho-Tsung	0	0	0	0
Director	HONG SHENG INVESTMENT CO., LTD Representative: Lu Fang-Fu (Dismissed on 2023/12/1)	0	0	0	0
Director	Phoebes Inc. Representative: Cheng Ming-Yueh	0	0	0	0
Director	Chen Chia-Ling	43,000	0	0	0
Director	Shinkong Asset Management Co., Ltd Representative: Chiu Chin-Fa (Dismissed on 2023/05/12)	0	0	0	0
Director	Shinkong Asset Management Co., Ltd Representative: Chang Jui-Nan (Newly assigned on 2023/05/12)	0	0	0	0
Director	FU JIN INVESTMENT CO., LTD Representative: Chen Yu-Chin	0	0	0	0
Director	Lin Ho-Hsiung	0	0	0	0
Independent Director	Weng Chih-Hsien	0	0	0	0
Independent Director	Wu Chieh-Hsin	0	0	0	0
Independent Director	Chen Hsien-Chang	0	0	0	0
Representative of institutional director and president	Lu Fang-Fu (Dismissed on 2024/3/1)	0	0	0	0
President	Sun Wei	0	0	0	0
Vice President, Head of Accounting and Corporate Governance Officer	Cheng Yi-Min	0	0	0	0

Position	Name	2023		The current year up to April 27	
		Increase (decrease) in shares held	Increase (decrease) in pledged shares	Increase (decrease) in shares held	Increase (decrease) in pledged shares
Vice President	Sa Chang-Ling	0	0	0	0
Chief auditor	Hsin-Ju Hsieh	0	0	0	0
Assistant Vice President	Lu Xue-Hao	0	0	0	0
Major shareholder	Shinkong Textile Co., Ltd.	1,542,000	0	0	0

(II) Information on share transfer to related parties by directors, supervisors, managerial officers, and shareholders holding more than 10% equity: None

(III) Share pledging by directors, supervisors, managerial officers, and shareholders holding more than 10% equity: None.

IX. Information on the relationship between any of the top ten shareholders (related party, spouse, or kinship within the second degree):

Name (Note 1)	Shareholding		Shares held by spouse and underage children		Total shares held in the name of others		Titles, names and relationships between top 10 shareholders (related party, spouse, or kinship within the second degree). (Note 3)		Note
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Title (or Name)	Relationship	
Shinkong Textile Co., Ltd.	35,170,576	20.30	0	0.00%	0	0.00%			
Representative: Wu Hsin-En	-	0.00%	0	0.00%	0	0.00%			
Chun-Yao Lin	11,400,000	6.58%	0	0.00%	0	0.00%			
Worthy Textile Industry Co., Ltd.	8,874,795	5.12%	0	0.00%	0	0.00%			
Representative: Chen Jen-Fa	6,612,543	3.82%	1,445,172	0.83%	0	0.00%	Cheer Treasure Investment Limited Representative: Lin Yu-Fang	Spouse	
Krone Trade International Ltd. investment account under the custody of Mega International Commercial Bank	6,847,000	3.95%	0	0.00%	0	0.00%			
Chen Jen-Fa	6,612,543	3.82%	1,445,172	0.83%	0	0.00%	Cheer Treasure Investment Limited Representative: Lin Yu-Fang	Spouse	
Cheer Treasure Investment Limited	6,453,467	3.72%	0	0.00%	0	0.00%			
Representative: Lin Yu-Fang	1,445,172	0.83%	6,612,543	3.82%	0	0.00%	Chen Jen-Fa	Spouse	
Ching-Yuan Su	3,703,288	2.14%	0	0.00%	0	0.00%			
He-Hung Lin	3,612,251	2.08%	0	0.00%	0	0.00%	Lin Ho-Tsung	Brother	
Lin Ho-Tsung	2,913,990	1.68%	874,753	0.50%	0	0.00%	He-Hung Lin	Brother	

Name (Note 1)	Shareholding		Shares held by spouse and underage children		Total shares held in the name of others		Titles, names and relationships between top 10 shareholders (related party, spouse, or kinship within the second degree). (Note 3)		Note
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Title (or Name)	Relationship	
Lin Zi-Qi	2,792,000	1.61%	0	0%	0	0.00			

Note 1: The names of all top ten shareholders shall be listed, and the names of institutional shareholder and representative shall be listed separately.

Note 2: Shareholding percentage refers to the total percentage of shares held under own name or the name of spouse, minor children, or others.

Note 3: Shareholders listed above include legal persons and natural persons, and their relationships must be disclosed in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

X. The number of shares of the same investee held by the Company, the Company's directors, supervisors, and managerial officers, and the businesses controlled directly or indirectly by the Company, and the consolidated shareholding ratio:

Unit: Thousand USD; %

Investee company	Investment by the Company		Investments from directors, supervisors, managerial officers and their directly or indirectly controlled enterprises		Combined investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
Chyang Sheng Vietnam Co., Ltd.	5,659 (Note 1)	18.69%	4,516 (Note 1)	14.92%	10,175 (Note 1)	33.61%

Note 1: The unit is US$1,000.

4. Capital Overview

I. Capital and shareholding:

(I) Sources of capital:

1. Capital formulation process — Unit: Shares/NTD

Month/Year	Issue price	Authorized capital		Paid-in capital		Note		
		Number of shares	Amount	Number of shares	Amount	Sources of capital	Shares acquired by non-cash assets	Others
1983.10.19	10	19,028,000	190,280,000	19,028,000	190,280,000	Establishment	None	Approved in Letter (1987) Tai-Cai-Zheng (1) No. 00868 dated 1987.9.2
1991.05.17	10	45,000,000	450,000,000	30,444,800	304,448,000	Capitalization of profits in the amount of 114,168,000	None	Approved in Letter (1991) Tai-Cai-Zheng (1) No. 00697 dated 1991.4.12
1992.06.13	10	45,000,000	450,000,000	60,000,000	421,060,000	Capitalization of profits in the amount of 106,556,800 Capitalization of additional paid-in capital in the amount of 10,055,200	None	Approved in Letter (1992) Tai-Cai-Zheng (1) No. 01017 dated 1992.5.18
1992.12.03	10	100,000,000	1,000,000,000	75,000,000	600,000,000	Cash capital increase 178,940,000	None	Approved in Letter (1992) Tai-Cai-Zheng (1) No. 02266 dated 1992.9.1
1993.06.29	10	100,000,000	1,000,000,000	78,750,000	750,000,000	Capitalization of profits in the amount of 79,800,000 Capitalization of additional paid-in capital in the amount of 70,200,000	None	Approved in Letter (1993) Tai-Cai-Zheng (1) No. 00849 dated 1993.4.21
1994.08.10	10	100,000,000	1,000,000,000	82,687,500	787,500,000	Capitalization of profits in the amount of 37,500,000	None	Approved in Letter (1994) Tai-Cai-Zheng (1) No. 28072 dated 1994.6.23
1995.08.23	10	100,000,000	1,000,000,000	88,475,625	826,875,000	Capitalization of profits in the amount of 39,375,000	None	Approved in Letter (1995) Tai-Cai-Zheng (1) No. 38249 dated 1995.6.30
1996.09.16	10	100,000,000	1,000,000,000	101,747,000	884,756,250	Capitalization of profits in the amount of 57,881,250	None	Approved in Letter (1996) Tai-Cai-Zheng (1) No. 41729 dated 1996.7.3
1997.09.24	10	101,747,000	1,017,470,000	152,009,050	1,017,470,000	Capitalization of profits in the amount of 110,594,530 Capitalization of additional paid-in capital in the amount of 22,119,220	None	Approved in Letter (1997) Tai-Cai-Zheng (1) No. 47584 dated 1997.6.13
1998.09.21	10	300,000,000	3,000,000,000	152,009,050	1,520,090,500	Capitalization of profits in the amount of 125,148,810 Capitalization of additional paid-in capital in the amount of 27,471,690 Cash capital increase in the amount of 350,000,000	None	Approved in Letter (1998) Tai-Cai-Zheng (1) No. 52060 dated 1998.6.22
1999.08.23	10	300,000,000	3,000,000,000	174,810,408	1,748,104,080	Capitalization of profits in the amount of 117,512,854 Capitalization of additional paid-in capital in the amount of 110,500,726	None	Approved in Letter (1999) Tai-Cai-Zheng (1) No. 62752 dated 1999.7.12
2000.08.03	10	300,000,000	3,000,000,000	201,031,969	2,010,319,690	Capitalization of profits in the amount of 174,810,408 Capitalization of additional paid-in capital in the amount of 87,405,202	None	Approved in Letter (2000) Tai-Cai-Zheng (1) No. 52743 dated 2000.6.20
2001.08.01	10	300,000,000	3,000,000,000	206,057,769	2,060,577,690	Capitalization of additional paid-in capital in the amount of 50,258,000	None	Approved in Letter (2001) Tai-Cai-Zheng (1) No. 137362 dated 2001.6.12
2001.10.23	10	300,000,000	3,000,000,000	201,316,769	2,013,167,690	Retired treasury shares 47,410,000	None	Approved in Letter (2001) Tai-Cai-Zheng (3) No. 148759 dated 2001.8.09
2003.05.29	10	300,000,000	3,000,000,000	198,320,769	1,983,207,690	Retired treasury shares 29,960,000	None	Approved in Letter (2003) Tai-Cai-Zheng (3) No. 0920104756 dated 2003.2.12

Month/Year	Issue price	Authorized capital		Paid-in capital		Note		
		Number of shares	Amount	Number of shares	Amount	Sources of capital	Shares acquired by non-cash assets	Others
2005.01.13	10	300,000,000	3,000,000,000	193,789,769	1,937,897,690	Retired treasury shares 45,310,000	None	Approved in Letter (2004) Jin-Guan-Zheng (3) No. 0930149464 dated 2004.11.02
2007.01.29	10	300,000,000	3,000,000,000	188,410,769	1,884,107,690	Retired treasury shares 53,790,000	None	Approved in Letter (2006) Jin-Guan-Zheng (3) No. 0950152106 dated 2006.11.07
2015.2.03	10	300,000,000	3,000,000,000	173,268,381	1,732,683,810	Consolidated and retired shares of the parent company held by subsidiaries 151,423,880	None	Approved in Letter (2015) Tai-Zheng-Shang-Yi-Zi No. 1040001960 dated 2015.1.30

2. Type of Shares

Type of Shares	Authorized capital			Note
	Outstanding shares (Note)	Unissued shares	Total	
Ordinary shares	173,268,381	126,731,619	300,000,000	

Note: Listed stock

(II) Shareholder structure: April 27, 2024

Shareholder structure / Quantity	Government agencies	Financial institutions	Other legal persons	Individuals	Foreign institutions and foreigners	Total
Number of people	0	6	26	10,327	38	10,397
Number of shares held	0	60,116	55,837,362	106,322,643	11,048,260	173,268,381
Shareholding ratio	0.00%	0.03%	32.23%	61.36%	6.38%	100.00%

(III) Dispersion of equity ownership: (par value of NT$10 per share) April 27, 2024

Shareholding range	Number of shareholders	Number of shares held	Shareholding ratio
1 to 999	5,165	734,618	0.42%
1,000 to 5,000	3,827	8,414,624	4.86%
5,001 to 10,000	642	5,198,462	3.00%
10,001 to 15,000	147	1,951,473	1.13%
15,001 to 20,000	157	2,929,750	1.69%
20,001 to 30,000	133	3,479,769	2.01%
30,001 to 40,000	57	2,105,955	1.22%
40,001 to 50,000	45	2,146,288	1.24%
50,001 to 100,000	97	6,965,122	4.02%
100,001 to 200,000	52	7,056,037	4.07%

Shareholding range	Number of shareholders	Number of shares held	Shareholding ratio
200,001 to 400,000	20	5,536,959	3.20%
400,001 to 600,000	21	10,059,971	5.81%
600,001 to 800,000	6	4,260,961	2.46%
800,001 to 1,000,000	7	6,407,498	3.70%
1,000,001 or more	21	106,020,894	61.19%
Total	10,397	173,268,381	100.00%

(IV) List of major shareholders: April 27, 2024

Name of major shareholder \ Shareholding	Number of shares held	Shareholding ratio
Shinkong Textile Co., Ltd.	35,170,576	20.30%
Chun-Yao Lin	11,400,000	6.58%
Worthy Textile Industry Co., Ltd.	8,874,795	5.12%
Krone Trade International Ltd. investment account under the custody of Mega International Commercial Bank	6,847,000	3.95%
Chen Jen-Fa	6,612,543	3.82%
Cheer Treasure Investment Limited	6,453,467	3.72%
Ching-Yuan Su	3,703,288	2.14%
He-Hung Lin	3,612,251	2.08%
Lin Ho-Tsung	2,913,990	1.68%
Lin Zi-Qi	2,792,000	1.61%

(V) Stock price, net worth, earnings, dividends and related information for the past two years

Unit: NTD; Shares

<table>
<tr><th colspan="3">Item \ Year</th><th>2023</th><th>2022</th><th>The current year up to March 31, 2024 (Note 8)</th></tr>
<tr><td rowspan="3">Stock price (Note 1)</td><td colspan="2">Highest</td><td>19.20</td><td>14.65</td><td>18.50</td></tr>
<tr><td colspan="2">Lowest</td><td>14.10</td><td>13.20</td><td>17.40</td></tr>
<tr><td colspan="2">Average</td><td>15.39</td><td>13.92</td><td>17.78</td></tr>
<tr><td rowspan="2">Net worth per share (Note 2)</td><td colspan="2">Before distribution</td><td>13.83</td><td>13.51</td><td>(Note 10)</td></tr>
<tr><td colspan="2">After distribution</td><td>(Note 9)</td><td>13.11</td><td>-</td></tr>
<tr><td rowspan="2">Earnings per share</td><td colspan="2">Weighted average shares</td><td>173,268,381</td><td>173,268,381</td><td>173,268,381</td></tr>
<tr><td colspan="2">Earnings per share (Note 3)</td><td>0.65</td><td>0.42</td><td>(Note 10)</td></tr>
<tr><td rowspan="4">Dividends per share</td><td colspan="2">Cash Dividends</td><td>(Note 9)</td><td>0.4</td><td>-</td></tr>
<tr><td rowspan="2">Stock dividends</td><td>(Note 9)</td><td>(Note 9)</td><td>-</td><td>-</td></tr>
<tr><td>(Note 9)</td><td>(Note 9)</td><td>-</td><td>-</td></tr>
<tr><td colspan="2">Accumulated unpaid dividend (Note 4)</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td rowspan="3">Return on investment analysis</td><td colspan="2">Price-earnings ratio (Note 5)</td><td>23.68</td><td>33.14</td><td>-</td></tr>
<tr><td colspan="2">Price-dividend ratio (Note 6)</td><td>(Note 9)</td><td>34.80</td><td>-</td></tr>
<tr><td colspan="2">Cash dividend yield (Note 7)</td><td>(Note 9)</td><td>2.87</td><td>-</td></tr>
</table>

* If there is surplus or capital reserve to increase capital allocation, the market price and cash dividend information retrospectively adjusted based on the number of shares shall be disclosed.

Note 1: The year's high and low market prices of common stock are provided, and the average price for the year is computed based on the year's transaction amount and volume.

Note 2: Please use the number of outstanding shares at the end of the year and distribution decided by the shareholders' meeting in the following year.

Note 3: If retroactive adjustments must be made due to stock dividends, list the EPS before and after adjustment.

Note 4: If the conditions of securities issuance stipulate that dividends not distributed in the current year may be distributed when there is a profit, disclose the cumulative amount of dividends not distributed up to the current year.

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

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

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

Note 8: Fill in net worth per share and EPS data for the most recent quarter that was already audited by the accountant. Fill in data for the current year up to the date of report for remaining fields.

Note 9: Distribution not yet adopted in a resolution by the shareholders' meeting.

Note 10: The Q1 financial statements have not been reviewed by the accountants.

(VI) Dividend policy and implementation status:

1. Dividend policy:

   The Company's dividends shall be distributed in accordance with the proportions set forth by the Articles of Incorporation for the goal of maintaining dividend stability by taking into account the characteristics of the business environment, the life cycles of various products or services, and the impacts of future capital requirements as well as taxation.

   The distribution of dividends, other than improving financial structure and meeting capital needs such as reinvestment, production capacity expansion, or other major capital expenditures, shall not be less than net profit tax of the current year after deducting an amount to make up for losses, allocate, 20% of the statutory surplus reserve and special surplus reserve, and cash dividends shall not be less than 10% of the total dividends in the current year.

2. Current-year dividend distribution proposal to shareholders' meeting:

   The Company's 2023 earnings distribution proposal was formulated by the Board of Directors as follows:

   Dividends to ordinary shares: Cash dividends in the amount of NT$0.5 per share will be distributed. The record date will be set once the proposal is approved by the shareholders' meeting.

(VII) Effect of the proposed stock dividends (to be adopted by the shareholders' meeting) on the Company's business performance and earnings per share: N/A.

(VIII) Employee bonuses and directors' remuneration:

1. Percentages or ranges of employee bonuses and directors' remuneration under the Articles of Incorporation:

   According to the Articles of Incorporation, if the Company is profitable in the current year, no less than 1% of net profits before tax shall be allocated as employee remuneration. The Board of Directors shall determine whether this shall be distributed in shares or cash to employees of the Company who are eligible based on certain conditions. also, no more than 3% of net profits before tax shall be allocated as director remuneration, which shall be distributed in cash.

2. Basis for estimating the amount of employees bonuses and directors' remuneration, basis for calculating the number of shares to be distributed as employee bonuses, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated amount, for the current period:

   Basis for estimating employee bonuses and directors' remuneration in the current period is the percentage specified in the Articles of Incorporation, in which employee bonuses is 1% and directors' remuneration is 3%. Any changes to the actual amount distributed is handled as a change in accounting estimates and recognized by making adjustments in the year of the resolution by the shareholders' meeting.

3. Distribution of remuneration passed by the Board of Directors:

The Board of Directors adopted the resolution to distribute NT$1,149 thousand in employee bonuses and NT$3,446 in directors' remuneration (both to be distributed in cash) this year (2023). There was no discrepancy with the estimates in the year they were recognized as expenses.

4. Actual distribution of employee bonuses and remuneration of directors and supervisors in the previous year (2022) (including dividend shares, amount and stock price), discrepancies, if any, from the amount of employee bonuses and directors and supervisors' remuneration previously recognized, and the causes and treatments for the discrepancies:

There was no discrepancy in the actual amount of employee bonuses and remuneration to directors and supervisors distributed in 2022 with the estimates.

Item	Actual amount distributed (NTD)	Original amount approved by the shareholders' meeting (in 2022) (NTD)	Discrepancy (NTD)
Employee bonuses	825	825	0
Directors and supervisors' remuneration	2,474	2,474	0

(IX) Status of company share buyback: None

II. Issuance of corporate bonds: None.

III. Issuance of preferred shares: None.

IV. Issuance of global depositary receipts (GDR): None.

V. Issuance of employee share options and restricted share awards: None.

VI. Mergers, acquisitions or issuance of new shares for acquisition of shares of other companies: None.

VII. Implementation of capital allocation plan: None.

5. Business Overview

I. Business activities:

(I) Business scope:

1. Major business activities and revenue breakdown:

Business department	Business item or product	As a percentage of the Company's consolidated revenue
Textiles business	Bleaching, dyeing, and finishing services for fiber products	100%
Construction business	Construction and sales of residential and commercial buildings	0%

The Company is mainly in the business of textiles dyeing and finishing. The subsidiary Progiant Construction & Development Corporation is mainly in the business of house construction and sales. New construction projects added in 2023 are not available for sale yet and have not generated income. Hence, the analysis below does not include operations of the construction department.

2. Products and new products under development:

(1) Products: Processing, bleaching, dyeing, and finishing services for fiber products.

(2) New products under development:

A. Ceased the usage of fluorine-based water repellent in favor of fluorine-free water repellent, thereby reducing the pollution of water resources without compromising the quality of the finished products and the effects of post-processing by calendering, laminating, etc.

B. Initiated the mass production of ocean recycled yarn manufactured using fluorine-free water repellent instead of 3M water repellent could meet all quality requirements.

C. Reduced the weight of the Tsp*T fabric and achieved a soft, elastic feel required for entering the mass production stage.

D. Successfully concluded the trial production of solution-dyed fabric based on polyester fibers, entering the mass production stage.

E. Successfully concluded the trial production of winter and summer police uniforms with mass production underway.

(II) Industry overview:

1. Current industry trends and future outlook

In terms of textile trade, according to statistics from the 2023 Taiwan Textile Federation, Taiwan's total export value of textiles was US$6.615 billion, down 25%; Total imports were US$3.652 billion, a decline of 7%. The trade surplus was US$2.963 billion, down US$1.93 billion or 39% compared with the same period in 2022.

(1) Import/Export structure of textiles

- The export value can be broken down as follows: fabrics (71%), followed by yarn (13%), fibers (6%), apparel and clothing (5%), and miscellaneous textiles (5%). Of the five major export items, fabrics declined 26%, fibers declined 11%, yarn declined 25%, apparel and clothing declined 25%, and miscellaneous textiles declined 28%.

- ➢ The import value can be broken down as follows: apparel and clothing (60%) grew 4%, followed by fabric (13%) declined 21%, yarn (11%) declined 9%, miscellaneous textiles (8%) declined 37%, and fiber (8%) declined 12%.

(2) Main import/export markets for textiles

- ➢ Analyzing exports by region, the largest export market for Taiwan's textiles is Vietnam, followed by China, America, India, Indonesia, and Cambodia, which account for a total of 59% of exports. In terms of items exported, fabrics were the main items exported to all five regions, in which the export value to Vietnam was the highest and the percentage of exports to Cambodia was the highest.

- ➢ Breaking down imports by region, China is the number one source of imports, followed by Vietnam, the EU, Japan, and USA, accounting for 78% of total imports. Apparel and clothing are the main items imported from China, Vietnam, and the EU, while fabrics are the main items imported from the Japan. The US was the main importer of fibers.

(3) The Company is one of the few large-scale professional dyeing and finishing companies in Taiwan, mainly focusing on polyester long-fiber, nylon long-fiber, long-fiber interwoven, and long- and short-fiber interwoven fabrics dyeing and finishing OEM business, offering professional dyeing and finishing services. Observing the imports/exports of the domestic textiles industry, professional dyeing and finishing companies must change their past thinking of having product manufacturing centers to manufacturing service providers that provide value-added services, to effectively differentiate from the market and avoid cutthroat competition, as well as respond to the development of regional economic integration between ASEAN countries. The dyeing and finishing industry is not limited to product OEM services, and must be extended to a series of services that meet customer needs and creating customer value. This highlights the differentiation of professional dyeing and finishing factories and creates higher added value and aim to become the strategic partner of major international brands.

2. Relationships with suppliers in the industry's supply chain

Petrochemical materials are at the upstream of the textiles industry chain. After being made into nylon fiber, polyester fiber, rayon fiber, and carbon fiber, the fibers are spun into yarn, which is woven into fabric, and then goes through bleaching, dyeing, pattern printing, coating, and finishing. The fabric is then cut and sowed into garments or other textile products.

(1) Upstream

Raw materials at the upstream of the textiles industry not only include natural cotton, wool, silk, and linen, but also petrochemical materials, such as EG and PTA used to produce polyester products, CPL used to produce nylon products, and AN used to produce acrylic cotton.

(2) Midstream

The mid-stream of the textiles industry has man-made fiber products, natural fiber products, and chemical catalysts, as well as yarn and fabrics made from the materials above.

Natural fibers are divided into plant fibers and animal fibers, in which plant fibers include cotton, linen, jute, and ramie, while animal fibers include wool, rabbit fur, silk, and camel hair. Due to the limited production and unstable sources of natural fibers in Taiwan, artificial methods are used to produce materials similar to natural fibers, but with stable sources and at low cost, such as rayon and acetate fiber.

Taiwan has insufficient natural fibers, so man-made fibers account for 85% of fibers in Taiwan, in which the majority are nylon and polyester products.

(3) Downstream

Dyeing and finishing, apparel, and other home textiles are at the downstream of the textiles industry, in which dyeing and finishing consumes the most energy and water. However, dyeing and finishing also provides differentiation and added value to textile products. In response to international environmental protection requirements, the dyeing and finishing industry has been focusing on upgrading dyeing and finishing technologies, and developing low carbon or eco-friendly green products, in order to achieve energy conservation and carbon reduction and for products to comply with international environmental protection regulations.

The apparel industry is the segment of the textiles industry that adds the most value. However, wages in Taiwan are higher than developing countries in the region, and there is a severe labor shortage. Hence, garment factories have long moved from Taiwan to nearby labor-intensive countries, such as Vietnam, Indonesia, and Cambodia, leaving the dyeing and finishing industry in a difficult situation in Taiwan.

3. Product trends and competition

Following the rise of sports, functional textiles have gained growing importance. Taiwanese companies have already established the value chain of the functional textiles industry and become an important supply chain to well-known clothing brands around the world. Textiles have been developed with a variety of functions, including windproof and breathable, waterproof and breathable, quick drying, anti-pilling, and flexible fit, as well as light weight and insulating. At present, Taiwan supplies nearly 70% of functional fabrics to multinational brands, and all well-known outdoor or sports brands around the world are target customers of Taiwan's textiles industry.

Facing the demand from global markets on new and different products, as well as the severe competition from textile products of South Korea, China, India, and Vietnam, Taiwanese companies are developing special customized products with regulating functions through their technological advantage in functional fibers.

Taiwan is currently unable to join regional economic cooperation agreements, and it is the greatest barrier to the internationalization of the textiles industry. Over the past two decades, Taiwanese textile companies faced expansions and low price competition from Chinese companies, but have now developed new products under the blue ocean strategy, and no longer pursue high production volume. Instead, Taiwanese textile companies have adopted the competition strategy of differentiation.

(III) Overview of Technology and R&D:

1. R&D expenses:

The Company's R&D expenses was NT$9,083 thousand in 2023 and NT$9,312 thousand in 2022.

2. Successfully developed technologies and new products:

(1) Trial production and mass production of fabrics that combine polyester with different materials.

(2) Trial production and mass production of fabrics that combine TOP/Polyester+CD flexible materials.

(3) Trial production and mass production of polyester gauze insulation fabrics.

(4) Trial production and mass production of mechanical stretch fabric with antibacterial effect.

(5) Fully upgraded from C6 water repellent to C0 water repellent in 2023.

(6) Trial production of A/C fire-retardant fabric.

(IV) Long- and short-term business plans:

In 2024, the global economy will continue to be impacted by the economic slowdown in the US and China, with oil prices stable but remaining pressing. According to the Taiwan Institute of Economic Research, the semiconductor industry is 100% optimistic about the economic outlook for the manufacturing industry. In second place is the textile industry, where 69% of industry players are optimistic (an increase), 27% have a neutral outlook, and 4% are pessimistic (a decrease).

In 2024, after the implementation of the elimination of short-fiber lines, the company will focus on long-fiber and add a new Nylon proprietary production line. The initial short fiber monthly operating income of NT$12 million needs to be supplemented by an increase in long fiber orders. Relying on the Nylon line alone at the initial stage will inevitably be too slow to meet the pressing need for production. Therefore, it is an urgent and important task not only to retain the existing customers for long fibers, but also to find new customers for the Poly fabrics.

1. Long-term business plan:

The Taipei Innovative Textile Application Show is a key promotional platform for innovative applications in Taiwan's textile industry. In 2023, to keep pace with the pulse of the global market, the show focused on the three main themes of "sustainable environmental protection, functional applications, and smart manufacturing," showcasing the steps of Taiwan's textile industry toward innovation and sustainability. The Company is among very few professional dyeing and finishing OEM service providers that remain in Taiwan, and faces a large group of customers, including brands, trading companies, and grey fabric manufacturers. Hence, the Company aims to provide loyal customers with stable product quality delivered on time while meeting customers' value requirements, in order to grow together with customers.

Functional applications – Emphasize comfort, health, leisure, sports, protection, and medical care

Sustainability and environmental protection – Move toward the goals of green transformation and low-carbon production

Smart manufacturing – expand the usage of automated processes, data analyses, artificial intelligence, and other solutions

2. Short-term business plan:

(1) Simplify the growth strategy:

The short-term plan is to focus on two major categories of long-fiber products, T100% and N100%, such as two-way elastic, fine denier lightweight, high-density, and other high-fastness fabrics. In addition, the selection process will be improved by using common manufacturing processes, machinery and equipment, and prescription conditions, in order to provide greater value to customers through higher grade, higher value, and more refined products. We will continue to implement development plans to increase business volume.

(2) Differentiated product strategies:

A. In the long-term, the Company will focus on T100% two-way elastic fabrics and lightweight denier fabrics, which are emphasized for the differentiation of Taiwan's functional textile products and have become the mainstream in the market. We will continue to actively implement development plans to increase business volume combined with the supply of high value raw materials, provided that there are no issues with local mass production of upstream raw materials.

B. POLY+CD multiple materials interweaving into color grid fabric is a product development strategy of existing customers for differentiation in new markets. Besides achieving wider variety in smaller quantities, it also meets market demand on rapid delivery, and is not constrained by the need to first dye the fabric.

II. Market, production and sales overview:

(I) Market analysis:

1. Sales region of the Company's main products

Over 90% of the production of the long-fiber line is sold and exported to brands in America, Europe, and Japan. Recently, the Company has developed various products for the different markets in the Middle East to produce traditional Arabic garments. The remaining less than 10% is sold domestically for the production of uniforms for government agencies and organizations that require functional fabrics.

2. Market share and future market supply/demand and growth

(1). Statistics of Taiwan Textile Federation show that Taiwan's textile exports volume decreased 18.4% and export amount decreased 25.1% in 2023, in which the export volume of knitted fabric products decreased 34.4% and export amount decreased 33.6%; the export volume of woven fabric products decreased 15.0% and export amount decreased 20.2% with average unit price decreasing by 6.1%. In terms of export volume, polyester long-fiber woven fabrics decreased 11.0%, nylon long-fiber woven fabric decreased 23.2%, and cotton woven fabric decreased 16.5%.

(2). The Company delivered 7,111 thousand yards for short-fiber OEM services in 2023, 768 yards (-9.7%) lower compared with 7,879 thousand yards in the same period last year. Cotton fabric bleaching and dyeing decreased 171 thousand yards, cotton PFP decreased 543 thousand yards, T/C fabric increased 172 thousand yards, T/R fabric decreased 157 thousand yards, and mixed fabric decreased 72 thousand years.

(3). The Company delivered 10,422 thousand yards for long-fiber OEM services in 2023, 5,706 yards (-39.2%) less than in the same period last year. Among them, long-fiber polyester fabrics decreased by 5,649 thousand yards, long-fiber nylon fabrics increased by 99 thousand yards, and long-fiber interwoven fabrics decreased by 156 thousand yards.

(4). Looking forward to 2024, the Company is in progress of restarting the hardware construction of the Nylon production line. So far, the WOS machine has been tested for Nylon fine-denier flat processing and Nylon PBT stretch fabrics production. After processing in the WOS machine, nylon double-elastic fabrics must re-scoured and only then dyed. The new energy-saving dyeing machine has been commissioned, and can process up to 80% of the full vat capacity with a low bath ratio of 1:6. The machine has been gradually integrated into the Nylon production line, and the sales department is expanding the order volume for long-fiber fabrics.

Internal and external environment related factors that require a response include:

A. In 2023, the production of short fibers was discontinued. In 2024, the focus will be on the existing long-fiber Poly production lines. Although a new Nylon production line has been added, it is expected that Nylon production lines alone will not be able to close the gap in the initial stage. Therefore, it is an urgent and important task not only to retain the existing customers for long fibers, but also to find new customers for the Poly fabrics.
B. Steam costs have risen, and the price of electricity has also increased. In addition to adjusting labor costs, increasing productivity is also an important management task that must be tackled with great urgency.
C. It is hard to recruit entry level employees. Besides optimizing wages, we also added automation equipment to reduce dependency on manpower.

3. Competitive niche

Under the ongoing US-China trade war, the Bureau of Foreign Trade and Industrial Development Bureau actively implemented programs to encourage Taiwanese businesses to return and invest in Taiwan, but it is highly difficulty for the textiles industry, especially the dyeing and finishing industry due to its high energy consumption. Instead of hoping that the textiles industry will return to Taiwan, it is more practical to transfer a portion of purchase orders back to Taiwan and utilize the production capacity already in Taiwan. Whether or not this is successful depends on the industry's readiness to take on the purchase orders.

The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) became effective at the end of 2018. Formerly the TPP, the CPTPP aims to eliminate over 98% of customs duties between member states by opening up their markets, securing and strengthening the position of each member state in industries that they have an advantage in. Following the UK, Taiwan applied in 2021 but has yet to join as further review and negotiations are required. The Regional Comprehensive Economic Partnership (RCEP) formed by member states of ASEAN, which aim to ultimately cancel 90% and above of customs duties between member states, formally took effect in 2022. This put textiles companies that stayed in Taiwan in a critical situation where they must either develop innovative functions and engage in transformation and upgrade, or else they will eventually fail. Textile companies in Taiwan also hope that the government or official organizations will look into feasible plans for joining regional organizations.

The rise of Industry 4.0 has made smart manufacturing the main direction of developments in Taiwan, and Taiwan's AI academies are actively cultivating talent for the AI and IoT industries. Chyang Sheng's "Long-Fiber Woven Fabric Smart Manufacturing Projec"t completed through guidance from the industry upgrade and innovation platform at the beginning of 2020 was a part of efforts in transformation and upgrade. Specific measures include the application of information streaming, human-machine collaboration, and bringing in smart production modules of new machinery, in hopes of resolving insufficient color, relying on manual experience, gap in manpower, and paper operations.

4. Favorable and unfavorable factors for future development and response strategies:

A. Favorable factors for future development:

(a) The dyeing and finishing industry is an important indicator of the textiles industry moving abroad, and attracts great attention, which benefits its future development.

Leading countries in the textiles industry, such as Japan and Italy, all have a development policy that emphasizes R&D in dyeing and finishing to strengthen mid-stream industries, focuses on the development of the dyeing and finishing industry from a high-tech perspective. The Company cooperates with the government strategy to upgrade the dyeing and finishing industry, and implements the IDB's industry upgrade and innovation platform guidance project "Optimization of Long-fiber Woven Fabric Smart Manufacturing." The project optimizes production conditions and is a favorable factor to future development.

(b) Dyeing and finishing differentiates textiles and provides added value, making it a key factor for the textiles industry to flourish.

The total export amount of Taiwan's woven fabric was US$1,500,004,000 in 2023, in which the export amount of fabrics that completed dyeing and finishing was US$1,400,006,000, accounting for 94.8%; the export amount of grey fabric that did not go through dyeing and finishing was only US$82,000,000, accounting for 5.2%. This shows that the dyeing and finishing industry increases added value and is a key industry that continues to drive the development of the textiles industry.

(c) Dyeing and finishing factories are highly automated and have strong market competitiveness.

The Company has a color control system and automated dye and catalyst weighing and adjustment system, making product samples that are highly accurate. The Company installed energy efficient exhaust dyeing machines in the dyeing section with main sensors and central control connection technology. In the subsequent section, resin processing includes automatic weighing, automatic weft adjustment, automated weft density control, and ERP system connection. We installed automated equipment, such as smart dyeing machines and fully automated material flow, under computer integrated automated production and sales management of factories in recent years, as well as the selection of optimal production conditions for smart production. This reduced human error and improved our success rate the first time to 90% and above, allowing us to stably control product quality and improve productivity and lower cost, which enhances the Company's competitiveness.

B. Unfavorable factors for future development and response strategies:

(a) The textiles dyeing and finishing industry is highly dependent on energy, and response measures to the high unit price of energy in Taiwan are as follows:

(1) With the implementation of one fixed day off and one flexible rest day, we comprehensively reviewed shift schedules during the peak and off seasons, focused on key data of daily production volume for increasing productivity, and continued to implement the "multiple competency segment concentrated production model" to increase the utilization machinery, and gradually improve the energy consumption per yard processed.

(2) Evaluate the energy consumption of current machinery, gradually replace old equipment, lower the liquor ratio of machinery to 1:6, and lower the percentage of energy consumption.

(3) Monitor the development of domestic and overseas competitors, formulate alternative energy plans with high reliability, and lower the unit price of energy.

(b) Response measures for insufficient Taiwanese shift workers are as follows:

(1) Adjust the starting salary for domestic workers and prioritize local workers along with individuals introduced by employees to provide guidance, in order to stabilize new employees that join the Company.

(2) The Company implemented "zero fees" for hiring migrant workers, in order to fulfill its corporate social responsibility and protect the human rights of foreign workers. Even though it significantly increases the cost of hiring migrant workers, the Company still hopes to make an impact in hiring entry level employees.

(3) The Company works with universities in "industry-academia collaboration projects," and cultivates talent through textiles related departments. In recent years, we have hired management associates from textiles related departments as successors for entry level managers.

(c) Implemented stricter standards for particulate matter, SOx, and NOx emissions in response to the announcement of the "Boiler Air Pollutant Emissions Standards"

(1) The Company is located in Dayuan Industrial Park and has not changed its policy to purchase steam from the park's co-generation plant. Dayuan is expected to switch its co-generation plant to natural gas from the second quarter of 2025 to further reduce carbon emissions, which is relatively favorable to the Company's efforts to reduce carbon emissions.

(2) Through technical improvements to the manufacturing heating system, the Company has introduced a new energy system with medium-pressure steam heating. Since March 2024, the Company no longer uses natural gas boilers for the manufacturing of short fibers.

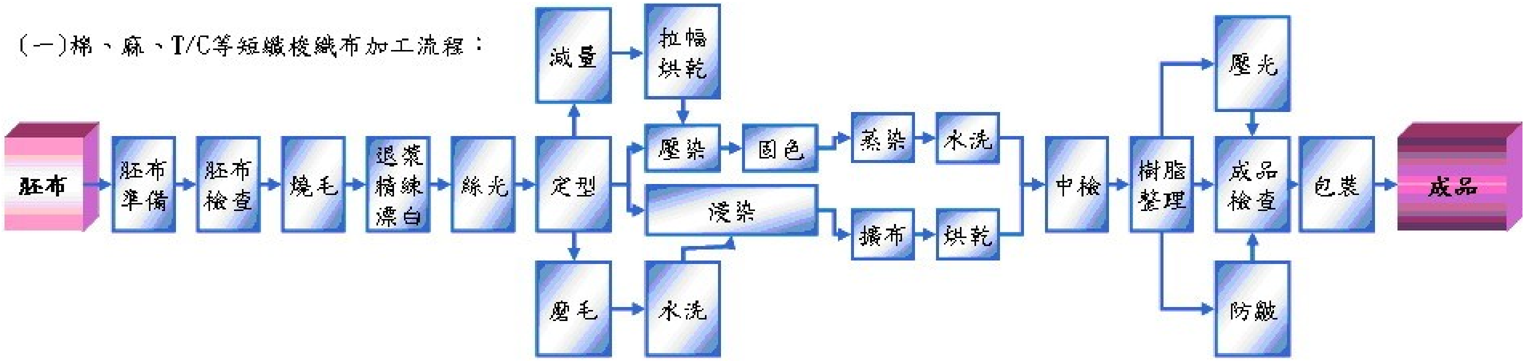
(II) Key applications and production processes of main products:

1. Applications of main products

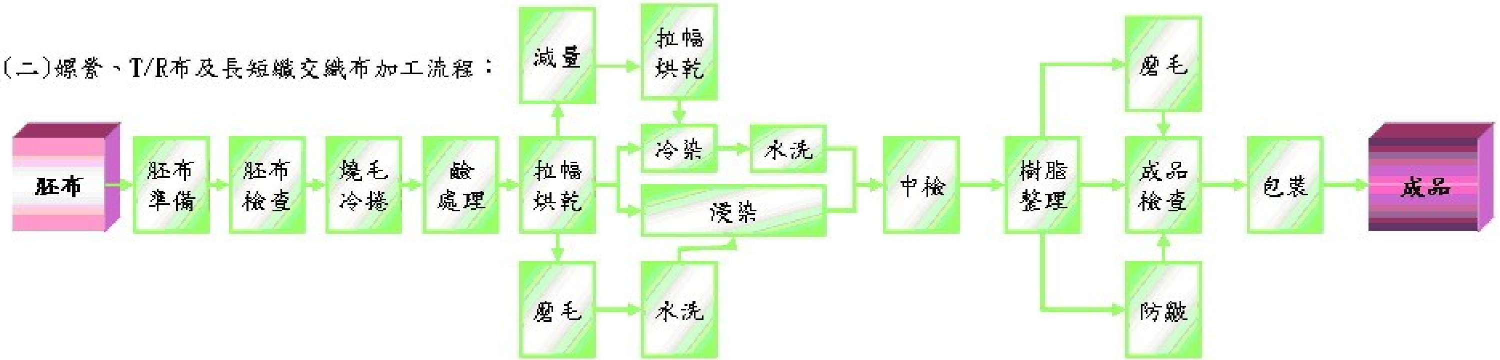
The Company's products mainly include fabrics for clothing, fabrics for hats, fabrics for bedding, medical fabrics, and special fabrics. Current customers are mainly major textile companies, trading companies, and wholesalers in Taiwan, apparel factories, buying office, Japanese companies or distributors overseas. The Company not only continuously engages in mass production, but is also able to produce a wide variety of products in small quantities, and is able to meet different levels of consumer needs, which is highly favorable to the Company's future development.

2. Production process .

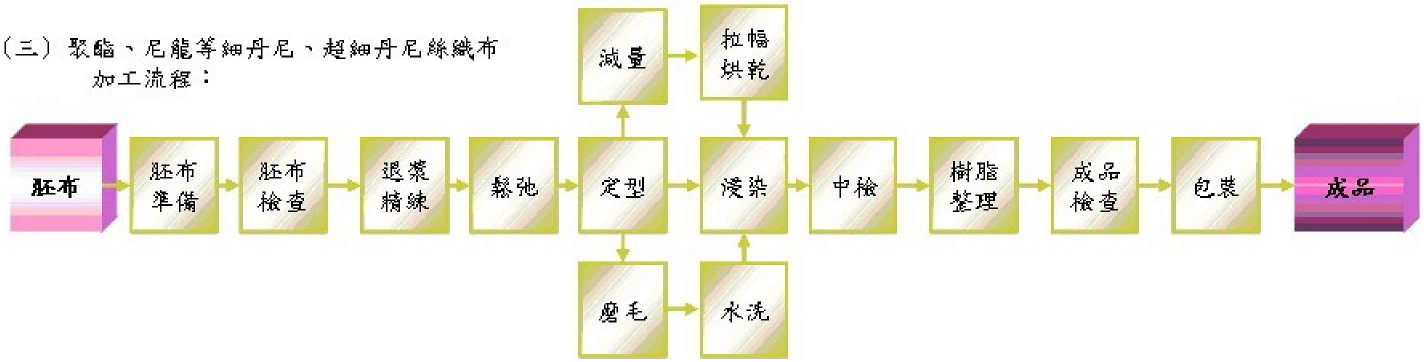
(一)棉、麻、T/C等短纖梭織布加工流程：



(二)嫘縈、T/R布及長短纖交織布加工流程：



(三) 聚酯、尼龍等細丹尼、超細丹尼絲織布加工流程：



（一） 棉、麻、T/C 等短纖梭織布加工流程：	(I) Cotton, linen, T/C, and other short-fiber woven fabric processing process:
胚布	Grey fabric
胚布準備	Grey fabric preparation
胚布檢查	Grey fabric inspection
燒毛	Singeing
退漿 精練 漂白	Desizing Scouring Bleaching
絲光	Mercerizing
定型	Setting
減量	Weight reducing
拉幅烘乾	Tentering and steaming
壓染	Continuous dyeing
固色	Fixing
蒸染	Steam dyeing
水洗	Washing
磨毛	Brushed
水洗	Washing
浸染	Exhaust dyeing
擴布	Tentering
烘乾	Steaming
中檢	Middle inspection
樹酯整理	Resin finish
壓光	Calendering
防皺	Wrinkle free
成品檢查	Finished product inspection
包裝	Packaging
成品	Finished product
（二） 嫘縈、T/R 布及長短纖交織布加工流程：	(II) Rayon, T/R fabric, and long-fiber and short-fiber mixed fabric processing process:
胚布	Grey fabric
胚布準備	Grey fabric preparation
胚布檢查	Grey fabric inspection
燒毛 冷捲	Singeing Cold rolling

鹼處理	Alkali treatment
拉幅烘乾	Tentering and steaming
減量	Weight reducing
拉幅烘乾	Tentering and steaming
冷染	Cold dyeing
水洗	Washing
磨毛	Brushed
水洗	Washing
浸染	Exhaust dyeing
中檢	Middle inspection
樹酯整理	Resin finish
磨毛	Brushed
防皺	Wrinkle free
成品檢查	Finished product inspection
包裝	Packaging
成品	Finished product
（三） 聚酯、尼能等細丹尼、超細丹尼絲織布加工流程：	(III) Fine and extra fine denier, such as polyester and nylon, fiber fabric processing process:
胚布	Grey fabric
胚布準備	Grey fabric preparation
胚布檢查	Grey fabric inspection
退漿 精練	Desizing Scouring
鬆弛	Relaxation
定型	Setting
減量	Weight reducing
拉幅烘乾	Tentering and steaming
浸染	Exhaust dyeing
磨毛	Brushed
水洗	Washing
中檢	Middle inspection
樹脂整理	Resin finish
成品檢查	Finished product inspection
包裝	Packaging
成品	Finished product

(III) Supply of main raw materials:

The Company's main raw materials are chemical materials, including dye, catalysts, and resin. Due to the rapid development of the domestic chemicals industry in recent years, raw materials supply has been stable.

Main raw materials	Market condition	Procurement strategy
Dye	Supply is stable but prices are easily affected by oil price fluctuations. Main suppliers are well-known dye factories in Taiwan and overseas with good quality.	1. Establish the minimum safety stock system to control inventory cost 2. Pay attention to exchange rate fluctuations to reduce exchange risks 3. Select raw materials with reasonable prices and high quality 4. Periodically review suppliers' prices, product quality, and services
Chemicals and catalysts	Chemicals and catalysts are mainly sourced domestically with stable supply and no risk of shortage.	
Resin	Supply is stable and prices stable.	

(IV) Names of customers who accounted for more than 10% of the sales in the last two years, and sales as a percentage of total sales:

1. Major suppliers that account for 10% and above of purchases

Information on major suppliers in the last two years

Unit: Thousand NTD

	2023				2022				2024 up to March 31			
Item	Name	Amount	As a percentage of total purchase (%)	Relationship with issuer	Name	Amount	As a percentage of total purchase (%)	Relationship with issuer	Name	Amount	Percentage of net purchase in the current year up to March 31 (%)	Relationship with issuer
1	Supplier X	7,776	7.95	-	Supplier Z	13,091	9.35	-	Supplier X	2,448	10.65	-
2	Others	90,077	92.05	-	Others	126,843	90.65	-	Others	20,544	89.35	-
	Net purchase	97,853	100	-	Net purchase	139,934	100	-	Net purchase	22,992	100.00	-

Note 1: List the names and procurement amounts and percentages of suppliers whose procurement accounted for more than 10% of the total procurement in the last two years. However, if the name of the supplier may not be disclosed due to the contractual agreement, or the counterparty of the transaction is an individual and a non-related party, it may be listed by using a code.

Note 2: If the most recent financial statements of a company whose stock is listed on the stock exchange or traded over the counter was audited or reviewed by an accountant before the date of report, the financial statements shall be disclosed.

2. Major customers that account for 10% and above of sales

Information on major customers in the last two years

Unit: Thousand NTD

	2023				2022				2024 up to March 31			
Item	Name	Amount	As a percentage of net sales (%)	Relationship with issuer	Name	Amount	As a percentage of net sales (%)	Relationship with issuer	Name	Amount	Percentage of net sales in the current year up to March 31 (%)	Relationship with issuer
1	Customer A	99,714	28.29	-	Customer A	169,200	34.14	-	Customer B	20,537	24.18	-
2	Customer B	67,647	19.20	-	Customer B	109,181	22.03	-	Customer A	18,180	21.41	-
3	Others	185,049	52.51	-	Others	217,249	43.83	-	Others	46,209	54.41	-
	Net sales	352,410	100.00	-	Net sales	495,630	100.00	-	Net sales	84,926	100.00	-

Note 1: List the names and sales amounts and percentages of customers that accounted for more than 10% of the total sales in the last two years. However, if the name of the customer may not be disclosed due to the contractual agreement, or the counterparty of the transaction is an individual and a non-related party, it may be listed by using a code.

Note 2: If the most recent financial statements of a company whose stock is listed on the stock exchange or traded over the counter was audited or reviewed by an accountant before the date of report, the financial statements shall be disclosed.

(V) Output volume and value in the last two years: Output value unit: Thousand NTD

Year / Volume and value / Main products	2023			2022		
	Production capacity	Production volume	Output value	Production capacity	Production volume	Output value
Dyeing and finishing (1,000 yards	30,000	17,821	328,269	30,000	24,233	421,093

Note 1: Production capacity is the volume that can be produced by current equipment under normal operations after considering necessary suspension and holidays.
Note 2: If products are substitutes for each other, their production capacity may be combined with a note provided for explanation.

(VI) Sales volume and value in the past two years: Unit: Thousand NTD

Year / Sales / Volume and value / Main products	2023				2022			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Dyeing and finishing (1,000 yards)	17,533	352,410	-	-	24,007	494,160	-	-
Construction revenue	-	-	-	-	-	1,470	-	-
Less: Return and discounts	-	8,892	-	-	-	9,467	-	-
Total	17,533	343,518	-	-	24,007	486,163	-	-

III. Information of employees in last two years and up to the date of report (including number of employees, average number of years with the company, average age, and education):

April 30, 2024

Year		2023	2022	The current year up to April 30, 2024
Number of employees	Employees	40	39	40
	Technicians	45	45	44
	Operators	92	109	89
	Total	177	193	173
Average age		44	44	45
Average years of service		10.0	10.0	9.8
Education background %	Ph.D.	0	0	0
	Master's	1.7	2.6	1.7
	Bachelor	38.5	29.5	37.6
	Senior High School	39.5	45.6	39.9
	Below senior high school	20.3	22.3	20.8

IV. Information on environmental management measures and environmental protection expenses:

(I) Environmental management measures:

The Company obtained ISO14001:2015 Environmental Management Systems certification and approval for registration. Based on the spirit of continuous improvement of ISO14001 Environmental Management Systems, we are gradually improving environmental management performance, and conduct internal and external audits each year to ensure that operations comply with ISO14001. We continue to implement environmental protection measures through the EHS computerized system.

To protect the environment and fulfill our corporate social responsibility, the Company has made a commitment to:

1. reduce waste, conserve energy, and reduce the negative impact on the environment.
2. provide environmental protection information to educate employees, allow all employees to participate in efforts to improve the work environment, and implement pollution prevention.
3. Comply with environmental regulations of the government and ensure environmental quality.

4. Disclose the Company's environmental policy and use the management cycle to continuously improve the environment.

Continue to step up factory greening based on the concept of "environment greening." As for environmental impact assessment, handle environmental impact assessment documents, reporting, and commitments according to the Company's needs, in order to monitor changes in the Company's environmental pollution.

Implement air pollution reduction goals according to ISO environmental management systems, adopt the world's most advanced best available control technology, conduct rolling reviews each year, implement reduction projects, and reduce air pollutant emissions with the goals of low pollution, green, and sustainability. The Company's air pollution management policy is as follows: 1. Strengthen management of matters specified in air pollution regulations to meet regulatory requirements and abnormal air pollution events. 2. Plan response measures for poor air quality in the fall and winter and mid-term and long-term air pollution improvement plans in coordination with the government's air quality improvement policy. 3. Replaced the existing coal heating system with a new medium pressure steam heating system and gas boiler.

Year	2022	2023
Energy and environmental protection investment amount (Unit: NT$, in thousands)	17,167	16,282

As for GHG management, continue to manage the GHG reduction quota with the goal of a 5% reduction each year, in order to properly manage and reduce GHG emissions.

(II) Environmental protection expenditure information:

1. Losses incurred as a result of environmental pollution (including compensation and environmental protection audit results that violate environmental laws and regulations; the date of punishment, the number of the punishment, the provisions of the statute violated, the content of the statute violation, and the content of the punishment should be listed) in the most recent year and up to the date this annual report was printed:

Date of disposal	Letter number	Article violated	Content of violation	Penalty
2023.1.3	Fu-Huan-Ji-Zi No. 1110356183	Article 18 of the Water Pollution Control Act and Article 4 of its filing regulations	2022.1.1~2022.6.30 The water consumption reported exceeds the approved volume	A fine of NT$39,600
2023.3.7	Fu-Huan-Ji-Zi No. 1120049753	Article 18 of the Water Pollution Control Act and Article 4 of its filing regulations	2022.7.1~2022.11.30 The water consumption reported exceeds the approved volume	A fine of NT$54,000
2023.5.18	Fu-Huan-Ji-Zi No. 1120131655	Article 23, Paragraph 1 of the Air Pollution Control Act	Failure to maintain normal operation of monitoring facilities	A fine of NT$120,000
2023.6.16	Fu-Huan-Ji-Zi No. 1120159914	Article 18 of the Water Pollution Control Act and Article 4 of its filing regulations	2023.1.1~2023.3.31 The water consumption reported exceeds the approved volume	A fine of NT$42,600
2023.10.17	Fu-Huan-Ji-Zi No. 1120280718	Article 18 of the Water Pollution Control Act and Article 73 of its filing regulations	Misdeclaration of wastewater production in the groundwater usage field	A fine of NT$12,500

2. Estimated amount for the present and future and response measures:

The Company's violations of environmental protection laws and regulations were mainly due to human negligence in reporting or malfunctions of monitoring equipment, which did not cause any harm to the environment. In addition to strengthening personnel education and training, and regularly scheduling checks of testing equipment, the Company has not yet incurred any expenses related to the impact on the environment. The estimated amount for the present and future and the response measures are therefore not applicable.

V. Employee Benefits and Labor Relations:

(I) The Company's employee benefit measures, education, training, retirement system and its implementation, as well as labor-management agreements and various employee rights protection measures:

1. Employee benefit measures

The Company provides a sound compensation system and insists on providing employees with a wide range of benefits and leisure activities based on the belief of protecting the Company's most important assets. This allows employees to relax their body and mind after work, interact more frequently and build better relationships with their colleagues through a variety of activities, and creates a happy and harmonious workplace.

◎ Remuneration system

Employees receive a salary, meal allowance, additional pay, performance bonuses, shift allowance, overtime pay, annual salary adjustment, irregular promotions and salary adjustments, profit sharing, and year-end bonus; salary adjustments are made based on market standards and economic trends.

◎ Benefits and subsidies

All employees enjoy labor insurance, health insurance, marriage subsidies, funeral subsidies, birthday cash gift, holiday cash gifts or other gifts, company trips, and employee health examinations. The Company provides maternity leave, paternity leave, and childcare leave in accordance with the law, and also established regulations for continuing education and training of employees, in order to improve the quality and development advantages of human resources, and thereby maintain the foundation of the Company's sustainable operation and development.

◎ Benefits facilities

The Company has a lounge, audiovisual room, billiards room, basketball court, employee dormitories, parking lot, and catering. The Company also set up breastfeeding rooms for female employees.

2. Continuing education and training

The Company has a complete training plan for employees to bring out their potential and improve their work performance in a work environment suitable for their talents, achieving a win-win situation for company development and self-growth. The Company also offers a variety of specialized training for employees to develop a complete professional skill set and gain better career development opportunities.

◎ Learning and development

Plans are formulated based on organizational goals, department development, individual competency growth, the industry environment, and future trends, combining internal and external training resources to plan different training courses that will enhance the overall competitiveness of employees and the Company.

◎ Education and training

New employee training: Introduces Chyang Sheng's history, organizational structure, benefits system, labor safety and environmental protection awareness, and allows employees to identify with the Company by introducing them to the Company's business philosophy, values, and future prospects.

On-the-job training: Managers let employees quickly become familiar with routine work through work assignments, work instructions, and project implementation based on the nature of their work and their individual abilities.

Professional competency training: Training plans formulated according to needs of company policy, position, and employees work development. Includes professional training in manufacturing, quality assurance, environmental engineering, information technology, sales, human resources, R&D, and finance, in order to improve individual work performance and enhance team competitiveness.

Level-specific management training:

(1) Management skills training: Managers play an extremely important role in operations, so training plans are implemented based on the abilities and management and leadership skills required at each level.

(2) Technician training: Training courses that provide technicians with the knowledge, skills, and attitude needed for their work, so that they can obtain certifications and permits to perform operations.

General knowledge training: Company-wide general education courses are planned to support the Company's overall development vision and goals, training employees to have the same level of awareness and concepts of teamwork to achieve the Company's overall goals.

In addition to professional competencies, we also attach great importance to the individual growth of employees, and hope that employees can all find a balance between their expertise in the workplace and their private life.

Self-development training: The Company encourages employees to seize opportunities for external training. Employees are not only able to learn professional skills in their units, but also participate in forums, seminars, language training, and computer skills training opportunities offered by training institutions closely related to their work, which allow them to absorb and reinforce the new knowledge and skills they learn and improve their abilities.

◎ Industry-academia collaboration program:

Cultivate high quality, worldly, energetic, and idealistic mid-level managers through the "Industry-Academia Special Joint Program".

3. Retirement system and implementation status

The Company established Employee Retirement Regulations according to the Labor Standards Act, and makes monthly contributions to the "Labor Retirement Reserve" employees using the old pension system, which is then deposited into to a dedicated account at the Bank of Taiwan under the name of the committee. The "Supervisory Committee of Labor Retirement Reserve" is responsible for managing, supervising, and reviewing retirement reserve related matters. The Company contributes 6% of the monthly salary of employees who chose the new pension system and new employees to the labor pension fund in accordance with the "Labor Pension Act".

Retirement system implementation: The Company established employee retirement regulations and a Labor Retirement Fund Supervisory Committee in accordance with the law. The committee is responsible for the safekeeping and use of the retirement reserve. Furthermore, the Company allocates 2% of employees monthly salary to a dedicated account at the Bank of Taiwan as the sources of funds for pension payments. The pension payment and calculation method is in accordance with the Labor Standards Act and Labor Pension Act.

For employees who chose the Labor Pension Act on July 1, 2005, their original seniority is retained and pension for the retained seniority is paid according to the old pension system when they retire. Employees contribute 6% of their monthly salary to the dedicated account for their pension at the Labor Insurance Bureau.

4. Employee-employer agreements and protection measures for employee rights and interests

(1) Measures for protecting employee rights: The Company has exerted every effort in environmental protection, energy conservation, and employee care over the years (the current validity period is from June 2, 2022, to June 1, 2025), and obtained ISO-45001 Occupational Safety and Health Management System, in hopes of fulfilling its corporate social responsibility on the path towards sustainable development.

(2) Employee work environment and personal safety: The Company established a dedicated unit responsible for formulating occupational safety and health management plan, and for identifying, evaluating, and controlling hazards in the work environment and operations. The dedicated unit carries out automated inspection of mechanical equipment and operations, monitors the operating environment, continuously improves safety and health facilities, and creates a safe, healthy, comfortable, and friendly work environment. The Company has signed contracts with doctors and nurses to provide health services at factories, plan the implementation of labor health education, provide instructions for health promotion and hygiene, prevent work related injuries and illness, provide health consultation and first aid, emergency response, and strengthen labor healthcare.

(3) The Company established the "Workplace Sexual Harassment Prevention, Grievance and Discipline Measures" in accordance with Article 12 of the Act of Gender Equality in Employment and Article 2 of the Sexual Harassment Prevention Act, in order to provide employees with a work and service environment free from sexual harassment, and take appropriate preventive, corrective, disciplinary, and handling measures to protect the interests and privacy of the parties.

(4) Human rights policy and management plan

A. Human rights policy

The Company strictly abides by the International Labor Office Tripartite Declaration of Principles, OECD Guidelines for Multinational Enterprises, and Universal Declaration of Human Rights, and takes action consistent with the Responsible Business Alliance (RBA). The Company has formulated its human rights protection and labor policy on this basis, as described below:

(A) Diversity, inclusion, and equal opportunity:

1-1. Employees are not treated differently due to their race, class, language, thoughts, religion, political party, nationality, place of birth, gender, sexual orientation, age, marital status, appearance, facial features, horoscope, blood type, mental or physical disability, or union membership.

1-2. The Company ensures that the employment policy does not involve differential treatment and achieves fair and just employment, salaries and benefits, training, evaluation, and promotion opportunities, avoiding and responding to matters that harm employee rights and interests. We strive to create a work environment with equality in employment and is free from discrimination and harassment.

1-3. Periodically track the implementation of diversity, inclusion, and equal opportunity.

Employee ethnicity indicators (December, 2023)

Category	Proportion among all employees (%)	Proportion in managerial positions (%)
R.O.C.	66.67	100
Foreigners	33.33	0
Indigenous Peoples	0	0

Female Indicators of diversity (December, 2023)

Indicator	Percentage (%)	Goals for 2030
Proportion of women among all employees (%)	35.59	
Proportion of women in all managerial positions (%)	29.03	35%
Proportion of women in junior	40.00	

Indicator	Percentage (%)	Goals for 2030
managerial positions (%)		
Proportion of women in senior managerial positions (%) (within two ranks from the CEO level) (%)	18.75	25%
Proportion of women in units generating revenue (%)	50.00	
Proportion of women in STEM-related (science, technology, engineering, mathematics) positions (%)	51.85	

Other diversity indicators (December, 2023)

Category		Proportion among full-time employee equivalents (FTEs) (%)
People with disabilities		1.13
All employees	Group by age: < 30 years old	14.69
	Group by age: 30-50 years old	42.94
	Group by age: >50 years old	42.37
	Total	100

1-4. The Company does not hire child labor under the age of 16 years old, and any conduct that may result in the employment of child labor is not permitted.

The Company protects the human rights of foreign employees to fulfill its corporate social responsibility, and referenced the International Bill of Human Rights and Responsible Business Alliance Code of Conduct to ensure that "all laborers do not pay any fees to be employed." The Company thus implemented the "Zero Fee" policy for hiring foreign workers. Based on this policy, the Company bears the agency fee, visa fee, police criminal record certificate, physical examination fee, and plane ticket for newly hired foreign employees, regardless of their nationality, further fulfilling our corporate social responsibility in human rights issues and employee rights and interests.

(B) Reasonable work hours:

The Company specified work hours and rules for extending work hours to ensure that employees are not at risk of working excessive hours. We set a reminder in the attendance system, periodically examine and manage the attendance of employees, and irregularly communicate with managers and employees.

(C) No forced labor:

A written employment contract is signed in accordance with the law when we hire employees. The contract states that the employment relationship is based on an agreement between the parties, and that it does not involve forced labor, human trafficking or slavery.

(D) Healthy and safe workplace:

To prevent potential health and safety risks due to work, we periodically examine employees' health and safety risk, and implement improvement plans based on identification results.

(E) Freedom of association:

Employees have freedom of association, established a large number of clubs, and are actively encouraged to join the clubs.

(F) Labor-management negotiations:

The Company established smooth communication channels and periodically convenes labor/management meetings to ensure the rights and interests of both sides.

(G) Privacy protection:

To fully protect the privacy of customers and all stakeholders, the Company established complete information security management mechanisms and complies with strict management regulations and protection measures.

(H) Business ethics:

Ethical corporate management, no improper gains, fair trade, respect intellectual property rights, obligation to maintain the confidentiality of trade secrets/customer data, identity protection, prevention of retaliation, and raise employees' compliance awareness.

B. Specific management plans

The Company provides related courses during employee training and orientation to ensure that the human rights policy is fully implemented, including:

(A) Orientation: Contents include no forced labor, no child labor, anti-discrimination, anti-harassment, implement work hour management, ensure humane treatment, and provide a health and safe work environment.

(B) For the prevention of workplace violence, we communicate with employees and make announcements for employees to understand that they have the responsibility to ensure that unlawful infringement does not occur in the workplace when they are performing their duties. We also announced a grievance hotline to create a friendly work environment.

(C) Occupational safety training series: Contents include health promotion communication, labor safety and health and fire safety training, as well as first aid training.

The Company provided employees with a total of 24 hours of training for human rights protection in 2023. A total of 24 participants completed the training, accounting for 11% of all employees. In the future, we will continue to follow human rights protection issues, and provide related training to raise awareness of human rights protection and lower the probability of risks occurring.

5. Labor relations and labor union

The Company established a labor union on April 27, 1988 in accordance with the Labor Union Act, and the industrial union holds regular and irregular board meetings. The labor union communicates with the Company in writing or through meetings based on resolutions adopted in board meetings. The Company and labor union have entered into a collective bargaining agreement to protect the rights and interests of both parties, strengthen cooperation, improve the benefits of members, and drive business development. The agreement is announced on the company website, and the Company has maintained harmonious labor-management relations. Employee welfare activities and the implementation and supervision of other systems have been quite successful through the coordination and cooperation between labor and management or the labor union and the Company.

The Company's labor union has always upheld reasonableness when seeking to improve the work environment and employee benefits. It also makes sure that employees abide by labor-management agreements, and actively engages in manufacturing activities. The Company understands the effort that employees put in, and provide better salaries compared with competitors, an excellent dormitory environment, and a wide variety of leisure equipment. The Company invests a considerable amount of funds each year to improve employee benefits, so there have not been any labor-management disputes in the past three years. Based on the harmonious relationship between labor and management, the Company has not had any labor management disputes so far, and does not expect any disputes to occur in the future.

6. Employee opinion box

The Company values employees' opinions and provides a variety of channels to facilitate communication and coordination between labor and management, such as setting up an employee opinion box and online communication platform. These channels allow us to gain an in-depth understanding of employees' opinions and thoughts on management and the benefits system, so that we can continue to maintain good labor-management relations.

The Company provides channels for openly expressing opinions/filing reports, so that all stakeholders can express their opinion on corporate social responsibility or file a complaint. Internal employees can express their opinions or file complaints through the opinion box or other channels announced internally. Opinion box/Whistleblowing mailbox: E-mail: democrat@csgroup.com.tw

7. The Company established the "Chyang Sheng Dyeing & Finishing Co., Ltd. Ethical Corporate Management Best Practice Principles" and "Code of Ethical Conduct and Regulations for the Prevention of Insider Trading," which include regulations on individual responsibilities, group responsibilities, and responsibilities of the Company, public, and other stakeholders. The regulations are applicable to directors, managers, and employees and aim to prevent unethical conduct and encourage their conduct to comply with requirements and standard, including general principles, employees with a conflict of interest, and customer and supplier relations and conflict of interest. Related principles already cover the Company ethical corporate management policy.

   The "Ethical Corporate Management Best Practice Principles, Code of Ethical Conduct, and Regulations for the Prevention of Insider Trading" are not only disclosed on the company website www.csgroup.com.tw, but also regularly and irregularly communicated with employees to strengthen their ethics and values, in hopes that they will jointly comply.

(II) Losses sustained due to labor disputes in the most recent year and up to the date of report, current and future estimated amount, and response measures: None.

(III) Disclose the estimated amount for the present and future and response measures: None.

VI. Information security management:

(I) State the cybersecurity risk management framework, cybersecurity policies, specific management plans, and the resources invested in cybersecurity management:

I. Information Security Policy

1. Purpose:

In order to implement information security management, strengthen the communication security of the company's hosts and network equipment, reduce the risk of asset theft, improper use, leakage, tampering, or destruction due to human negligence, intentional or natural disasters, and ensure the confidentiality of information assets, to ensure completeness and availability, this policy is formulated as the basis for the company to implement various information security measures.

2. Scope of application:

The Company's employees and contracted personnel, consultants, cooperative business partners, customers, etc.

3. Information Security Goals:

In order to maintain the confidentiality, integrity, and availability of information assets and information operation security, and to protect the privacy of user data, the following goals shall be achieved through the combined efforts of all employees:

(1) Continue to strengthen and improve the overall information security management system capabilities.

(2) Promptly and appropriately enhance information security management and technical expertise as well as related tools.

(3) Protect the Company's business activity information from unauthorized access and modification, and ensure its accuracy and integrity.

(4) Comply with the requirements of relevant laws or regulations and achieve business continuity.

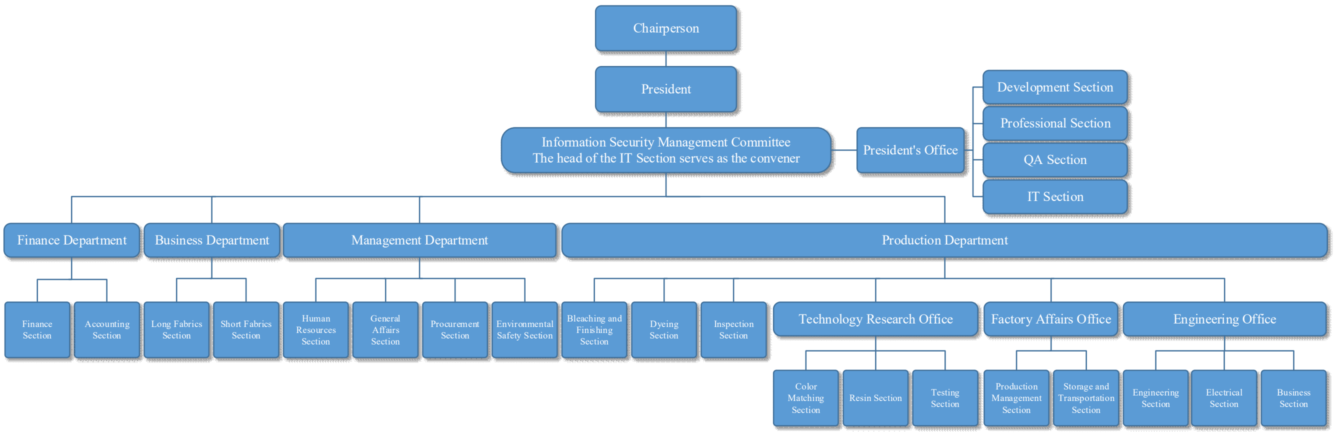
4. Management Unit:

The Company's Information Department shall also serve as the Information Security Management Department. The Company established an Information Security Management Committee in 2022 (see the figure below for the structure), in which the head of the IT Section serves as the convener and is responsible for formulating relevant system specifications, handling related information security issues, and reporting to higher level supervisors according to the organizational operating system.

(1) Periodic reporting: The convener reports the Company's overall information security status to the Board of Directors in writing every June.

(2) Emergency reporting: In the event of a contingency that is sufficient to impact the Company's operations, it shall be immediately reported to the Board of Directors.

(3) Regular reviews: The convener of the Information Security Management Committee reviews the information security policy and measures at least once a year, such as the enactment of new laws by the government, response to new information security hazards, and implementation of new information security technologies.



5. Information security requirements:

(1) The Company's employees and contracted personnel, consultants, cooperative business partners, and customers who use the Company's information to provide information services or perform work, have the responsibility and obligation to protect the information assets they obtain or use to prevent unauthorized access, alteration, destruction, or improper disclosure.

(2) The personnel of each unit of the Company shall be responsible for the safekeeping of the information assets related to their tasks, ensuring the confidentiality, integrity, and availability of important information assets, and preventing information assets from being accidentally or deliberately damaged, tampered with, improperly disclosed or lost (including physical or electronic theft), in order to meet the Company's operational interests and comply with relevant laws and regulations.

(3) It is the duty of all personnel to ensure information security. If a breach of information security is detected, it should be prevented immediately and the authorities notified.

(4) The development, formulation, and changes of management, administrative, or technical operations should consider information security requirements.

(5) The obligation to protect and maintain the confidentiality of information obtained in the course of each operation shall not be waived as a result of changes in work.
(6) The collection, processing, and utilization of personal data shall comply with the requirements of the Personal Data Protection Act.
(7) Access to and use of various information assets, including the installation, setup, development, use, and maintenance of software and hardware such as computers, network facilities, and information systems, should be performed in accordance with relevant operating procedures and only after obtaining authorization.
(8) We raise the information security awareness of employees through periodic information security training and communication and thereby raise the Company's information security standards and the ability of cybersecurity management.
(9) Anti-virus and anti-hacking mechanisms should be established to protect information operations and related assets from improper or unlawful use, and to contain intrusions and damage from hackers, viruses, etc.
(10) In order to maintain network security and prevent computer viruses, legal anti-virus software should be purchased and unnecessary network connections and services disabled. Relevant virus signatures and anti-virus engines should be regularly updated.
(11) An emergency notification mechanism should be established for information security incidents. In the event of an information security incident, the competent authority should be notified immediately according to the handling procedures, and a business continuity plan should be formulated based on business needs, which should be tested and practiced on a regular basis.
(12) Information security measures shall be in accordance with the law and the requirements of this policy.

6. Review and advocacy:
(1) The information security policy shall be evaluated at least once a year, or re-evaluated when major incidents or changes occur, in order to comply with relevant laws and regulations, changes in the current situation, and the latest developments in operating conditions.
(2) The convener of the Information Security Management Committee communicates the importance of information security management and the necessity of data backup during management meetings once a year.
(3) The convener of the Information Security Management Committee organizes information security training courses once a year to remind employees to carry out information security measures.

(4) This policy shall be made public through emails, website posts, or other means.

7. Policy implementation:

This Information Security Policy shall be implemented after approval by the president, and the same shall apply in case of amendments.

II. Information security management measures

1. Responsible personnel

The convener of the Information Security Management Committee is the main manager of information security, the IT Section is the main management unit, heads of each unit are reporters and secondary managers, and all employees are required to comply.

2. IT room environment management

(1) Servers include ERP server, e-mail server, website server, and anti-virus software, which are all located in the IT room managed by the IT Section. The servers are maintained by employees in the IT Section and employees that enter the room need to be registered.

(2) The IT room has an independent air conditioning system, and the room temperature is controlled under 25°C, in order to avoid system crash due to overheating. The IT room also has fire extinguishers to prevent a fire accident.

(3) The IT room has an online UPS with voltage stabilizer, and the batteries will allow servers to operate for at least 30 minutes. The power in the IT room is connected to the Company's generator, so that servers can continue to operate during a power outage.

3. Network security management

(1) The Company's connection to the external network is protected by three layers of firewalls, as shown in the structure below:

Firewall leased from the ISP (first layer) > Firewall in the IT room (second layer) > Firewall in the computer operating system (third layer)

(2) The virus signature is periodically updated for the firewall leased from the ISP (Chunghwa Telecom) and firewall in the IT room, keeping the protection from these two layers up-to-date. These two firewall layers all have a network management policy to block malicious attacks and links, prevent improper use by employees, and prevent bandwidth from being occupied. These two firewall layers all automatically generate reports and provide log files for inquiry.

(3) Computers are only able to connect to the intranet and not Internet, unless authorized personnel submit an application, in order to lower the probability of malicious attacks.

(4) The Company's Taipei Office connects to data of the Taoyuan Factory via intranet, and is connected via a dedicated line with VPN function provided by the ISP (Taiwan Fixed Network), ensuring the safety of data transferred between the two locations.

4. Computer virus protection management

(1) The firewall in the IT room has anti-virus and anti-hacking functions, and its signatures are automatically updated at least once a day, ensuring that the firewall's protection is up-to-date.

(2) Anti-virus software is installed in the Company's computers, and there is a server for centralized control of anti-virus software, monitoring the status of anti-virus software on every computer. The anti-virus software on computers automatically updates signatures at least once a day. Anti-virus software must remain enabled, and access rights are managed by employees in the IT Section; employees may not disable anti-virus software without permission.

(3) The e-mail server has e-mail filter and anti-virus functions to prevent inappropriate e-mail from being sent to computers.

5. System data access control

(1) Employees must first apply for access rights before using information systems. The IT Section may only create an account after obtaining approval from the responsible supervisor.

(2) Passwords for accounts must be complex, contain English letters, numbers, and special symbols, and must be at least 8 digits in length.

(3) Information systems all have log file recording functions to record the time of login and functions used by each account for tracking.

(4) Employees must sign a resignation application form that is countersigned by the IT Section when they resign. The IT Section will cancel the account to ensure that the account of employees who resign are already ineffective or deleted.

(5) The Company's contractors must sign a non-disclosure agreement to prevent unauthorized disclosure of data.

6. Ensure sustainable operation

(1) In addition to the server that is operating, there is a backup server for various systems. The ERP server has a backup server that can be launched in a short amount of time when the server that is operating malfunctions, so that company operations will not be suspended.

(2) Backups of important data is stored at two or more locations, including remote backup, in which the Taipei Office and Taoyuan Factory mutually serve as remote backup. The frequency of backup is once a day, and personnel of the IT Section check if data backup is completed every day.

(3) Disaster recovery drills are conducted at least once a year. The drills involve launching the backup server and checking if backup data is loaded and the server begins to operate, ensuring the effectiveness of backup mechanisms and backup data, as well as the familiarity of personnel with recovery operations.

(4) For Internet lines leased from the ISP, at least two lines with different frameworks are leased to prevent services from becoming unusable in the event of a single network failure.

(5) Aside from equipment of major systems, the IT Section has backups for the software and hardware equipment used by basic-level units, so that units can smoothly carry out routine operations, while shortening the wait time for requisitioning and purchasing equipment.

(II) List any losses suffered by the company in the most recent year and as of the date the annual report was printed due to significant cybersecurity incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

Implementation status of the information security policy:

1. No malicious data tampering

There was no data tampering and equipment malfunction this year (e.g. extortionware).

2. Backup recovery drill

The Company's main ERP server has a backup server that automatically restores data every day, and personnel of the IT Section conduct inspections twice a week. Important databases are backed up every hour and inspected every week.

3. Communication

In June 2023, the Company communicated the importance of information security management during management meetings, and shares cases of other companies attacked by malware.

VII. Important contracts:

Nature of contract	The Parties	Commencement date/expiration date	Main Content	Restrictive clauses
Steam purchase agreement	Ta-Yuan Cogen Co., Ltd.	2023.07.01~2024.12.31	Steam purchase	Monthly consumption must be higher than 5,000 tons, and any volume under 5,000 tons is calculated as 5,000 tons.
Construction contracts	Fandeng Construction Co., Ltd.	2020.05.30~2024.04.05	Civil engineering for construction projects	None

6. Financial Overview

I. Condensed statement of financial position and statements of comprehensive income in the last five years:

(I) Condensed balance sheet and statement of comprehensive income

1. Condensed balance sheet (consolidated)

Unit: Expressed in thousands of New Taiwan Dollars

Item \ Year		Financial statements for the past five years (Note 1)					As of March 31, 2024 (Note 3)
		2019	2020	2021	2022	2023	
Current assets		1,349,006	1,404,820	1,458,790	1,453,250	1,524,975	-
Property, plant and equipment		423,721	429,667	431,459	460,491	463,566	-
Intangible assets		-	-	-	-	0	-
Other assets		787,989	799,753	851,434	911,352	951,316	-
Total assets		2,560,716	2,634,240	2,741,683	2,825,093	2,939,857	-
Current liabilities	Before distribution	134,977	271,662	339,974	376,289	426,438	-
	After distribution	238,938	323,643	409,281	445,596	(Note 2)	-
Non-current liabilities		115,581	114,741	119,490	127,235	135,211	-
Total liabilities	Before distribution	250,558	386,403	459,464	503,524	561,649	-
	After distribution	354,519	438,384	528,771	572,831	(Note 2)	-
Equity attributable to owners of parent		2,207,977	2,144,797	2,180,020	2,220,966	2,273,265	-
Share capital		1,732,684	1,732,684	1,732,684	1,732,684	1,732,684	-
Capital reserve		262,388	267,713	270,375	273,926	277,476	-
Retained earnings	Before distribution	344,712	294,820	322,571	327,126	365,989	-
	After distribution	240,751	242,839	253,264	396,433	(Note 2)	-
Other interests		(23,016)	(41,629)	(36,819)	(3,979)	5,907	-
Treasury shares		(108,791)	(108,791)	(108,791)	(108,791)	(108,791)	-
Non-controlling interests		102,181	103,040	102,199	100,603	104,943	-
Total equity	Before distribution	2,310,158	2,247,837	2,282,219	2,321,569	2,378,208	-
	After distribution	2,206,197	2,195,856	2,212,912	2,252,262	(Note 2)	-

(Note 1): The financial data before the date of report have been audited by the accountants.
(Note 2): The proposed distribution of 2023 earnings has not yet been approved by the shareholders' meeting.
(Note 3): The Q1 financial statements have not been reviewed by the accountants.

2. Condensed Statement of Comprehensive Income (Consolidated)

Unit: Expressed in thousands of New Taiwan Dollars

Item \ Year	Financial statements for the past five years (Note 1)					As of March 31, 2024 (Note 3)
	2019	2020	2021	2022	2023	
Operating revenue	553,776	441,609	456,564	495,932	347,508	-
Gross profit	118,379	84,751	70,969	76,553	15,758	-
Operating income/loss	13,773	8,363	(1,134)	4,566	(54,926)	-
Non-operating income and expense	122,093	58,629	100,301	82,338	175,807	-
Net income before tax	135,866	66,992	99,167	86,904	120,881	-
Net income from continuing operations	121,338	61,102	82,450	68,879	107,302	-
Profit (Losses) from discontinued operations	0	0	0	0	0	-
Net profit (loss) for the current period	121,338	61,102	82,450	68,879	107,302	-
Other comprehensive income for the period (net income after tax)	20,653	(18,649)	7,899	38,018	15,094	-
Total comprehensive income for the period	141,991	42,453	90,349	106,897	122,396	-
Net income attributable to owners of the parent	114,625	53,906	80,675	68,684	107,279	-
Net income attributable to non-controlling interests	6,713	7,196	1,775	195	23	-
Total comprehensive income attributable owners of the parent	130,451	35,456	84,541	106,702	118,056	-
Total comprehensive income attributable to non-controlling interests	11,540	6,997	5,808	195	4,340	-
Earnings per share	0.70	0.33	0.49	0.42	0.65	-

(Note 1): The financial data in the past five years have been audited by the accountants.
(Note 2): The proposed distribution of 2023 earnings has not yet been approved by the shareholders' meeting.
(Note 3): The Q1 financial statements have not been reviewed by the accountants.

3. Condensed Balance Sheet (Standalone)

Unit: Expressed in thousands of New Taiwan Dollars

Item \ Year		Financial statements for the past five years				
		2019	2020	2021	2022	2023
Current assets		429,805	416,673	461,860	433,833	421,113
Property, plant and equipment		423,721	429,667	431,459	460,491	463,566
Intangible assets		0	0	0	0	0
Other assets		1,554,481	1,488,428	1,494,820	1,528,083	1,596,636
Total assets		2,408,007	2,334,768	2,388,139	2,422,407	2,481,315
Current liabilities	Before distribution	96,770	88,585	107,005	99,826	102,699
	After distribution	200,731	140,566	176,312	169,133	(Note 1)
Non-current liabilities		103,260	101,386	101,114	101,615	105,351
Total liabilities	Before distribution	200,030	189,971	208,119	201,441	208,050
	After distribution	303,991	241,952	277,426	270,748	(Note 1)
Equity attributable to owners of parent		2,207,977	2,144,797	2,180,020	2,220,966	2,273,265
Share capital		1,732,684	1,732,684	1,732,684	1,732,684	1,732,684
Capital reserve		262,388	267,713	270,375	273,926	277,476
Retained earnings	Before distribution	344,712	294,820	322,571	327,126	365,989
	After distribution	240,751	242,839	253,264	257,819	(Note 1)
Other interests		(23,016)	(41,629)	(36,819)	(3,979)	5,907
Treasury shares		(108,791)	(108,791)	(108,791)	(108,791)	(108,791)
Non-controlling interests		-	-	-	-	-
Total equity	Before distribution	2,207,977	2,144,797	2,180,020	2,220,966	2,273,265
	After distribution	2,104,016	2,092,816	2,110,713	2,151,659	(Note 1)

(Note 1): The proposed distribution of 2023 earnings has not yet been approved by the shareholders' meeting.

4. Condensed Statement of Comprehensive Income (Standalone)

Unit: Expressed in thousands of New Taiwan Dollars

Item \ Year	Financial statements for the past five years				
	2019	2020	2021	2022	2023
Operating revenue	491,045	357,146	452,039	486,163	343,518
Gross profit	74,969	39,846	69,855	72,084	14,276
Operating income/loss	(10,190)	(16,104)	8,726	11,079	(45,869)
Non-operating income and expense	127,408	74,187	78,589	68,085	156,145
Net income before tax	117,218	58,083	87,315	79,164	110,276
Net income from continuing operations	114,625	53,906	80,675	68,684	107,279
Losses from discontinued operations	-	-	-	-	-
Net profit (loss) for the current period	114,625	53,906	80,675	68,684	107,279
Other comprehensive income for the period (net income after tax)	15,826	(18,450)	3,866	38,018	10,777
Total comprehensive income for the period	130,451	35,456	84,541	106,702	118,056
Earnings per share	0.70	0.33	0.49	0.42	0.65

(II) Name of CPA and audit opinions in the last five years

Year	Name of CPA	Audit opinion
2023	Yu Sheng-Ho, Yu Sheng-Ho	Unqualified opinion
2022	Chen Chen-Chien, Yu Sheng-Ho	Unqualified opinion
2021	Chen Chen-Chien, Yu Sheng-Ho	Unqualified opinion
2020	Huang Yong-Hua, Chen Chen-Chien	Unqualified opinion
2019	Huang Yong-Hua, Chen Chen-Chien	Unqualified opinion

II. Financial analysis for the past five years:

(I) Financial analysis

1. Consolidated financial analysis

Analysis item (Note 3) \ Year (Note 1)		Financial analysis for the past five years					As of March 31, 2024 (Note 1)
		2019	2020	2021	2022	2023	
Financial structure (%)	Debt ratio	9.78	14.67	16.76	17.82	19.10	-
	Ratio of long-term fund to property, plant and equipment	565.66	543.68	550.61	525.73	535.81	-
Solvency %	Current ratio	999.43	517.12	429.09	386.21	357.61	-
	Quick ratio	867.43	442.92	340.37	271.65	223.59	-
	Interest protection multiples	0	0	0	0	0	-
Operating ability	Receivables turnover (times)	6.63	6.08	6.01	5.80	4.73	-
	Average collection period	55.05	60.03	60.73	62.93	77.16	-
	Inventory turnover (times)	2.55	1.83	1.51	1.14	0.66	-
	Payables turnover (times)	7.24	6.05	6.07	6.97	5.87	-
	Average inventory turnover days	143.17	199.05	242.44	320.18	553.03	-
	Property, plant and equipment turnover (times)	1.31	1.03	1.06	1.08	0.75	-
	Total assets turnover (times)	0.22	0.17	0.17	0.18	0.12	-
Profitability	Return on assets (%)	4.61	2.37	3.13	2.59	3.87	-
	Return on equity (%)	5.12	2.68	3.64	2.99	4.57	-
	Pre-tax profit to paid-in capital ratio (%) (Note 7)	7.84	3.87	5.72	5.02	6.98	-
	Net profit margin (%)	21.91	13.84	18.06	13.89	30.88	-
	Earnings per share (NTD)	0.70	0.33	0.49	0.42	0.65	-
Cash flows	Cash flow ratio (%)	200.73	54.14	(17.22)	37.58	12.97	-
	Cash flow adequacy ratio (%)	89.74	115.49	113.78	109.98	56.34	-
	Cash reinvestment ratio (%)	4.95	2.91	(3.86)	2.20	(0.95)	-
Leverage	Operating leverage	16.05	21.42	(157.70)	40.68	(2.28)	-
	Financial leverage	1.00	1.08	0.36	6.46	0.91	-

(Note 1): The Q1 financial statements have not been reviewed by the accountants.

Reasons for changes in financial ratios in the most recent two years (changes reaching 20% and above):

1 Construction costs (listed under inventory) and advance receipts for real estate (current liabilities) increased this year due to continued pre-sale and construction of the Construction Department's projects, resulting in a decline in quick ratio and increase in inventory turnover and average inventory turnover days.

2 Due to the decline in revenue this year, the average collection period, property, plant, and equipment turnover, and total assets turnover decreased.

3 This year, gains from the disposal of some short-term investments and the valuation of investments led to an increase in non-operating profit compared with the same period last year, an increase in net profit after tax, and an increase in profitability.

4 Cash flow ratio and cash flow adequacy ratio decreased this year due to the decline in cash inflow from operating activities.

2. Financial Analysis (Standalone)

Analysis item (Note 3) \ Year (Note 1)		Financial analysis for the past five years					The current year up to March 31, 2024
		2019	2020	2021	2022	2023	
Financial structure (%)	Debt ratio	8.31	8.14	8.71	8.32	8.38	Not applicable because there are no standalone financial statements for 2024 Q1
	Ratio of long-term fund to property, plant and equipment	539.27	517.10	523.12	499.03	507.00	
Solvency %	Current ratio	444.15	470.37	431.62	434.59	410.05	
	Quick ratio	415.98	444.77	401.74	412.29	389.32	
	Interest protection multiples	0	0	0	0	0	
Operating ability	Receivables turnover (times)	6.13	5.00	6.07	5.86	4.82	
	Average collection period	59.54	73.00	60.13	62.28	75.72	
	Inventory turnover (times)	13.06	11.09	12.37	14.44	15.57	
	Payables turnover (times)	8.39	7.16	8.66	9.58	8.00	
	Average inventory turnover days	27.95	32.92	29.50	25.27	23.45	
	Property, plant and equipment turnover (times)	1.16	0.83	1.05	1.06	0.74	
	Total assets turnover (times)	0.20	0.15	0.19	0.20	0.14	
Profitability	Return on assets (%)	4.66	2.27	3.42	2.86	4.38	
	Return on equity (%)	5.08	2.48	3.73	3.12	4.77	
	Pre-tax profit to paid-in capital ratio (%)	6.62	3.11	4.66	3.96	6.36	
	Net profit margin (%)	23.34	15.09	17.85	14.13	31.23	
	Earnings per share (NTD)	0.70	0.33	0.49	0.42	0.65	
Cash flows	Cash flow ratio (%)	43.26	66.69	47.15	109.38	(8.63)	
	Cash flow adequacy ratio (%)	18.75	17.09	19.41	52.43	70.61	
	Cash reinvestment ratio (%)	(1.87)	0.22	(0.57)	1.22	(2.89)	
Leverage	Operating leverage	(17.44)	(8.34)	20.37	16.36	(2.70)	
	Financial leverage	1.00	1.00	1.00	1.00	1.00	

Please explain reasons for changes in financial ratios in the most recent two years (changes reaching 20% and above):

1 Due to the decline in revenue this year, the receivables turnover, property, plant, and equipment turnover, and total assets turnover decreased, and the average collection period increased.

2 This year, gains from the disposal of some short-term investments and the valuation of investments led to an increase in non-operating profit compared with the same period last year, an increase in net profit after tax, and an increase in profitability.

3 This year, the cash inflow from operating activities was negative. As a result, the cash flow ratio and the cash flow adequacy ratio were also negative. The cash flow adequacy ratio decreased due to the decline in cash dividends over the last five years.

Note 1: The financial data in the past year have been audited by the accountants.

Note 2: For companies whose stock is listed on the stock exchange or traded over the counter, financial data on the financial statements for the quarter before the date of report must be included in analysis.

Note 3: The following formulas should be included at the end of this table:

1. Financial structure
   (1) Debt ratio = total liabilities / total assets.
   (2) Ratio of long-term capital to property, plant and equipment = (value of equity+ non-current liabilities) / net amount of property, plant and equipment.
2. Solvency
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
   (3) Interest protection multiples = net income before income tax and interest expense / current interest expense.
3. Operating ability
   (1) Receivables (including accounts receivable and business-related notes receivable) turnover ratio = net sales / average balance of receivables for each period (including accounts receivable and business-related notes receivable).
   (2) Average collection days = 365 / receivables turnover.
   (3) Inventory turnover = cost of goods sold / average amount of inventory.
   (4) Payables (including accounts payable and business-related notes payable) turnover = cost of goods sold / average balance of payables for each period (including accounts payable and business-related notes payable).
   (5) Average days of sales = 365 / inventory turnover.
   (6) Property, plant and equipment turnover = net sales / average net amount of property, plant and equipment.
   (7) Total assets turnover = net sales / average total assets.
4. Profitability
   (1) Return on assets = [profit and loss after tax + interest expenses × (1 - tax rate)] / average total assets.
   (2) Return on equity = income after tax / net average equity.
   (3) Net profit margin = profit and loss after tax / net sales.
   (4) Earnings per share = (Profit and loss attributable to owners of parent - stock dividends of preferred stocks) / weighted average number of outstanding shares. (Note 4)
5. Cash flows
   (1) Cash flow ratio = net cash flows from operating activities / current liabilities.
   (2) Net cash flow adequacy ratio = net cash flows from operating activities in the past five years / (capital expenditure + increase in inventory + cash dividends) in the past five years.
   (3) Cash re-investment ratio = (net cash flows from operating activities - cash dividends) / (gross amount of property, plant and equipment + long-term investment + other non-current assets + operating capital). (Note 5)
6. Leverage:
   (1) Operating leverage = (net operating income variable operating cost and expenses) / operating income (Note 6).–
   (2) Financial leverage = operating profit / (operating profit - interest expenses).

Note 4: Pay attention to the following matters when using the formula above for calculating EPS:

1. Based on the weighted average number of ordinary shares and not the number of outstanding shares at the end of the year.
2. The period of shares from cash capital increase or treasury stock must be taken into consideration when calculating the weighted average number of shares.
3. When calculating EPS in previous years or half years after capital increase by earnings or capital surplus, adjustments must be made according to the ratio of capital increase and the duration does not need to be considered.
4. If preferred stock is non-convertible cumulative preferred stock, the dividends (regardless of whether it is distributed) shall be deducted from after-tax net income or added to after-tax net loss. If the preferred stock is non-cumulative and there is after-tax net income, dividends on preferred stock shall be deducted from after-tax net profit. In case of a loss, then no adjustment is necessary.

Note 5: Pay attention to the following matters during cash flow analysis:

1. Net cash flows from operating activities refers to the net cash flows from operating activities in the cash flow statement.
2. Capital expenditure refers to the cash outflows from capital investments each year.
3. Inventory increase is only calculated when the amount at the end of the period is greater than the beginning of the period, and is calculated at zero if inventory decreases at the end of the year.
4. Cash dividends include cash dividends on ordinary shares and preferred shares.
5. Gross profit for property, plant, and equipment shall refer to the total amount for property, plant, and equipment before accumulated depreciation is deducted.

Note 6: Issuers must divide operating costs and operating expenses into fixed and variable based on their properties. If it involves estimates or subjective judgment, make sure it is reasonable and consistent.

Note 7: For company shares with no face value or with face value per share not equaling NT$10, the aforementioned calculation for paid-in capital ratio should be changed to calculation for the equity ratio attributable to owners of parent in the balance sheet instead.

III. Audit Committee' review report on financial statements for the most recent year:

Chyang Sheng Dyeing & Finishing Co., Ltd
Audit Committee's Report

In accordance with the reporting guidelines of Article 14-4 of the Securities Exchange Act and Article 219 of the Company Act, the 2023 financial statements, earnings distribution proposal, and business report prepared by the Company's Board of Directors through KMPG Taiwan have been reviewed by the Audit Committee and found to contain no discrepancies.

Please verify.

To

The Company's 2024 Annual Shareholders' Meeting

Chyang Sheng Dyeing & Finishing Co., Ltd

Chairman of the Audit Committee:

March 12, 2024

IV. Financial statements for the most recent year: Please see pages 108-162 of the Annual Report

V. Financial statements for the most recent year audited by the accountants: Please see pages 163-209 of the Annual Report

VI. The impact of financial difficulties of the Company and affiliated companies, if any, on the Company's financial position in the past year and up to the date of report: None

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

I. Analysis of financial position: Unit: Expressed in thousands of New Taiwan Dollars

Item \ Year	2023	2022	Discrepancies	
			Amount	%
Current assets	1,524,975	1,453,250	71,725	4.94
Property, plant and equipment	463,566	460,491	3,075	0.67
Intangible assets	0	0	0	0
Other non-current assets	951,316	911,352	39,964	4.39
Total assets	2,939,857	2,825,093	114,764	4.06
Current liabilities	426,438	376,289	50,149	13.33
Non-current liabilities	135,211	127,235	7,976	6.27
Total liabilities	561,649	503,524	58,125	11.54
Share capital	1,732,684	1,732,684	0	0
Capital reserve	277,476	273,926	3,550	1.30
Retained earnings	365,989	327,126	38,863	11.88
Other equity	5,907	(3,979)	9,886	(248.45)
Total equity	2,378,208	2,321,569	56,639	2.44

Main reason for material changes and their impact:

1. The increase in current liabilities and total liabilities this year was mainly due to the increase in advance payments from the sale of real estate of construction projects implemented by subsidiaries.
2. The change in other equity was mainly due to exchange rate fluctuations and adjustments to the translation of the financial statements of foreign operations.

The changes above do not have a significant impact on the Company's business performance and financial position.

II. Financial performance analysis:

(I) Comparative analysis of business performance Unit: Expressed in thousands of New Taiwan Dollars

Item \ Year	2023	2022	Amount of change	Difference (%)
Operating revenue	347,508	495,932	(148,424)	(29.93)
Operating cost	331,750	419,379	(87,629)	(20.89)
Operating margin	15,758	76,553	(60,795)	(79.42)
Operating expenses	70,684	71,987	(1,303)	(1.81)
Net operating profit	(54,926)	4,566	(59,492)	(1,302.93)
Non-operating income and expense	175,807	82,338	93,469	113.52
Net income (loss) before tax	120,881	86,904	33,977	39.10

Year / Item	2023	2022	Amount of change	Difference (%)
Less: Income tax expense	13,579	18,025	(4,446)	(24.67)
Profit/Loss from discontinued operations	0	0	0	0
Current period net profit	107,302	68,879	38,423	55.78

1. Analysis and explanation of the increase or decrease in ratio:
   Our revenue, gross profit, and net operating profit decreased affected by global destocking in 2023. However, overall profits increased compared with the previous year after recognizing income from short-term investments and deducting income tax.
2. Expected sales volume and its basis: Not applicable because the Company has not made financial forecasts for the year.
3. Potential impact on future financial position and business performance and response plan:
   The Company's production and sales have gradually recovered along with the global economy. Combined with the ample self-owned funds we have, our future financial position and business performance will not be impacted.

III. Cash flow analysis:

(I) Analysis of changes in cash flow in the most recent year Unit: Expressed in thousands of New Taiwan Dollars

Year	2023	2022	Discrepancies	
			Amount	Percentage
Net cash flow from operating activities	55,291	141,412	(86,121)	(60.90%)
Net cash flow from investing activities	(18,010)	(45,186)	27,176	(60.14%)
Net cash flow from financing activities	(67,549)	(65,630)	(1,919),	2.92%

1. The decrease in net cash inflow from operating activities was mainly due to the decline in the Company's revenue and cash flow from operating activities.
2. The cash outflow from investing activities was mainly due to the investment in new equipment.
3. The decrease in cash outflow from financing activities was mainly due to the difference in cash dividends distributed.

(II) Liquidity analysis for the most recent two years

Year / Item	2023	2022	Percentage of increase (decrease) (%)
Cash flow ratio (%)	12.97	37.58	(24.61)
Cash flow adequacy ratio (%)	56.34	109.98	(0.49)
Cash reinvestment ratio (%)	(0.95)	2.20	(1.43)

Analysis of changes in percentage:

1. The cash flow ratio decreased this year due to the decline in the cash flow from operating activities.
2. The cash flow adequacy ratio decreased due to the distribution of lower cash dividends this

year compared with the average of the past five years.

3. The cash reinvestment ratio was negative this year because cash dividends were greater than the cash flow from operating activities.

(III) Cash flow analysis for the coming year Unit: Expressed in thousands of New Taiwan Dollars

Cash and cash equivalents at beginning of period (1)	Expected annual net cash flow from operating activities (2)	Expected annual cash outflow (3)	Expected cash surplus (deficit) (1)+(2)-(3)	Remedial measures for expected cash deficit	
				Investment plan	Financial plan
223,705	119,205	(112,634)	230,276	-	-

1. Liquidity analysis for the coming year:
   Operating activities: Expected annual net cash inflow from operating activities is NT$119,205 thousand.
   Expected annual cash outflow: The amount of cash dividends distributed and capital expenditures is estimated at NT$112,634 thousand.
2. Remedial measures for expected cash deficit: There was no cash deficit.

IV. Effect of major capital expenditures on finance and business in the past year:

(I) Status of major capital expenditures and source of funds: Not applicable because there were no major capital expenditures.

(II) Expected benefits: N/A.

V. Reinvestment policy in the most recent year, main reason for profit or loss, improvement plan, and investment plan for the coming year:

The Company's investment policy focuses on businesses that the Company specializes in. From a long-term perspective, investees Chyang Sheng Vietnam Co., Ltd. and Pro-Star International Investment Consulting Ltd. benefit from preferential tariffs agreements between Vietnam and other countries, as well as purchase orders from brands, and profits are expected to remain stable. The investment in NICSing Tex CO., LTD. in the most recent year was also designed to increase nylon orders and improve the quality of nylon production. The Company's recognized income from the above-mentioned investment in 2023 and 2022 was NT$398,314 thousand and NT$33,215 thousand respectively. The Company has no major reinvestment plans in the next year.

VI. Risks and assessment:

(I) Impact of interest rate and exchange rate changes and inflation on Company's profit and response measures: The consolidated balance of loans from financial institutions was only NT$2,000 thousand at the end of the year, so changes in interest rates will not impact the Company's overall operations and income.

The consolidated company does not collect or make payments in foreign currencies, and any raw materials that are imported by trading companies are delivered within a short period of time after placing an order. Hence, exchange rate fluctuations do not have a significant impact on the Company.

The consumer price index and wholesale price index both increased in 2023, and fluctuate significantly along with the global economy, oil prices, and international raw material prices. Besides affecting the unit price of energy, the Company plans to optimize energy reuse to lower costs, and may adjust the unit price of processing in response. Furthermore, the impact is limited due to the Company's proper control over raw materials inventory.

(II) Policies of engaging in high-risk, high-leverage investments, lending to others, providing endorsement and guarantee, and derivatives transactions, profit/loss analysis, and future response measures:

The Company follows the "Procedures for Lending Funds to Others", "Procedures for Endorsement and Guarantee", and "Procedure for the Acquisition and Disposal of Assets" when lending funds to others, providing endorsements/guarantees, and trading derivatives. However, the Company currently does not engage in derivatives trading. Lending to others is limited to the parent company and subsidiaries or between subsidiaries. Endorsement and guarantee are only provided to subsidiaries for bank loans.

(III) Future R&D projects and expected R&D expenses: The Company's R&D plans are carried out according to schedule, and R&D expenses account for approximately 2.5%-3% of revenue. Please see "Research and Development Status" in the Letter to Shareholders for details of future R&D plans.

(IV) The effect of changes in important domestic and foreign policies and laws on the Company's financial position and business operations, and response measures: No impact.

(V) The impacts of technology changes (including information security risks) and industry changes on the Company's financial position and business performance, and response measures:

The Company has a dedicated IT department and document management department to oversee information security management, including firewall settings, periodic information risk drills, confidentiality of customer information and employee information, and remote backup. The Company periodically hires an external information security expert to examine and assess information security risk. The Company's financial position and business performance have not been impacted by any technology changes (including information security risks) and industry changes as of the date of report. Please see Information Security Management on page 89.

(VI) Impact of corporate image change on risk management and response measures: N/A.

(VII) Expected benefits and potential risks of merger and acquisition and response measures: N/A.

(VIII) Expected benefits and potential risks of capacity expansion and response measures: N/A.

(IX) Risks associated with over-concentration in purchase or sale and response measures: N/A.

(X) The effects and risks of large-scale share transfers or conversions by directors, supervisors, or major shareholders holding more than 10% of the Company's shares, and response measures: Shinkong Textile Co., Ltd., the parent company of the Company's director Shinkong Asset Management Co., Ltd., purchased the Company's shares in the stock market this year, and consolidated shareholding as of the first quarter was 20.30%. The Company and Shinkong Textile Co., Ltd. are upstream and downstream in the supply chain and have already been working closely together. The company began appointing a representative as the Company's director in 2004. Hence, there is no risk to the Company's business.

(XI) The effect of changes in management right on the Company, risks, and response measures: N/A.

(XII) Litigation or non-litigation events: None.

(XIII) Other risks and response measures:

Risk category	Risk item	Impact on operations	Mitigation measures
Economic risks	Gap in competitiveness of low carbon products	With countries around the world enacting laws and regulations to achieve net zero emissions, companies are also setting net zero emissions and the use of green electricity as their primary ESG goals. Water, oil, electricity, and gas consumption account for a significant portion of the dyeing and finishing industry's costs, and carbon emissions management has become an important aspect in the dyeing and finishing industry. If the carbon emissions of products cannot be effectively lowered, it will create potential risks that may impact operations when competing for purchase orders from customers, or cause customers to transfer the increase in carbon tariffs to Chyang Sheng.	To enhance the competitiveness of low carbon products, the Company plans to reduce carbon emissions by the organization and from the raw materials used to make products. We set carbon reduction goals in hopes of reducing the carbon footprint of our products, and prepare for the establishment of green low carbon supply chains. We will also direct our efforts to waste reuse and recycling, and fully utilize the co-generation and circular economy development model in Dayuan Industrial Park.

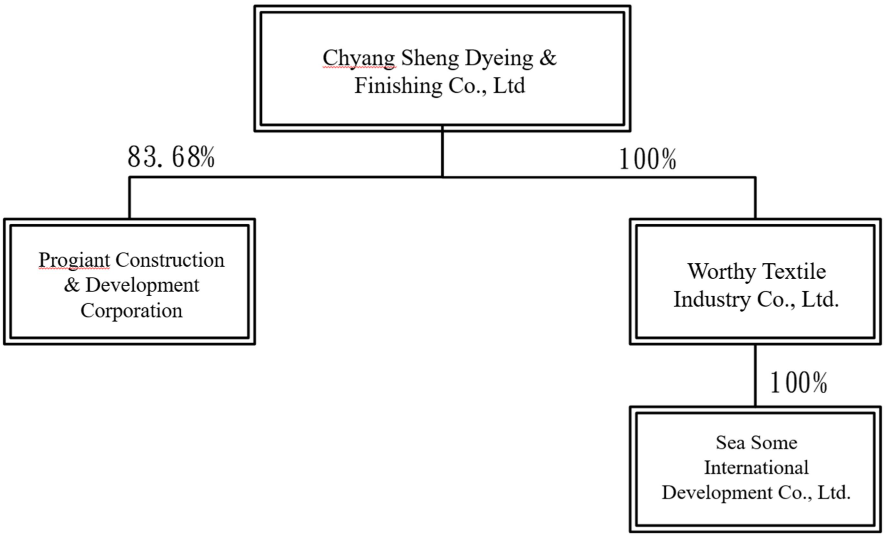
VII. Other important matters: None.

8. Special Notes

I. Information on affiliated enterprises:

(I) Consolidated Affiliate Business Report

1. Organization chart of affiliated enterprises



2. Information on affiliated enterprises — Unit: Thousand NTD

Company name	Date of Establishment	Address	Paid-in capital	Main business and products
Progiant Construction & Development Corporation	1997.07.03	6F, No. 63, Sec. 1, Dihua St., Taipei City	313,500	Construction
Sea Some International Development Co., Ltd.	1997.10.28	6F, No. 63, Sec. 1, Dihua St., Taipei City	3,000	International trade
Worthy Textile Industry Co., Ltd.	1998.09.23	6F, No. 63, Sec. 1, Dihua St., Taipei City	778,000	Textiles, investment

3. Businesses included in the affiliated enterprises' overall operations: As shown in the table above, includes investment, construction, trade, and textiles industries.
4. Information on companies presumed to have control and subsidiary relationship: None.
5. Information on directors, supervisors, and presidents of affiliates:

Unit: shares; %

Company name	Position	Name or representative	Shareholding	
			Number of shares	Shareholding ratio
Progiant Construction & Development Corporation	Chairman	Chen Jen-Fa (Representative of Chyang Sheng Dyeing & Finishing Co., Ltd.)	26,235,000	83.68
	Supervisor	Chen Chia-Yu	0	0.00
Sea Some International Development Co., Ltd.	Chairman	Hsu Fang-Jung (Representative of Hong Sheng Investment Co., Ltd.)	300,000	100.00
	Supervisor	Mei-Na Lan (Representative of Hong Sheng Investment Co., Ltd.)		
Worthy Textile Industry Co., Ltd.	Chairman	Chen Jen-Fa (Representative of Chyang Sheng Dyeing & Finishing Co., Ltd.)	77,800,000	100.00
	Supervisor	Chen Yu-Chin (Representative of Chyang Sheng Dyeing & Finishing Co., Ltd.)		
	Supervisor	Lin Ho-Hsiung (Representative of Chyang Sheng Dyeing & Finishing Co., Ltd.)		

6. Business overview of affiliated enterprises: Unit: Expressed in thousands of New Taiwan Dollars

Company name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating profit	Profit or loss for the current period (After tax)	Earnings per share (NTD) (After tax)
Progiant Construction & Development Corporation	313,500	963,770	308,752	655,018	0	(7,823)	5,470	0.17
Sea Some International Development Co., Ltd.	3,000	5,173	971	4,202	3,990	(160)	(173)	(0.58)
Worthy Textile Industry Co., Ltd.	778,000	981,973	33,342	948,631	0	0	90,221	1.16

(II) Consolidated financial statements of affiliated enterprises:

Pursuant to Description 4 and Attachment 5 of the Letter (1999) Tai-Cai-Zheng (6) No. 04448, consolidated financial statement of affiliates are not separately prepared and the statement in Attachment 1 of the letter is not issued. Instead, the Company issued the statement in Attachment 5, please refer to page 106 of this manual; for the consolidated financial statements of parent company and subsidiaries, please refer to pages 108-162.

(III) Affiliation report: None

Statement

We hereby declare that companies that are to be included in the consolidated financial statements in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as companies that are to be included in consolidated financial statements of the parent company in accordance with IAS No. 27, which is recognized by the Financial Supervisory Commission, in 2023 (From January 1 to December 31). All information on affiliated enterprises that must be disclosed in the consolidated financial statements was already disclosed in the abovementioned consolidated financial statements. Hence, we did not separately prepare consolidated financial statements of affiliated enterprises.

It is hereby declared

Chyang Sheng Dyeing & Finishing Co., Ltd

Responsible person: Chen Jen-Fa

March 12, 2024

II. Private placement of securities in the most recent year and up to the date of report: None.

III. Holding or disposal of stocks of the Company by subsidiaries in the past year and up to the date of report:

Unit: NT$, in thousands; %

Name of subsidiary	Paid-in capital	Sources of funds	The Company's shareholding ratio	Date of acquisition or disposal	Number of shares acquired and amount	Number of shares disposed of and amount	Gain (loss) on investments	Number of shares held and amount as of the date of report (March 31, 2024)	Pledge status	Amount of endorsements/guarantees provided by the Company to subsidiaries	Amount of loans provided by the Company to subsidiaries
Worthy Textile Industry Co., Ltd.	778,000	Self-owned	100%	Before December 1, 2003	8,874,795 shares NT$106,128 thousand	-	-	8,874,795 shares NT$159,746 thousand	None	None	None
				The current year up to April 30, 2024				8,874,795 shares NT$159,746 thousand	No impact on the Company's performance and financial position		

IV. Other necessary supplemental information: None.

V. Matters, if any, that may affect shareholders' equity or securities price as defined in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act in the most recent year and as of the printing date of the annual report: None.

Stock Code:1463

CHYANG SHENG DYEING & FINSHING CO., LTD.
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

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

Address: No. 126, Dagong Rd., Dayuan Dist, Taoyuan City
Telephone: (03)386-7661

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

Table of contents

Representation Letter

The entities that are required to be included in the combined financial statements of Chyang Sheng Dyeing & Finishing Co., LTD. as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10, "Consolidated Financial Statements." endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Chyang Sheng Dyeing & Finishing Co., LTD. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Chyang Sheng Dyeing & Finishing Co., LTD.
Chairman: REN FA CHEN
Date: March 12, 2024

Independent Auditors' Report

To the Board of Directors of Chyang Sheng Dyeing & Finishing Co., Ltd.:

Opinion

We have audited the consolidated financial statements of Chyang Sheng Dyeing & Finishing Co., Ltd. and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as of December 31, 2023 and 2022, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated 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 with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Dyeing and finishing service revenue

   Refer to Note 4(n) "Revenue recognition" to the consolidated financial statements.

Description of the key audit matter:

The Group engaged in dyeing and finishing processing business, the transaction model of such businesses is that the customers provide the raw fabric, and the Group performs the dyeing and finishing processing of the raw fabric. After analyzing the transaction terms of this business, it is to satisfy the performance obligation and transfer the control of labor to the customer over time. The Group calculates the completion ratio and recognizes the sales revenue based on the progress of the manufacturing work orders. Considering the importance of revenue recognition to the consolidated financial reporting and the impact of revenue recognition to meet performance obligations over time, therefore, the accountant listed it as the key audit matter.

Our principal audit procedures included: understanding of revenue recognition policies adopted by the Group, and comparing them with sales terms to assess the appropriateness of those policies; observing the design of the internal control system of sales revenue on site, and testing the effectiveness of its implementation on a sample basis; sample testing of individual revenue transactions, verification to customer orders, proof of shipment, etc.; selecting samples of sales transactions for the period before and after the end of the year, to review the customer orders, sales terms, inventory completion and shipment records and other related information of these transactions. In addition, the reasonableness of the calculation of the percentage of completion is verified on a sample basis by obtaining the work-in-progress list at the end of the period.

Other Matter

Chyang Sheng Dyeing & Finishing Co., Ltd. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion.

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

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

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

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Yu, Chi-Lung and Yu, Sheng-Ho.

KPMG

Taipei, Taiwan (Republic of China)
March 12, 2024

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CHYANG SHENG DYEING & FINISHING CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 223,705	8	253,973	9
1110	Current financial assets at fair value through profit or loss (note 6(b))	501,091	17	512,795	19
1140	Current contract assets (notes 6(r))	13,901	-	11,271	-
1170	Notes and accounts receivable, net (including related parties) (note 6(d), (r) and 7)	62,444	2	84,600	3
130X	Inventories (note 6(e))	571,496	19	431,047	15
1476	Other financial assets (note 7 and 8)	133,490	5	147,163	5
1479	Other current assets	18,848	1	12,401	-
		1,524,975	52	1,453,250	51
	Non-current assets:				
1510	Non-current financial assets at fair value through profit or loss (note 6(b))	8,634	-	7,557	-
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c))	162,078	6	141,677	5
1551	Investments accounted for using equity method (note 6(f))	456,182	16	441,293	16
1600	Property, plant and equipment (notes 6(h) and 8)	463,566	16	460,491	17
1755	Right-of-use assets (note 6(i))	4,526	-	453	-
1760	Investment property, net (note 6(j) and 8)	253,777	9	254,963	9
1840	Deferred income tax assets (note 6(o))	4,987	-	5,063	-
1995	Other non-current assets (note 8 and 9)	61,132	1	60,346	2
		1,414,882	48	1,371,843	49
	Total assets	$ 2,939,857	100	2,825,093	100

		December 31, 2023		December 31, 2022	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2130	Current contract liabilities (note 6(e) and (r))	$ 293,534	10	246,218	9
2171	Notes and accounts payable	56,773	2	56,214	2
2280	Current lease liabilities (note 6(l))	1,545	-	418	-
2305	Other financial liabilities	61,465	2	48,922	2
2399	Other current liabilities	13,121	-	24,517	1
		426,438	14	376,289	14
	Non-Current liabilities:				
2540	Long-term borrowings (note 6(k))	-	-	2,000	-
2570	Deferred income tax liabilities (note 6(o))	105,630	4	99,349	3
2580	Non-current lease liabilities (note 6(l))	2,987	-	41	-
2670	Other non-current liabilities	26,594	1	25,845	1
		135,211	5	127,235	4
	Total liabilities	561,649	19	503,524	18
	Equity attributable to owners of parent (notes 6(p)):				
3110	Ordinary shares	1,732,684	59	1,732,684	61
3200	Capital surplus	277,476	9	273,926	10
	Retained earnings:				
3310	Legal reserve	199,926	7	192,540	7
3320	Special reserve	56,835	2	56,835	2
3350	Unappropriated retained earnings	109,228	4	77,751	3
		365,989	13	327,126	12
	Other equity:				
3411	Exchange differences on translation of foreign financial statements	(28,950)	(1)	(22,752)	(1)
3420	Unrealized gains or losses from financial assets at fair value through other comprehensive income	34,857	1	18,773	1
		5,907	-	(3,979)	-
3500	Treasury shares	(108,791)	(4)	(108,791)	(4)
36XX	Non-controlling interests (note 6(g))	104,943	4	100,603	3
	Total equity	2,378,208	81	2,321,569	82
	Total liabilities and equity	$ 2,939,857	100	2,825,093	100

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CHYANG SHENG DYEING & FINISHING CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars , except for earnings per share)

		2023		2022	
		Amount	%	Amount	%
4000	**Net operating revenues (notes 6(r) and 7)**	$ 347,508	100	495,932	100
5000	**Operating costs (notes 6(e), (n) and 12)**	331,750	95	419,379	85
	Gross profit from operations	15,758	5	76,553	15
	Operating expenses (notes 6(d), (l), (n), (s) and 12):				
6100	Selling expenses	10,408	3	11,908	2
6200	Administrative expenses	51,993	15	50,025	10
6300	Research and development expenses	9,083	3	9,314	2
6450	Impairment loss (reversal of impairment loss)	(800)	-	740	-
		70,684	21	71,987	14
	Net operating income (loss)	(54,926)	(16)	4,566	1
	Non-operating income and expenses:				
7010	Other income (notes 6(m), (t) and 7)	80,375	23	73,854	15
7020	Other gains and losses (note 6(u))	58,092	17	(22,730)	(5)
7060	Share of profit of associates accounted for using equity method (note 6(f))	39,831	11	33,215	7
7100	Interest income (note 6(t))	2,857	1	1,858	-
7510	Interest expense (note 6(l))	(5,348)	(2)	(3,859)	(1)
		175,807	50	82,338	16
7900	**Profit before income tax**	120,881	34	86,904	17
7950	Less: income tax expenses (note 6(o))	13,579	4	18,025	4
	Profit	107,302	30	68,879	13
8300	**Other comprehensive income (loss):**				
8310	**Items that may not be reclassified subsequently to profit or loss:**				
8311	Gains on remeasurements of defined benefit plans (note 6(n))	891	-	5,178	1
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	20,401	6	(242)	-
	Items that may not be reclassified subsequently to profit or loss	21,292	6	4,936	1
8360	**Items that may be reclassified subsequently to profit or loss:**				
8361	Exchange differences on translation	(6,198)	(2)	33,082	7
8300	**Other comprehensive income (after tax)**	15,094	4	38,018	8
	Comprehensive income	$ 122,396	34	106,897	21
	Profit attributable to:				
	Owners of parent	$ 107,279	30	68,684	13
	Non-controlling interests	23	-	195	-
		$ 107,302	30	68,879	13
	Comprehensive income (loss) attributable to:				
	Owners of parent	$ 118,056	33	106,702	21
	Non-controlling interests	4,340	1	195	-
		$ 122,396	34	106,897	21
	Basic earnings per share (NT dollars) (note 6(q))	$	0.65		0.42
	Diluted earnings per share (NT dollars) (note 6(q))	$	0.65		0.42

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CHYANG SHENG DYEING & FINISHING CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars)

	Equity attributable to owners of parent										
			Retained earnings			Other equity					
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gain (losses) from financial assets measured at fair value through other comprehensive income	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2022	$ 1,732,684	270,375	184,567	56,835	81,169	(55,834)	19,015	(108,791)	2,180,020	102,199	2,282,219
Profit for the year ended December 31, 2022	-	-	-	-	68,684	-	-	-	68,684	195	68,879
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	5,178	33,082	(242)	-	38,018	-	38,018
Comprehensive income for the year ended December 31, 2022	-	-	-	-	73,862	33,082	(242)	-	106,702	195	106,897
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	7,973	-	(7,973)	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(69,307)	-	-	-	(69,307)	-	(69,307)
Cash dividends of the Company received by its subsidiaries	-	-	-	-	-	-	-	-	-	(1,791)	(1,791)
Non-proportional investment in investee's increase in capital	-	3,551	-	-	-	-	-	-	3,551	-	3,551
Balance at December 31, 2022	1,732,684	273,926	192,540	56,835	77,751	(22,752)	18,773	(108,791)	2,220,966	100,603	2,321,569
Profit for the year ended December 31, 2023	-	-	-	-	107,279	-	-	-	107,279	23	107,302
Other comprehensive income for the year ended December 31, 2023	-	-	-	-	891	(6,198)	16,084	-	10,777	4,317	15,094
Comprehensive income for the year ended December 31, 2023	-	-	-	-	108,170	(6,198)	16,084	-	118,056	4,340	122,396
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	7,386	-	(7,386)	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(69,307)	-	-	-	(69,307)	-	(69,307)
Non-proportional investment in investee's increase in capital	-	3,550	-	-	-	-	-	-	3,550	-	3,550
Balance at December 31, 2023	**$ 1,732,684**	**277,476**	**199,926**	**56,835**	**109,228**	**(28,950)**	**34,857**	**(108,791)**	**2,273,265**	**104,943**	**2,378,208**

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CHYANG SHENG DYEING & FINISHING CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars)

		2023	2022
Cash flows from operating activities:			
Profit before tax	$	120,881	86,904
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation expense		44,133	42,540
Expected credit (gain) loss		(800)	740
Interest expense		5,348	3,859
Interest revenue		(2,857)	(1,858)
Dividend income		(17,810)	(22,803)
Share of profit of investments accounted for using equity method		(39,831)	(33,215)
Loss (gain) from disposal of property, plant and equipment		1,028	(95)
(Gain) loss on disposal of investment properties		(33,050)	17,565
Impairment (gain) loss on financial assets		(39,608)	5,388
Impairment loss		12,915	-
Total adjustments to reconcile profit (loss)		(70,532)	12,121
Changes in operating assets and liabilities:			
Financial assets at fair value through profit or loss, mandatorily measured at fair value		83,285	123,552
Contract assets		(2,630)	3,471
Notes and accounts receivable (including related parties)		22,956	970
Inventories		(140,440)	(129,417)
Other financial assets and current assets		2,420	(1,473)
Defined benefit assets		(1,597)	(1,459)
Total changes in operating assets		(36,006)	(4,356)
Contract liabilities		41,981	45,733
Notes and accounts payable		559	(7,857)
Other financial liabilities and current liabilities		(7,567)	(796)
Total changes in operating assets and liabilities		(1,033)	32,724
Total adjustments		(71,565)	44,845
Cash inflow generated from operations		49,316	131,749
Interest received		2,857	1,858
Dividends received		17,810	22,803
Interest paid		(21)	(10)
Income taxes paid		(14,671)	(14,988)
Net cash flows from operating activities		55,291	141,412
Cash flows from investing activities:			
Dividends received from investments accounted for using equity method		10,629	10,317
Acquisition of investments accounted for using equity method		(4,800)	-
Acquisition of property, plant and equipment		(25,940)	(63,369)
Proceeds from disposal of property, plant and equipment		399	95
(Increase) decrease in refundable deposits		(80)	9,655
Decrease (increase) in other non-current assets		1,782	(1,884)
Net cash flows used in investing activities		(18,010)	(45,186)
Cash flows from financing activities:			
(Repayments of) proceed from long-term debt		(2,000)	2,000
Increase in guarantee deposits received		749	675
Dividends paid from subsidiary to non-controlling shares		-	(1,791)
Payment of lease liabilities		(541)	(758)
Cash dividends paid		(65,757)	(65,756)
Net cash flows used in financing activities		(67,549)	(65,630)
Net (decrease) increase in cash and cash equivalents		(30,268)	30,596
Cash and cash equivalents at beginning of period		253,973	223,377
Cash and cash equivalents at end of period	$	223,705	253,973

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CHYANG SHENG DYEING & FINISHING CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

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

(1) Company history

Chyang Sheng Dyeing & Finshing Co., Ltd. ("The Company") was incorporated in the Republic of China on October 19, 1983, registered at No. 126, Dagong Rd., Dayuan Dist, Taoyuan City. The consolidated financial statements comprise the Company and subsidiaries (together referred to as the "Group"). The major business activities of the Group are processing, printing, bleaching, dyeing and finishing and trading of various fiber products.

The Company's common shares were listed on the Taiwan Stock Exchange (TWSE) on December 5, 1996.

(2) Approval date and procedures of the consolidated financial statements:

These consolidated financial statements were authorized for issue by the Board of Directors on March 12, 2024.

(3) New standards, amendments and interpretations adopted:

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

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

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

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

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

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its 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 a Sale and Leaseback"

(Continued)

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

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

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IAS21 "Lack of Exchangeability"

(4) Summary of material accounting policies

The material accounting policies presented in the consolidated financial statements are summarized below. Expect for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter, referred to as "the Regulations") and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C..

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

1) Financial instruments at fair value through profit or loss are measured at fair value

2) Financial assets at fair value through other comprehensive income are measured at fair value;

3) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency of each Group is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollars (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

CHYANG SHENG DYEING & FINISHING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in the Group’ s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements

			Shareholding		
Name of investor	**Name of subsidiary**	**Principal activity**	**December 31, 2023**	**December 31, 2022**	**Note**
The Company	Hong Sheng Investment Co., Ltd. (Hong Sheng Investment)	General investing	- %	100.00%	Note 1
〃	Progiant Construction & Development Corporation (Progiant Construction)	Entrust construction companies to build the rental and sales business of national residences and commercial buildings	83.68%	83.68%	
〃	Worthy Textile Industry Co., Ltd. (Worthy Textile)	General investing	100.00%	100.00%	
Worthy Textile	Sea Some International Development Co., Ltd. (Sea Some International)	International trade	100.00%	100.00%	Note 1

Note 1：Hong Sheng Investment merged with Worthy Textile on December 1, 2023, with Worthy Textile being the sole existing company, acquiring the relevant investees of Hong Sheng Investment, based on the resolution approved during the Company's board meeting held on Novemeber 9, 2023.

(iii) Subsidiaries excluded from the consolidated financial statements: None.

(d) Foreign currencies

(i) Foreign currency transactions

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

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to noncontrolling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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

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

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

(Continued)

A liability is classified as current under one of the following criteria, and all other liabilities are classified as noncurrent.

An entity shall classify a liability as current when:

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

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

In addition, the business cycle of constructing business, engaged in the Group, is longer than one year. The relevant assets and liabilities of construction business are defined as non-current or non-current based on the business cycle.

(f) Cash and cash equivalents

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

(g) Financial instruments

Accounts receivable and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A accounts receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(Continued)

1) Financial assets measured at amortized cost

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

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

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group’s right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and accouts receivable, other receivables, guarantee deposit paid and other financial assets) and contract assets.

(Continued)

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

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

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

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

- significant financial difficulty of the borrower or issuer；
- a breach of contract such as a default or being more than 180 days past due；
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider；
- it is probable that the borrower will enter bankruptcy or other financial reorganization；or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

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

5) Derecognition of financial assets

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

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital suplus is not sufficient to be written down).

4) Financial liabilities

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

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

5) Derecognition of financial liabilities

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

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

(Continued)

6) Offsetting of financial assets and liabilities

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

(h) Inventories

(i) Manufacturing

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

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

(ii) Construction and development business

Inventories are measured at the lower of cost and net realizable value. The cost of inventories includes capitalisation of interest and other costs incurred in bringing them to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less, the estimated costs of completion and selling expenses. The measurement of net realizable value is as follows:

1) Construction sites: The net realizable value is calculated on the basis of the estimated current market conditions judged by the management.

2) Construction-in-progress: The net realizable value is calculated on the basis of the expected selling price (based on the current market conditions) less cost of construction completion and selling costs.

3) Buildings and land held for sale: The NRV is the estimated selling price (with reference to the management authority's estimation based on prevailing market conditions) less estimated costs to be incurred in selling the properties and selling expenses.

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases.

Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate.

When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Group's proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Group's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(j) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

(Continued)

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(k) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated.

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

1) Buildings and construction: 2~25 years

2) Machinery and equipment: 2~10 years

3) Office and other equipment: 2~10 years

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

(iv) Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner occupied to investment property.

(l) Leases

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

(Continued)

(i) As a leasee

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

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

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

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

— fixed payments, including in-substance fixed payments;

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

— amounts expected to be payable under a residual value guarantee; and

— payments for purchase or termination options that are reasonably certain to be exercised.

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

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

— there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or

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

— there is a change of its assessment on whether it will exercise a extension or termination option; or

— there is any lease modifications

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

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

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a leasor

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

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

(m) Impairment – non-derivative financial assets

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units（CGUs）. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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

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

(Continued)

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

(n) Revenue recognition

(i) Revenue from contracts with customers

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

1) Sale of goods–real estate

The Group develops and sells residential properties, and revenue is recognized when control over the properties has been transferred to the customer. The properties have generally no alternative use for the Group due to contractual restrictions. However, an enforceable right to the amounts performed to date becomes available to the Group, after the legal title to the properties is transferred to the customer. Therefore, revenue is recognized at a point in time when the legal title to the properties is transferred to the customer.

The revenue is measured at the transaction price agreed under the contract. For sales of existing homes, in most cases, in most cases, the consideration is due when legal title to a property has been transferred. While deferred shall not exceed twelve months. The transaction price is therefore not adjusted to reflect the effects of significant financing components. For pre-selling properties, the consideration is usually received in installments during the period from the signing of the contract to the transfer of properties to the customer. If the contract contains a significant financing component, the transaction price will be adjusted for the effects of the time value of money during the period, using the specific borrowing rate of the construction project. Receipt of a prepayment from a customer is recognized as a contract liability. Interest expense and contract liability are recognized when adjusting the effects of the time value of money. Accumulated amount of contract liabilities is recognized as the revenue when control over the property has been transferred to the customer.

2) Service revenue

The Group provides OEM service of fabric dyeing and finishing to services customers, and the related services are gradually transferred to the control of customers in the course of contract performance. Therefore, the Group's service revenue is recognized based on the degree of completion of contract performance obligations on the reporting date. Fixed-price contracts are recognized as revenue based on the proportion of the actual OEM processes provided to all processes as of the reporting date. If circumstances change, the estimates of revenues, costs and degree of completion will be revised, and the resulting increases or decreases will be reflected in profit or loss in the period in which the management is informed of the change in circumstances.

3) Financing components

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

4) Contract costs

The Group entrust advertisers for selling real estate, The Group recognizes as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs, and amortized on a systematic basis consist with when the control of over the property has been transferred to the customer. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

(o) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The Group’s net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity.

The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

(iii) Short-term employee benefits

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

(p) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

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

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities at the reporting date and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nortaxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

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

(Continued)

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

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

(i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

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

(q) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share are calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. Diluted earnings per share are calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, including employee compensation.

(r) Operating segments

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

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

In preparation of these consolidated financial statements, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

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

CHYANG SHENG DYEING & FINISHING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

(a) Judgment of whether the Group has substantive control over its investees

The Group holds 33.61% of the outstanding voting shares of Treasure Star and Chyang Sheng Vietnam. Although the remaining company's shares are not concentrated within specific shareholders, the Group still cannot obtain more than half of the total number of company's directors, and it also cannot obtain more than half of the voting rights at a shareholders' meeting. Therefore, it is determined that the Group has significant influence on its investees.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows.

(b) Revenue recognition

Contract revenue are recognized by reference to the stage of completion of each contract. The stage of completion of a contract is measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Estimated total contract costs of contracted items are assessed and determined by the management based on the processes, expected processes date and methods, for each contract. Changes in these estimates might affect the calculation of the percentage of completion and related profits from contracts.

The Group's accounting policies include measuring financial and non-financial assets and liabilities at fair value through profit or loss. The Group's finance department personnel responsible for independent fair value validation, by independent sources of information to make the evaluation results close to the market status, confirm the source of independent, reliable, consistent with other resources. It also on behalf of the executable price, regularly update calibration evaluation model, evaluation of the required input value and the fair value of data and any necessary adjustment, ensure that the evaluation results are reasonable.

Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

(a) Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.

(b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices).

(c) Level 3: inputs for the assets or liability that are not based on observable market data.

For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date. Please refer to note 6(v) for assumptions used in measuring fair value.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash and demand deposits	$ 94,917	103,846
Time deposits	128,788	150,127
Cash and cash equivalents in consolidated statement of cash flows	$ 223,705	253,973

(i) Please refer to note 6(v) for the exchange rate risk, and sensitivity analysis of the financial assets and liabilities of the Group.

(ii) Time deposits with original maturity within one year are used to meet short-term cash commitments rather than investment or other purposes, and can be converted into fixed cash at any time with little risk of value changes, so presented in cash and cash equivalents.

(b) Financial assets at fair value through profit or loss

	December 31, 2023	December 31, 2022
Mandatorily measured at fair value through profit or loss		
Stocks listed on domestic markets	$ 425,428	261,440
Public company	8,634	7,557
Open-end Funds	75,663	251,355
Total	$ 509,725	520,352

	December 31, 2023	December 31, 2022
Current	$ 501,091	512,795
Non-Current	$ 8,634	7,557

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

	December 31, 2023	December 31, 2022
Equity investments at fair value through other comprehensive income:		
Stocks listed on domestic markets	$ 496	437
Unlisted stocks	161,582	141,240
Total	$ 162,078	141,677

CHYANG SHENG DYEING & FINISHING CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(i) Equity investments at fair value through other comprehensive income.

The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long term strategic purposes.

(ii) There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments as of December 31, 2023 and 2022.

(iii) For credit risk and market risk, please refer to note 6 (v).

(iv) As of December 31, 2023 and 2022, none of the financial assets mentioned above had been pleged as collateral.

(d) Notes and accounts receivable (including related parties)

	December 31, 2023	December 31, 2022
Notes receivable	$ 36,564	21,416
Accounts receivable (including related parties)	25,931	64,372
Less: Loss allowance	(51)	(1,188)
	$ 62,444	84,600

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provision were determined as follows:

	December 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 24,992	0%	-
0 to 90 days past due	928	0%~5%	47
91 to 180 days past due	11	0%~40%	4
	$ 25,931		51

	December 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 47,015	0%	-
0 to 90 days past due	17,021	0%~5%	852
More than 181 days past due	336	100%	336
	$ 64,372		1,188

CHYANG SHENG DYEING & FINISHING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The movement in the allowance for accounts receivable were as follows:

		2023	2022
Balance at January 1	$	1,188	448
Impairment (gains)/losses recognized		(800)	740
Amount written off		(337)	-
Balance at December 31	$	51	1,188

The aforementioned notes and accounts receivable of the Group had not been pledged as collateral as of December 31, 2023 and 2022.

(e) Inventories

(i) Inventory details

		December 31, 2023	December 31, 2022
Weaving, dyeing and printing business			
Raw material	$	20,102	21,338
Construction and development business			
Land held for construction	$	20,860	21,761
Construction in progress		530,534	387,948
Subtotal		551,394	409,709
Total	$	571,496	431,047

The loss (gain) relevant to inventories included in cost of sales were as follows:

		2023	2022
Unallocated production overheads	$	46,794	22,875
Revenue from sale of scraps		(2,553)	(2,427)
	$	44,241	20,448

(Continued)

CHYANG SHENG DYEING & FINISHING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Construction and development business

	December 31, 2023					
Item	**Land under consti construction)**		**Construction in progress**	**Buildings and lands held for sale**	**Total**	**Contract liability**
Zhongshan urban renewal	$	-	461,142	-	461,142	293,534
Case of Roosevelt		-	21,971	-	21,971	-
Case of Xining N. Rd.		3,595	13,303	-	16,898	-
Case of Guang Huei		14,019	-	-	14,019	-
Other		3,246	34,118	-	37,364	-
	$	20,860	530,534	-	551,394	293,534

	December 31, 2022					
Item	**Land under consti construction)**		**Construction in progress**	**Buildings and lands held for sale**	**Total**	**Contract liability**
Zhongshan urban renewal	$	-	345,812	-	345,812	246,218
Case of Guang Huei		14,020	-	-	14,020	-
Case of Xining N. Rd.		3,595	9,458	-	13,053	-
Case of Roosevelt		900	10,004	-	10,904	-
Other		3,246	22,674	-	25,920	-
	$	21,761	387,948	-	409,709	246,218

1) The construction inventories listed above are expected to be recovered over a period of more than twelve months.

2) Interest capitalized for construction for 2023 and 2022 are $9 thousand and $12 thousand, respectively, and rate are 2.475% and 2.350%, respectively.

(iii) As of December 31, 2023 and 2022, the Group did not provide any inventories as collateral for its loans.

(f) Investments accounted for using equity method

A summary of the Group’ s financial information for investments accounted for using the equity method at the reporting date is as follows:

		December 31, 2023	**December 31, 2022**
Associates	$	456,182	441,293

CHYANG SHENG DYEING & FINISHING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Associates which are material to the Group consisted of the followings:

Name of associates	Nature of relationship with the Group	Main operating loation/Registered country of the company	Proportion of shareholding and voting rights December 31, 2023	Proportion of shareholding and voting rights December 31, 2022
Chyang Sheng Vietnam	Dyeing and printing business	Vietnam	33.61%	33.61%
Treasure Star	International trade	Samoa	33.61%	33.61%
NICSing Tex	Dyeing and printing business	Taiwan	48%	- %

The following consolidated financial information of significant associates has been adjusted according to individually prepared IFRS financial statements of these associates:

1) Chyang Sheng Vietnam:

	December 31, 2023	December 31, 2022
Current assets	$ 332,521	400,419
Non-current assets	378,213	467,224
Current liabilities	(113,282)	(223,233)
Non-current liabilities	(55,637)	(75,928)
Net assets	$ 541,815	568,482
Net assets attributable to the Group	$ 541,815	568,482

	2023	2022
Operating revenue	$ 719,319	713,083
Net loss	$ (9,281)	(35,289)
Other comprehensive income	(17,386)	41,476
Total comprehensive income	$ (26,667)	6,187
Comprehensive income attributable to the Group	$ (26,667)	6,187

	2023	2022
Share of net assets of associates as of January 1	$ 191,043	188,964
Comprehensive income attributable to the Group	(8,962)	2,079
Share of net assets of associates as of December 31	182,081	191,043
Add: Net equity difference	12,227	25,142
Balance of equity of associates attributable to the Group as of December 31	$ 194,308	216,185

(Continued)

2) Treasure Star:

	December 31, 2023	December 31, 2022
Current assets	$ 888,837	856,881
Non-current assets	28,778	49,215
Current liabilities	(177,410)	(262,515)
Non-current liabilities	-	-
Net assets	$ 740,205	643,581
Net assets attributable to the Group	$ 740,205	643,581

	2023	2022
Operating revenue	$ 1,341,842	1,434,100
Net income	129,301	134,109
Other comprehensive income (loss) income	(1,056)	56,954
Total comprehensive income	$ 128,245	191,063
Comprehensive income attributable to the Group	$ 128,245	191,063

	2023	2022
Share of net assets of associates as of January 1	$ 216,325	162,424
Comprehensive income attributable to the Group	43,103	64,218
Dividends received from associates	(10,629)	(10,317)
Share of net assets of associates as of December 31	248,799	216,325
Add: Net equity difference	8,783	8,783
Balance of equity of associates attributable to the Group as of December 31	$ 257,582	225,108

(ii) The Group and IDEATEX CO., LTD. established an associate, NICSing Tex, wherein the Group holds 48% shares in it, with the approval of the Taoyuan City Government on August 17, 2023. All related registration procedures had been completed as of the reporting date. As of December 31, 2023, the Group had an equity balance of $4,292 thousand in its associate.

(iii) As of December 31, 2023 and 2022, the Group did not provide any investments accounted for using the equity method as collateral for its loans.

(iv) None of the associates invested by the Group has a public market quotation.

CHYANG SHENG DYEING & FINISHING CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(g) Material non-controlling interests of subsidiaries

The material non-controlling interests of subsidiaries were as follows:

		Percentage of non-controlling interests	
Subsidiaries	**Main operation place**	**December 31, 2023**	**December 31, 2022**
Progiant Construction	Taiwan	16.32%	16.32%

(i) Progiant Construction collective financial information were as follows. The following information has been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Intragroup transactions were not eliminated in this information.

	December 31, 2023	**December 31, 2022**
Current assets	$ 773,319	726,490
Non-current assets	190,491	164,534
Current liabilities	(319,287)	(271,058)
Non-current liabilities	(1,327)	(3,368)
Net assets	$ 643,196	616,598
Non-controlling interests	$ 104,943	100,603

	2023	**2022**
Operating revenue	$ -	1,470
Net income	$ 138	1,195
Other comprehensive income	26,460	-
Total comprehensive income	$ 26,598	1,195
Profit, attributable to non-controlling interests	$ 23	195
Comprehensive income, attributable to non-controlling interests	$ 4,340	195
Net cash flows from operating activities	$ 33,971	13,515
Net cash flows from investing activities	9,660	9,655
Net cash flows from financing activities	(2,000)	(8,972)
Net increase in cash and cash equivalents	$ 41,631	14,198

(Continued)

CHYANG SHENG DYEING & FINISHING CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(h) Property, plant and equipment

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

		Land	Buildings and construction	Machinery and equipment	Office and other equipment	Construction in progress and testing equipment	Total
Cost:							
Balance on January 1, 2023	$	294,727	264,905	551,555	429,227	4,921	1,545,335
Additions		-	3,139	2,882	6,438	27,801	40,260
Disposal		-	-	(72,979)	(1,779)	-	(74,758)
Reclassify to investment property		-	(526)	-	-	-	(526)
Transfer from (to)		-	755	9,116	5,998	(9,221)	6,648
Balance on December 31, 2023	$	294,727	268,273	490,574	439,884	23,501	1,516,959
Balance on January 1, 2022	$	296,505	257,291	585,097	439,875	12,279	1,591,047
Additions		-	7,470	2,550	10,057	43,292	63,369
Disposal		-	-	(60,690)	(35,342)	-	(96,032)
Transfer from inventory		(1,778)	(20,702)	-	-	-	(22,480)
Transfer from (to)		-	20,846	24,598	14,637	(50,650)	9,431
Balance on December 31, 2022	$	294,727	264,905	551,555	429,227	4,921	1,545,335
Accumulated depreciation:							
Balance on January 1, 2023	$	-	231,725	466,207	386,912	-	1,084,844
Depreciation		-	10,909	18,873	12,654	-	42,436
Disposal		-	-	(71,672)	(1,659)	-	(73,331)
Reclassify to investment property		-	(556)	-	-	-	(556)
Balance on December 31, 2023	$	-	242,078	413,408	397,907	-	1,053,393
Balance on January 1, 2022	$	-	239,752	509,190	410,646	-	1,159,588
Depreciation		-	11,276	17,707	11,608	-	40,591
Disposal		-	-	(60,690)	(35,342)	-	(96,032)
Reclassify to investment property		-	(19,303)	-	-	-	(19,303)
Balance on December 31, 2022	$	-	231,725	466,207	386,912	-	1,084,844
Carrying amounts:							
Balance on December 31, 2023	$	294,727	26,195	77,166	41,977	23,501	463,566
Balance on December 31, 2022	$	294,727	33,180	85,348	42,315	4,921	460,491
Balance on January 1, 2022	$	296,505	17,539	75,907	29,229	12,279	431,459

As of December 31, 2023 and 2022, the property, plant and equipment of the Group had been pledged as collateral for long-term borrowings; please refer to note 8.

CHYANG SHENG DYEING & FINISHING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Right-of-use assets

Information about vehicles leases for which the Group is a lessee was presented below:

	Vehicles
Cost:	
Balance at January 1, 2023	$ 2,265
Additions	4,614
Write-off	(1,541)
Balance at December 31, 2023	$ 5,338
Balance at January 1, 2022 (the same as ending balance)	$ 2,265
Accumulated depreciation:	
Balance at January 1, 2023	$ 1,812
Depreciation for the year	541
Write-off	(1,541)
Balance at December 31, 2023	$ 812
Balance at January 1, 2022	$ 1,057
Depreciation for the year	755
Balance at December 31, 2022	$ 1,812
Carrying amount:	
Balance at December 31, 2023	$ 4,526
Balance at December 31, 2022	$ 453
Balance at January 1, 2022	$ 1,208

(j) Investment property

	Owned property		
	Land	**Buildings**	**Total**
Cost:			
Balance at January 1, 2023	$ 263,130	187,260	450,390
Reclassification	-	526	526
Balance at December 31, 2023	$ 263,130	187,786	450,916
Balance at January 1, 2022	$ 261,352	166,558	427,910
Reclassification	1,778	20,702	22,480
Balance at December 31, 2022	$ 263,130	187,260	450,390

(Continued)

CHYANG SHENG DYEING & FINISHING CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	Owned property		
	Land	**Buildings**	**Total**
Accumulated depreciation and impairment losses:			
Balance at January 1, 2023	$ 11,490	183,937	195,427
Depreciation for the year	-	1,156	1,156
Reclassification	-	556	556
Balance at December 31, 2023	$ 11,490	185,649	197,139
Balance at January 1, 2022	$ 11,490	163,440	174,930
Depreciation for the year	-	1,194	1,194
Reclassification	-	19,303	19,303
Balance at December 31, 2022	$ 11,490	183,937	195,427
Carrying amount:			
Balance at December 31, 2023	$ 251,640	2,137	253,777
Balance at December 31, 2022	$ 251,640	3,323	254,963
Balance at January 1, 2022	$ 249,862	3,118	252,980
Fair value:			
Balance at December 31, 2023			$ 3,004,405
Balance at December 31, 2022			$ 2,819,472

(i) Investment property comprises office buildings that are leased to third parties under operating leases. The leases of investment properties contain an initial non-cancellable lease term of 1 to 5 years. The subsequent lease term will be negotiated with the lessee, and no contingent rent will be charged. Please refer to note 6(m).

(ii) The fair value of investment properties aforementioned was evaluated based on third-party quotation information, classified to Level 3 fair value.

(iii) As of December 31, 2023 and 2022, the investment property of the Group had been pledged as collateral; please refer to note 8.

(k) Long-term borrowings

The details were as follows:

	December 31, 2023	December 31, 2022
Secured bank loans	$ -	2,000
Borrowing rate range at the end of the period	-%	2.35%

CHYANG SHENG DYEING & FINISHING CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(i) The pledged for long-term borrowing, please refer to note 8.

(ii) The above-mentioned borrowings have been repaid in advance in the first quarter of 2023.

(l) Lease liabilities

The lease liabilities were as follows:

	December 31, 2023	December 31, 2022
Current	$ 1,545	418
Non-current	$ 2,987	41

For the maturity analysis, please refer to note 6(v) financial instruments.

The amounts recognized in profit or loss was as follows:

	2023	2022
Interest on lease liabilities	$ 12	10
Expenses relating to short-term leases	$ 4,377	4,293

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

	2023	2022
Total cash outflow for leases	$ 4,930	5,061

(m) Operating lease

The Group leases out its investment property. The Group has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to note 6(j) investment property that sets out information about the operating leases of investment property.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date are as follows:

	December 31, 2023	December 31, 2022
Less than one year	$ 43,727	30,360
One to five years	101,601	60,498
Total undiscounted lease payments	$ 145,328	90,858

Rental income from investment properties in 2023 and 2022 were $50,237 thousand and $45,568 thousand, respectively.

(Continued)

(n) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value are as follows:

		December 31, 2023	December 31, 2022
Present value of the defined benefit obligations	$	(34,645)	(39,784)
Fair value of plan assets		43,349	46,001
Net defined benefit assets	$	8,704	6,217

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits calculated based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group’s Bank of Taiwan labor pension reserve account balance amounted to $43,349 thousand as of December 31, 2023. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in the present value of the defined benefit obligations

The movement in present value of the defined benefit obligations for the Group were as follows:

		2023	2022
Defined benefit obligation on January 1	$	39,784	50,030
Benefit paid		(5,208)	(9,334)
Current service costs and interest cost		619	480
Remeasurements loss (gain)			
- Experience loss		(753)	79
- Actuarial gain arising from financial assumptions		203	(1,471)
Defined benefit obligation on December 31	$	34,645	39,784

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Group were as follows:

	2023	2022
Fair value of plan assets on January 1	$ 46,001	49,610
Contributions paid by the employer	1,560	1,561
Benefits paid	(5,208)	(9,334)
Interest income	655	378
Remeasurements loss - Return on plan asstes (excluding interest income)	341	3,786
Fair value of plan assets on December 31	**$ 43,349**	**46,001**

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follows:

	2023	2022
Current service cost	$ 79	115
Net interest of net assets for defined benefit obligations	(115)	(13)
	$ (36)	**102**
Operating cost	$ (25)	62
Selling expenses	(2)	11
Administration expenses	(7)	19
Research and development expenses	(2)	10
	$ (36)	**102**

5) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	2023	2022
Discount rate	1.300%	1.400%
Future salary increase rate	1.125%	1.125%

Expected long-term return on assets was based on the portfolio as a whole, not the sum of individual asset class returns. This rate of return was purely based on historical rates of return without adjustments.

(Continued)

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is $1,560 thousand.

The weighted average lifetime of the defined benefits plans is 7 years.

6) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Impact on defined benefit obligations	
	Increase 0.25%	**Decrease 0.25%**
December 31, 2023		
Discount rate	$ (520)	533
Future salary increasing rate	$ 519	(508)
December 31, 2022		
Discount rate	$ (580)	595
Future salary increasing rate	$ 581	(569)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of the sensitivity analysis for 2023 and 2022.

(ii) Defined contribution plans

The Group allocates 6% of each employee' s monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

The pension costs incurred from the contributions to the Bureau of Labour Insurance amounted to $3,560 thousand and $3,754 thousand for the years ended December 31, 2023 and 2022, respectively.

CHYANG SHENG DYEING & FINISHING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(o) Income taxes

(i) The components of income tax in the years 2023 and 2022 were as follows:

	2023	2022
Current tax expense	$ 7,222	10,776
Deferred tax expense	6,357	7,249
Income tax expense	$ 13,579	18,025

(ii) The Group has no income tax recognized directly in equity nor other comprehensive income for 2022 and 2022.

(iii) Reconciliation of income tax and profit before tax for 2023 and 2022 is as follows:

	2023	2022
Profit excluding income tax	$ 120,881	86,904
Income tax using the Company’ s domestic tax rate	43,275	25,562
Change in unrecognized deferred tax assest	2,551	370
Tax effect of permanent differences	(34,007)	(5,544)
Change in provision in prior periods	1,760	(2,363)
	$ 13,579	18,025

(iv) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

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

	December 31, 2023	December 31, 2022
Tax effect of deductible temporary differences	$ 31,071	28,401
The carryforward of unused tax losses	-	119
	$ 31,071	28,520

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

2) Recognized deferred tax assets

Changes in the amount of deferred tax assets for 2023 and 2022 were as follows:

		Pension costs	Deferred promotional expenses and others	Total
Balance on January 1, 2023	$	1,492	3,571	5,063
Recognized in profit or loss		498	(574)	(76)
Balance on December 31, 2023	$	1,990	2,997	4,987
Balance on January 1, 2022	$	2,819	3,586	6,405
Recognized in profit or loss		(1,327)	(15)	(1,342)
Balance on December 31, 2022	$	1,492	3,571	5,063

3) Recognized deferred tax liabilities

Changes in the amount of deferred tax liabilities for 2023 and 2022 were as follows:

		Land revaluation appreciation allowance	Others	Total
Balance on January 1, 2023	$	67,994	31,355	99,349
Recognized in profit or loss		-	6,281	6,281
Balance on December 31, 2023	$	67,994	37,636	105,630
Balance on January 1, 2022	$	67,994	25,448	93,442
Recognized in profit or loss		-	5,907	5,907
Balance on December 31, 2022	$	67,994	31,355	99,349

(v) The Company’ s ,Progiant Construction's, Worthy Textile's, Hong Sheng Investment's, and Sea Some International's tax returns for the year through 2021 were assesed by the tax authority.

(p) Capital and other equity

(i) Ordinary shares

As of December 31, 2023 and 2022, the number of authorized ordinary shares were 300,000 shares with par value of $10 per share. The total value of authorized ordinary shares were amounted to $3,000,000 thousand. The total issued shares were 173,268 thousand shares. All issued shares were paid up upon issuance.

(ii) Capital surplus

The balances of capital surplus as of December 31, 2023 and 2022, were as follows:

	December 31, 2023	December 31, 2022
Share capital	$ 2,141	2,141
Treasury share transactions	215,049	211,499
Difference arising from subsidiary's share price and its carrying value	31,124	31,124
Changes in proportion of shareholding of associates	29,162	29,162
	$ 277,476	273,926

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding. Among them, if the capital reserve transferred in from the share capital is used to capitalize, the capital reserve transferred in shall be capitalized in the year following the approval and registration of the capital reserve by the competent authority.

(iii) Retained earnings

The Company's article of incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

Dividends shall be distributed in accordance with the rates set forth in the Company's Articles of Incorporation, taking into account the changing nature of the business and the future capital requirements of the life cycle of each product or service and the impact of the tax system, and with the goal of maintaining a stable dividend. Dividends shall be paid at a rate of not less than 20% of the net income after deducting the amount of loss recovery, legal reserve and special reserve for the current year, and the cash dividends shall not be less than 10% of the total dividends for the current year, except for the purpose of improving the financial structure and meeting capital requirements for reinvestment, capacity expansion or other major capital.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of the capital may be distributed.

2) Special reserve

The Company chose to apply the exemption under IFRS 1 at its initial adoption of IFRS Accounting Standards Including accumulated translation adjustment incurred reset, adoption of deemed cost waiver and lump-sum recognition of pension actuarial benefits are classified to retained earnings at the amount of $143,305 thousand. The Company shall allocate the same amount in special reserve in accordance with the requirements issued by the Financial Supervisory Commission. However, in the consolidated financial statements prepared by the company in accordance with IFRS on January 1, 2012, the retained earnings was $56,835 thousand, so the full amount is listed as special reserve. In accordance with the requirements issued by the FSC, a portion of earnings shall be allocated as special reserve during earnings distribution. If the Company has already reclassified a portion of earnings to special reserve under the preceding subparagraph, it shall make supplemental allocation of special reserve for any difference between the amount it has already allocated and the amount of the current-period total net reduction of other shareholders' equity. An equivalent amount of special reserve shall be allocated from the after-tax net profit in the period, plus items other than after-tax net profit in the period, that are included in the undistributed current-period earnings and the undistributed prior-period earnings. (When the Company distributes its 2021 earnings in 2022, a portion of its current-period earnings and undistributed prior-period earnings shall be reclassified to special earnings reserve. When the Company distributes its 2022 earnings in 2023, the after-tax net profit in the period, plus items other than the after-tax net profit in the period, that are included in the undistributed current-period earnings and undistributed prior-period earnings, shall be reclassified to special earnings reserve.) A portion of undistributed prior-period earnings shall be reclassified to special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to the net reduction of other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. The amounts of special reserve as of December 31, 2023 and 2022 both were $56,835 thousand.

3) Earnings distribution

The amounts of cash dividends on the appropriations of earnings for 2022 and 2021 had been approved during the shareholders' meeting on June 28, 2023 and June 27, 2022, respectively. The relevant dividend distributions to shareholders were as follows, and the relevant information can be inquired at the Market Observation Post System.

	2022		2021	
	Amount per share	**Total Amount**	**Amount per share**	**Total Amount**
Dividends distributed to ordinary shareholders				
Cash Dividends	$ 0.4	69,307	0.4	69,307

(iv) Treasury shares

As of December 31, 2023 and 2022, the total amount of treasury shares both were $108,791, and 8,875 thousand shares, in which acquired by Hong Sheng Investment (subsidiary of the Company) in November, 2001 before the amendment of the Company Law. Hong Sheng Investment merged with Worthy Textile on December 1, 2023, with Worthy Textile being the sole existing company, acquiring the treasury shares of Hong Sheng Investment.

In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before their transfer.

(q) Earnings per share

The details on the calculation of basic earnings per share and diluted earnings per share were as follows:

(i) Basic earnings per share

	2023	2022
Profit attributable to ordinary shareholders of the Company	$ 107,279	68,684
Weighted average number of ordinary shares at 31 December (in thousands)	164,393	164,393
Basic earnings per share	$ 0.65	0.42

	2023	2022
Issued ordinary shares at 1 January	173,268	173,268
Effect of treasury shares held	(8,875)	(8,875)
Weighted average number of ordinary shares at 31 December	164,393	164,393

(ii) Diluted earnings per share

	2023	2022
Profit attributable to ordinary shareholders of the Company	$ 107,279	68,684
Weighted average number of ordinary shares at 31 December (diluted/ in thousands)	164,470	164,466
Diluted earnings per share	$ 0.65	0.42

	2023	2022
Weighted average number of ordinary shares (basic)	173,268	173,268
Effect of treasury shares held	(8,875)	(8,875)
Effect of estimated employee share bonus	77	73
Weighted average number of ordinary shares (diluted) at December 31	164,470	164,466

CHYANG SHENG DYEING & FINISHING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(r) Revenue from contracts with customers

(i) Disaggregation of revenue

	2023			
	Weaving and dyeing and Finishing	Construction	Other	Total
Primary geographical markets				
Taiwan	$ 343,518	-	3,990	347,508
Major products/services lines				
Cloth processing	$ 343,514	-	-	343,514
Others	4	-	3,990	3,994
	$ 343,518	-	3,990	347,508

	2022			
	Weaving and dyeing and Finishing	Construction	Other	Total
Primary geographical markets				
Taiwan	$ 486,163	1,470	8,299	495,932
Major products/services lines				
Cloth processing	$ 485,938	-	-	485,938
Sale of real estate	-	1,470	-	1,470
Others	225	-	8,299	8,524
Cloth processing	$ 486,163	1,470	8,299	495,932

(ii) Contract balances

	December 31, 2023	December 31, 2022
Notes and accounts receivable	$ 62,495	85,788
Less: allowance for impairment	(51)	(1,188)
Total	$ 62,444	84,600
Contract asset-OEM	$ 13,901	11,271
Less: allowance for impairment	-	-
Total	$ 13,901	11,271
Contract liabilities- Sale of real estate	$ 293,534	246,218

(Continued)

CHYANG SHENG DYEING & FINISHING CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(i) For details on accounts receivables and allowance for impairment, please refer to note 6(d).

(ii) The amount of revenue recognized for the years ended December 31, 2023 and 2022 that was included in the contract liability balance at the beginning of the period were $0 thousand.

(s) Employee compensation and directors' and supervisors' remuneration

In accordance with the articles of incorporation the Company should contribute no less than 1% of the profit before income taxe as employee compensation and not exceed 3% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The amount of remuneration of each director and supervisor and of compensation for employees entitled to receive the abovementioned employee compensation is approved by the Board of Directors. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

For the years ended December 31, 2023 and 2022, the Company estimated its employee remuneration amounting to $1,149 thousand and $825 thousand, and directors' and supervisors' remuneration amounting to $3,446 thousand and $2,474 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2023 and 2022. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2023 and 2022.

(t) Interest income and other income

The details of interest income and other income for the years ended December 31, 2023 and 2022, were as follows:

	2023	2022
Interest income from bank deposits	$ 2,857	1,858

	2023	2022
Rental income	$ 50,237	45,568
Dividend income	17,810	22,803
Others	12,328	5,483
	$ 80,375	73,854

CHYANG SHENG DYEING & FINISHING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(u) Other gains and losses

The details of other gains and losses for the years ended December 31, 2023 and 2022, were as follows:

		2023	2022
Gains (Losses) on disposals of investments	$	33,050	(17,565)
Gains (Losses) on disposals of property, plant and equipment		(1,028)	95
Impairment loss		(12,915)	-
Gains (Losses) on financial assets at fair value through profit or loss		39,608	(5,388)
Foreign exchange (losses) gains		(168)	333
Others		(455)	(205)
	$	58,092	(22,730)

(v) Financial instruments

(i) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, which arises from the Group’ s accounts receivable and investments.

1) Accounts receivable and other receivables

As the weaving ,dyeing and finishing business, the Group has adopted a policy that only trading with the parties with good credit standing and the Group shall secure a collateral to lighten the risk of financial loss arising from arrears when it is necessary. The major customers are rated by the Group, using public financial information and their transaction histories. The Group keeps monitoring the credit exposure and the customers’ creditworthiness, and then distributes total transaction amounts into the qualified customers. The credit limit of the customers is reviewed and approved annually to control the credit exposure.

As the real estate development business, most of the land premiums for sales are accounts received in advance, and most of them can be financed by bank housing loans, so there is no significant credit risk in the accounts receivable of the Group.

The Group did not have any collateral or other credit enhancements to avoid credit risk of financial assets.

2) Investment

The credit risk exposure of bank deposits, fixed-income investment, and other financial instruments is measured and monitored by the Group's finance department. As the Group deals with banks and other external parties with good credit standing and with financial institutions which are graded above investment level, the management believes that the Group does not have any compliance issues, and therefore, there is no significant credit risk.

3) Exposure to credit risk

As of December 31, 2023 and 2022, the carrying amount of financial assets, which represents the maximum exposure to credit risk, amounting to $1,131,850 thousand and $1,188,093 thousand, respectively.

4) Concentration of credit risk The Group's credit risk is mainly affected by the credit characteristics of each creditor. This is also an impact on credit risk from the business of the customer. As of December 31, 2023 and 2022, 70% and 69%, respectively, of the ending balance of accounts receivable arose from sales to individual customers constituting the top five customers (excluding real estate development business). The real estate development business has a large customer base and does not significantly trade with a single customer, and the credit risk of accounts receivable is not significantly concentrated.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including the impact of estimated interest payments.

		Carrying amount	Contractual cash flows	Within 1 year	1~2 years	2 ~ 5 years
December 31, 2023						
Notes and accounts payable	$	56,773	56,773	56,773	-	-
Lease liabilities		4,532	4,699	1,639	1,596	1,464
Other financial liabilities		61,465	61,465	61,465	-	-
Deposit guarantee received		11,595	11,595	-	-	11,595
	$	134,365	134,532	119,877	1,596	13,059
December 31, 2022						
Notes and accounts payable	$	56,214	56,214	56,214	-	-
Lease liabilities		459	461	420	41	-
Other financial liabilities		52,642	52,642	52,642	-	-
Long-term borrowing		2,000	2,016	-	2,016	-
Deposit guarantee received		10,845	10,845	-	-	10,845
	$	122,160	122,178	109,276	2,057	10,845

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

CHYANG SHENG DYEING & FINISHING CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(iii) Market risk

1) Currency risk

The Group's significant exposure to foreign currency risk were as follows:

		December 31, 2023			December 31, 2022		
		Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets							
USD	$	51	30.71	1,555	120	30.71	3,695

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable (including relatied parties) and other receivables that are denominated in foreign currency.A strengthening (weakening) of 1% of the NTD against the above mentioned foreign currency would have increased (decreased) the net profit after tax by $16 thousand and $37 thousand, respectively. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for 2022 (prior year).

The amount of exchange gains and losses (including realized and unrealized) of the Group's monetary items converted into the functional currency, and the exchange rate information that has been converted to the functional currency of the parent company, NTD (that is, the currency expressed by the Group) are as follows:

	2023		2022	
	Foreign exchange gain (loss)	Exchange rate	Foreign exchange gain (loss)	Exchange rate
NTD	$ (168)	-	333	1

2) Interest rate analysis

The details of financial assets and liabilities exposed to interest rate risk were as follows:

	Carrying amount	
	December 31, 2023	December 31, 2022
Fixed-rate instruments:		
Financial assets	$ 18,588	-
Variable-rate instruments:		
Financial assets	$ 327,477	388,370
Financial liabilities	-	(2,000)
	$ 327,477	386,370

(Continued)

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non derivative financial instruments on the reporting date. If the interest rate had increased / decreased by 1 basis points, the Group’ s profit before income taxe would have increased / decreased by $819 thousand and $966 thousand for the year 2023 and 2022, with all other variable factors remaining constant. This is mainly due to the Group’ s savings at variable rates. In addition, the Group's fixed-rate financial assets are measured at cost after amortization, and changes in market interest rates on the reporting date have no impact on profit or loss, so the sensitivity analysis of changes in fair value is not intended to be disclosed.

3) Other market price risk

For the years ended December 31, 2023 and 2022, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	2023		2022	
Prices of securities at the reporting date	**Other comprehensive income before tax**	**Profit before income tax**	**Other comprehensive income before tax**	**Profit before income tax**
Increasing 10%	$ 50	50,973	44	52,035
Decreasing 10%	(50)	(50,973)	(44)	(52,035)

(iv) Fair value of financial instruments

1) Fair value value hierarchy

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

CHYANG SHENG DYEING & FINISHING CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	December 31, 2023				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Open-end funds and stocks in listed companies	$ 501,091	501,091	-	-	501,091
Public company	8,634	-	8,634	-	8,634
	$ 509,725	501,091	8,634	-	509,725
Financial assets at fair value through other comprehensive income					
Stocks in listed companies	$ 496	496	-	-	496
Stocks in unlisted companies	161,582	-	-	161,582	161,582
	$ 162,078	496	-	161,582	162,078
Financial assets measured at amortized cost:					
Cash and cash equivalents	$ 223,705				
Notes and accounts receivable, net (including related parties)	62,444				
Other current financial assets	133,490				
Refundable deposit	40,408				
	$ 460,047				
Financial liabilities measured at amortized cost:					
Notes and accounts payable	$ 56,773				
Lease liabilities	4,532				
Other financial liabilities	61,465				
Deposit guarantee received	11,595				
	$ 134,365				

(Continued)

CHYANG SHENG DYEING & FINISHING CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	December 31, 2022				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Open-end funds and stocks in listed companies	$ 512,795	512,795	-	-	512,795
Emerging stock	7,557	-	7,557	-	7,557
	$ 520,352	512,795	7,557	-	520,352
Financial assets at fair value through other comprehensive income:					
Stocks in listed companies	$ 437	437	-	-	437
Stocks in unlisted companies	141,240	-	-	141,240	141,240
	$ 141,677	437	-	141,240	141,677
Financial assets measured at amortized cost:					
Cash and cash equivalents	$ 253,973				
Notes and accounts receivable, net (including related parties)	84,600				
Other current financial assets	147,163				
Refundable deposit	40,328				
	$ 526,064				
Financial liabilities measured at amortized cost:					
Notes and accounts payables	$ 56,214				
Lease liabilities	459				
Other financial liabilities	52,642				
Long-term borrowing	2,000				
Deposit guarantee received	10,845				
	$ 122,160				

2) Valuation techniques for financial instruments measured at fair value

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm’s-length basis. Whether transactions are taking place ‘regularly’ is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

The financial instruments held by the Group were classified as follows:

· Financial intruments with active markets: including listed stock. The market price is established as the fair value.

· Financial intruments without active markets: Measurements of fair value are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

3) The Group has no transfer of the fair value hierarchy in year 2023 and 2022.

4) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
	Non quoted equity instrument
Opening balance, January 1, 2023	$ 141,240
Total gains and losses recognized in other comprehensive income	20,342
Ending Balance, December 31, 2023	$ 161,582
Opening balance, January 1, 2022	$ 141,585
Total gains and losses recognized in other comprehensive income	(345)
Ending Balance, December 31, 2022	$ 141,240

5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group' s financial instruments that use Level 3 inputs to measure fair value include "fair value through other comprehensive income – equity investments".

There are multiple significant unobservable inputs for the equity instrument investment of the Group without active market. Significant unobservable inputs for the equity instrument investment without active market are independent of each other, so there is no mutual correlation.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income	Market approach	• Lack-of-marketability Discount (20%~35% and 20%~30% at December 31, 2023 and 2022, respectively)	• The higher the Lack-of-marketability discount is, the lower the fair value
		• P/B ratio multiplier (0.97~3.31 and 1.26~3.43 at December 31, 2023 and 2022, respectively)	• The higher the ratio, the higher the fair value
		• C.E.R. ratio multiplier (10.62~24.12 and 7.56~21.37 at December 31, 2023 and 2022, respectively)	• The higher the ratio, the higher the fair value

6) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Group's measurement of the fair value of financial instruments is reasonable, but if different evaluation models or evaluation parameters are used, the evaluation results may be different. For fair value measurements in Level 3, changing one or more of the assumptions to reflect reasonably possible alternative assumptions would have the following effects:

(Continued)

	Inputs	Variation	Other comprehensive income Favour-able	Other comprehensive income Unfavour-able
December 31, 2023				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	P/B and EV ratio	5%	8,191	(8,191)
	Lack of marketability discount	5%	10,955	(10,955)
December 31, 2022				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	P/B and EV ratio	5%	7,286	(7,286)
	Lack of marketability discount	5%	9,747	(9,747)

(w) Financial risk management

(i) Overview

The Group have exposures to the following risks from its financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

The objectives, policies and processes for measuring, managing the above mentioned risks and more disclosures about the quantitative effects of these risks exposures, please refer to Note 6(v).

(ii) Structure of risk management

The Group’s risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect any changes in market conditions and the Group’s activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors oversees how management monitors compliance with the Group’s risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Board of Directors is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

(Continued)

(x) Capital management

The Group’s objectives for managing capital to safeguard the necessary financial resources to meet the needs of working capital, capital expenditure and debt repayment in the next twelve months. And considering the particularity of the real estate development business which the source of funds for real estate development can be obtained through pre-sale method. The management uses the debt ratio excluding advance payment for real estate to manage capital. As of December 31, 2023 and 2022, the Group’s debt ratio were 19% and 18%, respectively. As of December 31, 2023, the Group’s capital management strategy is consistent with the prior year.

(y) Investing and financing activities not affecting current cash flow

The Group’s investing and financing activities which did not affect the current cash flow in the years ended December 31, 2023 and 2022, were as follows:

(i) For right-of-use assets under leases, please refer to note 6(i).

(ii) Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2023	Cash flows	Others	December 31, 2023
Long-term borrowings	$ 2,000	(2,000)	-	-
Lease liabilities	459	(541)	4,614	4,532
Total liabilities from financing activities	$ 2,459	(2,541)	4,614	4,532

	January 1, 2022	Cash flows	Others	December 31, 2022
Long-term borrowings	$ -	2,000	-	2,000
Lease liabilities	1,217	(758)	-	459
Total liabilities from financing activities	$ 1,217	1,242	-	2,459

(7) Related-party transactions:

(a) Names and relationship with the Company

Name of related party	Relationship with the Group
Chyang Sheng Vietnam Co., Ltd (Chyang Sheng Vietnam)	Associate
Shinkong Textile Co., Ltd.(Shinkong Textile)	Substantial related person

(b) Significant transactions with related parties

(i) Sales

The amounts of sales and accounts receivable by the Group to related parties were as follows:

	Sales		Accounts receivable	
	2023	2022	December 31, 2023	December 31, 2022
Associate	$ 3,990	8,299	1,112	3,405
Shinkong Textile	99,714	169,200	27,946	38,753
Total	$ 103,704	177,499	29,058	42,158

The selling price and payment terms for related parties approximated general customers.

(ii) Lease

The Group rented plant to other related parties and recognized the amount of rental revenue were as follows:

	Amount		Other receivables	
	2023	2022	December 31, 2023	December 31, 2022
Shinkong Textile	$ 16,117	13,438	7,961	9,035

The other receivables include rent receivables and collections and payments at the end of the period, and the rental income is calculated using the number of pings with reference to market conditions and collected on a monthly basis.

(c) Key management personnel compensation

Key management personnel compensation comprised:

	2023	2022
Short-term employee benefits	$ 13,708	11,985

(8) Pledged assets:

The carrying values of assets pledged as security were as follows:

Pledged assets	Object	December 31, 2023	December 31, 2022
Land(Notes)	Short-term and long-term borrowings	$ 417,480	417,480
Buildings(Notes)	"	28,332	36,503
Other financial assets -current	The pre-collected for the Zhongshan urban renewal project is dedicated to the construction funds of this case	122,692	134,487
		$ 568,504	588,470

(Notes) Property, plant and equipment, and investment property are separately accounted for.

(Continued)

(9) Significant contingent liabilities and unrecognized commitments:

(a) The Group signed a long-term steam supply contract with the supplier. Under the premise of stable and sufficient supply, the Group committed the price agreed in the contract, the agreed period and the minimum usage estimate to the supplier. The minimum payable amount by the Group in the future is as follows:

	December 31, 2023	December 31, 2022
Contract commitment	$ 57,324	41,940

(b) The details of the joint investment and construction contract signed by the Group are as follows:

Project name	Landlord or Co-Investor Builder	Land number	Joint construction	Completed/Estimated Completion Year
Zhongshan urban renewal project	Taipei City Government	Section 4 of Zhongshan Section, Zhongshan District	urban renewal	2023

The Refundable deposit paid by the Group for the real estate development business are as follows:

	December 31, 2023	December 31, 2022
Refundable deposit	$ 31,660	31,030

As of December 31, 2023, the total contract price signed with the contractor is $356,200 thousand, and $301,009 thousand has been paid in accordance with the contract.

(c) The price of pre-sale house sales contract signed by the Group and the customerprice of pre-sale contracts between the Group and its customers is as follows:

	December 31, 2023	December 31, 2022
The price of the signed sales contract	$ 952,730	952,730
Amount collected as agreed	$ 290,620	246,540

(d) Due to operating and financing needs of the Group, the amount of endorsement guarantee provided by the financial institution at December 31, 2023 and 2022 are $755,048 thousand and $350,000 dollar, respectively, and the actual amount of expenditure are both $0 thousand dollar.

(e) As of December 31, 2023 ans 2022, the unrecognized contractual commitment amount of property, plant and equipment acquired by the Group is $5,423 and $,1722 thousand dollar.

(Continued)

CHYANG SHENG DYEING & FINISHING CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(f) .As the waste disposal contractor was not able to perform its duties, the Chiayi Environmental Protection Bureau originally requested the Group to pay a fee of $869 thousand in accordance with the provisions of the Administrative Execution act. Howerver, after both parties reached a settlement, the Group only had to pay the amount of $82 thousand to the Chiayi Environmental Protection Bureau. The case was deemed closed in October 2023.

(g) Due to the Zhongshan urban renewal project, the Group provided the Taipei City Government performance guarantee notes issued by a financial institution, at the total of $55,048 thousand as of December 31, 2023.

(h) The Group’ s outstanding standby letter of credit for acquiring equipment are as follows:

	December 31, 2023	December 31, 2022
Outstanding standby letter of credit	$ 1,612	-

(10) Losses due to major disasters: None

(11) Subsequent events: None

(12) Other:

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

By function / By item	2023			2022		
	Cost of sales	**Operating expenses**	**Total**	**Cost of sales**	**Operating expenses**	**Total**
Employee benefits						
Salary	71,031	29,602	100,633	82,439	30,259	112,698
Labor and health insurance	7,109	2,944	10,053	7,511	2,905	10,416
Pension	2,223	1,301	3,524	2,503	1,353	3,856
Others	1,780	7,187	8,967	2,300	6,373	8,673
Depreciation (Note)	42,436	541	42,977	40,591	755	41,346
Amortization	-	-	-	-	-	-

(Note)Excluding the depreciation of investment property in 2023 and 2022, which were $1,156 thousand dollar and $1,194 thousand dollar, respectively.

CHYANG SHENG DYEING & FINSHING CO., LTD. AND ITS SUBSIDIARIES

Notes to Consolidated Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

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

(i) Loans to other parties:

Number	Name of lender	Name of borrower	Account name	Related party	Highest balanceof financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral Item	Collateral Value	Individual funding loan limits	Maximum limit of fund financing
0	The Company	Progiant Construction	Other receivables-related parties	Yes	200,000	200,000	-	2%	2	-	Working Capital	-	-	-	227,327	454,653

Note 1: The financing company's total financing amount should not exceed 20% of its net asset value and the financing for a counterparty should not exceed 10% of its net asset value. However, for a counterparty that directly or indirectly holds more than 50% of the voting rights of the reinvestment and the parent company of the reinvestment company (that is, the Group), it is still limited to 10% of the net value of the latest financial statement.

Note 2: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

Note 3: The nature of financing purposes:
1) Represents entities with business transaction with the Group;
2) Represents where an inter-company or inter-firm short-term financing facility is necessary.

(ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement: Name	Counter-party of guarantee and endorsement: Relationship with the Company	Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
0	The Company	Progiant Construction	Note2	1,136,633	755,048	755,048	-	-	33.21%	1,136,633	Y	N	N

Note 1: The ceiling for the total guaranteed amount was 50% of the Company's net assel value, and the limit on the guaranted amount for a single party was 20% of the Company's net asset value. But for an entity that holds more than 75% shares by the Company, the limit of the guaranteed amount was 50% of the Company's net value of the latest financial statement.

Note 2: Subsidary which owned more than 50 percent by the guarantor.

CHYANG SHENG DYEING & FINSHING CO., LTD. AND ITS SUBSIDIARIES

Notes to Consolidated Financial Statements

(iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	Highest Percentage of ownership (%)	Note
The Company	TA-YUAN COGENERATION COMPANY LTD.	None	Financial assets at fair value through other comprehensive income- non-current	11	$ 496	0.01	496	0.01	
〃	Yong Cheng Environmental Tech. Co.,Ltd	〃	〃	400	1,260	0.35	1,260	0.35	
	Linden Technologies Inc.			36	-	1.15	-	1.15	
〃	Capital Money Market Fund	〃	Financial assets at fair value through profit or loss- current	1,529	25,335	-	25,335	-	
〃	Fund-YUANTA US TREASURY 20+ YEAR BOND ETF	〃	〃	300	9,255	-	9,255	-	
〃	Fund-YUANTA US 20+ YEAR BBB CORPORATE BOND ETF	〃	〃	300	10,800	-	10,800	-	
〃	Fund-CAPITAL TIP CUSTOMIZED TAIWAN ESG LOW CARBON 50 ETF	〃	〃	200	3,470	-	3,470	-	
〃	Stock-AUO Corporation	〃	〃	900	16,335	0.01	16,335	0.01	
〃	Stock-TSRC CORPORATION	〃	〃	200	4,820	0.02	4,820	0.02	
〃	Stock-Good Way	〃	〃	155	5,240	0.25	5,240	0.25	
〃	Stock-AVALUE TECHNOLOGY INC	〃	〃	180	21,510	0.25	21,510	0.25	
〃	Stock-MATERIALS ANALYSIS TECHNOLOGY INC	〃	〃	216	50,126	0.33	50,126	0.33	
〃	Stock-CUB ELECPARTS INC	〃	〃	42	5,649	0.03	5,649	0.03	
〃	Stock-Etron Technology	〃	〃	-	15	-	15	-	
〃	Stock-China Airlines	〃	〃	120	2,598	-	2,598	-	
〃	Stock-ZERO ONE TECHNOLOGY CO LTD	〃	〃	60	3,924	0.04	3,924	0.04	
〃	Stock-MOSA INDUSTRIAL CORP	〃	〃	10	238	-	238	-	
〃	Stock-GREAT WALL ENTERPRISE CO LTD	〃	〃	20	1,170	-	1,170	-	
〃	Stock-ENNOSTAR INC	〃	〃	130	6,019	0.02	6,019	0.02	
〃	Stock-EPISIL HOLDING INC	〃	〃	50	3,605	0.02	3,605	0.02	

(Continued)

CHYANG SHENG DYEING & FINSHING CO., LTD. AND ITS SUBSIDIARIES

Notes to Consolidated Financial Statements

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	Highest Percentage of ownership (%)	Note
〃	Stock-EPISIL-PRECISION INC	〃	〃	20	1,236	0.01	1,236	0.01	
〃	Stock-China Steel	〃	〃	20	540	-	540	-	
〃	Stock-Taiwan-Asia	〃	〃	20	942	-	942	-	
〃	Stock-QISDA CORPORATION	〃	〃	60	2,880	-	2,880	-	
〃	Stock-Center Lab	〃	〃	38	1,704	0.01	1,704	0.01	
〃	Stock-CO-TECH DEVELOPMENT CORP	〃	〃	30	1,818	0.01	1,818	0.01	
〃	Stock-PARPRO CORPORATION	〃	〃	30	1,063	0.03	1,063	0.03	
〃	Stock-Chinatrust Commercial	〃	〃	20	567	-	567	-	
〃	Stock-CHANNEL WELL TECHNOLOGY CO LTD	〃	〃	10	842	-	842	-	
Worthy Textile	LE YOUNG CONSTRUCTION CO., LTD.	None	Financial assets at fair value	506	8,634	0.51	8,634	0.51	
〃	HOPE VISION CO., LTD.	〃	Financial assets at fair value	1,000	4,500	1.15	4,500	1.15	
〃	The Compeny	〃	〃	8,875	159,746	5.12	159,746	5.12	
〃	Asia Pacific Federation of Industry and Commerce	None	Financial assets at fair value	22	-	0.03	-	0.03	
〃	Fund-ICE FactSet Battery and Energy Storage Technology	〃	〃	50	498	-	498	-	
〃	Stock-Shinkong Synthetic Fibers	〃	〃	200	3,110	0.01	3,110	0.01	
〃	Stock-SOFTSTAR ENTERTAINMENT	〃	〃	3,500	71,750	2.68	71,750	2.68	
〃	Stock-DE LICACY	〃	〃	483	6,440	0.12	6,440	0.12	
〃	Stock-Dyaco	〃	〃	28	991	0.02	991	0.02	
〃	Stock-China Steel	〃	〃	30	810	-	810	-	
〃	Stock-TA CHEN STAINLESS PIPE	〃	〃	122	4,831	0.01	4,831	0.01	
〃	Stock-TSRC CORPORATION	〃	〃	300	7,230	0.04	7,230	0.04	
〃	Stock-CUB ELECPARTS INC	〃	〃	41	5,494	0.03	5,494	0.03	
〃	Stock-EVERLIGHT ELECTRONICS CO LTD	〃	〃	40	2,000	-	2,000	-	
〃	Stock-AUO Corporation	〃	〃	600	10,890	0.01	10,890	0.01	
〃	Stock-China Airlines	〃	〃	120	2,598	-	2,598	-	
〃	Stock-AEROSPACE INDUSTRIAL DEVELOPMENT CORPORATION	〃	〃	10	536	-	536	-	
〃	Stock-Cathay Financial	〃	〃	1	24	-	24	-	

(Continued)

CHYANG SHENG DYEING & FINSHING CO., LTD. AND ITS SUBSIDIARIES

Notes to Consolidated Financial Statements

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	Highest Percentage of ownership (%)	Note
〃	Stock-Chinatrust Commercial	〃	〃	40	1,134	-	1,134	-	
〃	Stock-EPISIL-PRECISION INC	〃	〃	30	1,854	0.01	1,854	0.01	
〃	Stock-ASIA OPTICAL	〃	〃	10	702	-	702	-	
〃	Stock-ZERO ONE TECHNOLOGY CO LTD	〃	〃	20	1,308	0.01	1,308	0.01	Note
〃	Stock-Good Way	〃	〃	2,759	93,515	4.51	93,515	4.51	
〃	Stock-AVALUE TECHNOLOGY INC	〃	〃	210	25,095	0.29	25,095	0.29	
〃	Stock-Innolux	〃	〃	579	8,282	0.01	8,282	0.01	
〃	Stock-MATERIALS ANALYSIS TECHNOLOGY INC	〃	〃	10	2,333	0.02	2,333	0.02	
〃	Stock-AVer Information	〃	〃	40	1,908	0.04	1,908	0.04	
〃	Stock-EPISIL HOLDING INC	〃	〃	20	1,442	0.01	1,442	0.01	
〃	Stock-ENNOSTAR INC	〃	〃	50	2,315	0.01	2,315	0.01	
〃	Stock-Center Lab	〃	〃	34	1,495	-	1,495	-	
〃	Stock-MOSA INDUSTRIAL CORP	〃	〃	10	238	-	238	-	
〃	Stock-NEW ERA ELECTRONICS CO LTD	〃	〃	361	11,498	0.39	11,498	0.39	
〃	Stock-Etron Technology	〃	〃	86	4,652	0.03	4,652	0.03	
〃	Stock-SYMTEK AUTOMATION ASIA CO LTD	〃	〃	20	2,090	0.03	2,090	0.03	
〃	Stock-EVEREST TEXTILE	〃	〃	2,000	14,880	0.29	14,880	0.29	
Progia Construction		None	Financial assets at fair value	7,687	132,302	5.13	132,302	5.13	
〃	HONG XIN CONSTRUTION CO., LTD.	〃	〃	2,000	23,520	3.33	23,520	3.33	
〃	Capital Money Market Fund	〃	Financial assets at fair value through profit or loss- current	1,586	26,305	-	26,305	-	
〃	Stock-Chinatrust Commercial	〃	〃	25	709	-	709	-	
〃	Stock-China Airlines	〃	〃	20	433	-	433	-	

Note: The Company's shares held by subsidiaries are treated as treasury stocks and have been eliminated in the consolidated financial report.

(Continued)

CHYANG SHENG DYEING & FINSHING CO., LTD. AND ITS SUBSIDIARIES

Notes to Consolidated Financial Statements

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares (thousands)	Amount	Shares (thousands)	Amount	Shares (thousands)	Price	Cost	Gain (loss) on disposal	Shares (thousands)	Amount
The Company	Capital Money Market Fund	Financial assets at fair value through profit or loss-current	-	-	4,919	80,504	26,892	443,000	30,282	499,106	498,169	937	1,529	25,335

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

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

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

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

(ix) Trading in derivative instruments: None

(x) Business relationships and significant intercompany transactions: None

(b) Information on investees:

The following is the information on investees for the year 2023 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of wnership	Carrying value				
The Company	Worthy Textile	Taiwan	Investment company	778,461	638,461	77,800	100.00%	788,904	100.00%	90,221	90,221	Note 1
〃	Progiant Construction	Taiwan	Entrust construction companies to build national housing, namely commercial buildings, leasing and selling business			26,235	83.68%	538,253	83.68%	138	115	〃
〃	Chyang Sheng Vietnam	Vietnam	Printing and Dyeing and Finishing	223,523 (USD6,931 thousand dollar)	223,523 (USD6,931 thousand dollar)	-	18.69%	101,267	18.69%	(9,281)	(1,735)	
〃	Hong Sheng investment	Taiwan	Investment company	-	140,000	-	- %	-	100.00%	7,144	7,144	Note and 3
〃	NICSing Tex	Taiwan	Printing and Dyeing and Finishing	4,800	-	480	48.00%	4,292	48.00%	(1,059)	(508)	

(Continued)

CHYANG SHENG DYEING & FINSHING CO., LTD. AND ITS SUBSIDIARIES

Notes to Consolidated Financial Statements

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of wnership	Carrying value				
Wo Textile	Chyang Sheng Vietnam	Vietnam	Printing and Dyeing and Finishing	167,362 (USD5,776 thousand dollar)	167,362 (USD5,776 thousand dollar)	-	14.92%	93,041	14.92%	(9,281)	(1,384)	
〃	Treasure Star	Samoa	International trading business	29,795		-	33.61%	257,582	33.61%	129,301	43,458	
〃	Sea Some International	Taiwan	International trading business	3,000		300	100.00%	4,206	100.00%	(274)	(274)	Note 2

Note 1: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.
Note 2: Was held by Hong Sheng Investment. Hong Sheng Investment merged with Worthy Textile on December 1, 2023, with Worthy Textile being the sole existing company, acquiring the relevant investees of Hong Sheng Investment,
Note 3: Including cash dividends of $ 3,550 thousand paid by the parent company Chyang Sheng.

(c) Information on investment in mainland China: None

(d) Major shareholders:

Shareholding Shareholder’ s Name	Shares	Percentage
Shinkong Textile Co., Ltd.	35,170,576	20.29%
Lin Jun Yao	11,400,000	6.57%
Hong Sheng investment Co., Ltd.	8,874,795	5.12%

(14) Segment information:

(a) General information

The reportable segments are the Group’ s strategic divisions. They offer different products and services, and are managed separately because they require different technology and marketing strategies.

The profit and loss of each operating department of the Group is measured based on gross profit and used as an evaluation of performance: the accounting policies used are the same as the summary of important accounting policies described in Note 4.

The 2023 and 2022 operating segment information of the Group are as follows:

	2023			
	Weaving and dyeing and finishing business	Construction business	Reconciliation and elimination	Total
Revenue from external customers	$ 347,508	-	-	347,508
Intersegment revenue	-	-	-	-
Total Revenue	$ 347,508	-	-	347,508
Reportable segment profit or loss	$ 15,758	-	-	15,758

(Continued)

	2022				
		Weaving and dyeing and finishing business	Construction business	Reconciliation and elimination	Total
Revenue from external customers	$	494,462	1,470	-	495,932
Intersegment revenue		-	-	-	-
Total Revenue	$	494,462	1,470	-	495,932
Reportable segment profit or loss	$	75,083	1,470	-	76,553

(b) Geographical information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers, and segment assets are all located in Asia.

Geographic area		2023	2022
Asia	$	347,508	495,932

(c) Major customers

The details of the Group’ s customers whose individual sales income accounted for more than 10% of the net operating revenues on the consolidated income statement for the years, 2023 and 2022 are as follow:

	2023			2022	
Customer Number		Amount	Perecentage	Amount	Perecentage
Customer A	$	67,647	19	109,181	22
Customer B		99,714	28	169,200	34
	$	167,361	47	278,381	56

Stock Code:1463

CHYANG SHENG DYEING & FINSHING CO., LTD.

PARENT COMPANY ONLY FINANCIAL STATEMENTS

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

Address: No. 126, Dagong Rd., Dayuan Dist, Taoyuan City
Telephone: (03)386-7661

Table of contents

Independent Auditors' Report

To the Board of Directors of Chyang Sheng Dyeing & Finishing Co., Ltd.:

Opinion

We have audited the financial statements of Chyang Sheng Dyeing & Finishing Co., Ltd.("the Company"), which comprise the balance sheet as of December 31, 2023 and 2022, the statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Dyeing and finishing service revenue

   Refer to Note 4(n) "Revenue recognition" to the financial statements.

   Description of key audit matter:

   The Company engaged in dyeing and finishing processing business, the transaction model of such businesses is that the customers provide the raw fabric, and the Company performs the dyeing and finishing processing of the raw fabric. After analyzing the transaction terms of this business, it is to satisfy the performance obligation and transfer the control of labor to the customer over time. The Company calculates the completion ratio and recognizes the sales revenue based on the progress of the manufacturing work orders. Considering the importance of revenue recognition to the financial statements and the impact of revenue recognition to meet performance obligations over time, therefore, the accountant listed it as the key audit matter.

Our principal audit procedures included: understanding of revenue recognition policies adopted by the Company, and comparing them with sales terms to assess the appropriateness of those policies; observing the design of the internal control system of sales revenue on site, and testing the effectiveness of its implementation on a sample basis; sample testing of individual revenue transactions, verification to customer orders, proof of shipment, etc.; selecting samples of sales transactions for the period before and after the end of the year, to review the customer orders, sales terms, inventory completion and shipment records and other related information of these transactions. In addition, the reasonableness of the calculation of the percentage of completion is verified on a sample basis by obtaining the work-in-progress list at the end of the period.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Yu, Chi-Lung and Yu, Sheng-Ho.

KPMG

Taipei, Taiwan (Republic of China)
March 12, 2024

Notes to Readers

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

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

(English Translation of Financial Statements Originally Issued in Chinese)

CHYANG SHENG DYEING & FINISHING CO., LTD.

Balance Sheets

December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 127,251	5	200,744	8
1110	Current financial assets at fair value through profit or loss (note 6(b))	181,701	7	103,301	4
1140	Current contract assets (notes 6(p))	13,901	1	11,271	1
1170	Notes and accounts receivable, net (notes 6(d) and 7)	61,332	3	81,195	3
130X	Inventories (note 6(e))	20,102	1	21,338	1
1476	Other financial assets (note 7)	10,628	-	12,424	1
1479	Other current assets	6,198	-	3,560	-
		421,113	17	433,833	18
	Non-current assets:				
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c))	1,756	-	2,316	-
1550	Investments accounted for using equity method (note 6(f))	1,432,716	58	1,367,675	57
1600	Property, plant and equipment (notes 6(g) and 8)	463,566	19	460,491	19
1755	Right-of-use assets (note 6(h))	4,486	-	171	-
1760	Investment property (notes 6(i) and 8)	124,890	5	126,076	5
1995	Other non-current assets (notes 6(l), (m) and 8)	32,788	1	31,845	1
		2,060,202	83	1,988,574	82
	Total assets	$ 2,481,315	100	2,422,407	100

		December 31, 2023		December 31, 2022	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2181	Notes and accounts payable	$ 41,702	2	40,641	2
2280	Current lease liabilities (note 6(j))	1,504	-	174	-
2399	Other current liabilities	59,493	2	59,011	2
		102,699	4	99,826	4
	Non-Current liabilities:				
2570	Deferred income tax liabilities (note 6(m))	77,030	3	77,030	3
2580	Non-current lease liabilities (note 6(j))	2,987	-	-	-
2600	Other non-current liabilities	25,334	2	24,585	1
		105,351	5	101,615	4
	Total liabilities	208,050	9	201,441	8
	Equity (notes 6(n)):				
3110	Ordinary shares	1,732,684	70	1,732,684	72
3200	Capital surplus	277,476	11	273,926	11
	Retained earnings:				
3310	Legal reserve	199,926	8	192,540	8
3320	Special reserve	56,835	2	56,835	2
3350	Unappropriated retained earnings	109,228	4	77,751	3
		365,989	14	327,126	13
	Other equity:				
3411	Exchange differences on translation of foreign financial statements	(28,950)	(1)	(22,752)	(1)
3420	Unrealized gains or losses from financial assets at fair value through other comprehensive income	34,857	1	18,773	1
3500	Treasury shares	(108,791)	(4)	(108,791)	(4)
		(102,884)	(4)	(112,770)	(4)
	Total equity	2,273,265	91	2,220,966	92
	Total liabilities and equity	$ 2,481,315	100	2,422,407	100

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

CHYANG SHENG DYEING & FINISHING CO., LTD.

Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars , except for earnings per share)

		2023		2022	
		Amount	%	Amount	%
	Operating revenues (notes 6(p) and 7)	$ 343,518	100	486,163	100
5000	**Operating costs (notes 6(e), (g), (l) and 12)**	329,242	96	414,079	85
	Gross profit from operations	14,276	4	72,084	15
	Operating expenses (notes 6(d), (g), (l), (q) and 12):				
6100	Selling expenses	10,408	3	11,854	2
6200	Administrative expenses	41,454	12	39,099	8
6300	Research and development expenses	9,083	3	9,312	2
6450	Impairment loss (reversal of impairment loss)	(800)	-	740	-
		60,145	18	61,005	12
	Net operating income (loss)	(45,869)	(14)	11,079	3
	Non-operating income and expenses:				
7100	Interest income (note 6(r))	1,578	-	1,246	-
7010	Other income (notes 6(k), (r) and 7)	55,551	16	42,958	9
7020	Other gains and losses (note 6(s))	7,339	2	(2,979)	(1)
7375	Share of profit of associates accounted for using equity method (note 6(f))	91,687	27	26,866	6
7510	Interest expense (note 6(j))	(10)	-	(6)	-
		156,145	45	68,085	14
	Profit before income tax	110,276	31	79,164	17
7951	**Less: income tax expenses (note 6(m))**	2,997	1	10,480	2
	Profit	107,279	30	68,684	15
8300	**Other comprehensive income:**				
8310	**Items that may not be reclassified subsequently to profit or loss:**				
8311	Gains on remeasurements of defined benefit plans (note 6(l))	891	-	5,178	1
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	16,084	5	(242)	-
8349	Less: income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Items that may not be reclassified subsequently to profit or loss	16,975	5	4,936	1
8360	**Items that may be reclassified subsequently to profit or loss:**				
8361	Exchange differences on translation	(6,198)	(2)	33,082	7
	Items that may be reclassified subsequently to profit or loss	(6,198)	(2)	33,082	7
8300	**Other comprehensive income (after tax)**	10,777	3	38,018	8
	Comprehensive income	$ 118,056	33	106,702	23
	Basic earnings per share (NT dollars) (note 6(o))	$	0.65		0.42
	Diluted earnings per share (NT dollars) (note 6(o))	$	0.65		0.42

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

CHYANG SHENG DYEING & FINISHING CO., LTD.

Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars)

			Retained earnings			Other equity			
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gain (losses) from financial assets measured at fair value through other comprehensive income	Treasury shares	Total equity
Balance at January 1, 2022	$ 1,732,684	270,375	184,567	56,835	81,169	(55,834)	19,015	(108,791)	2,180,020
Profit for the year ended December 31, 2022	-	-	-	-	68,684	-	-	-	68,684
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	5,178	33,082	(242)	-	38,018
Comprehensive income for the year ended December 31, 2022	-	-	-	-	73,862	33,082	(242)	-	106,702
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	7,973	-	(7,973)	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(69,307)	-	-	-	(69,307)
Non-proportional investment in investee's increase in capital	-	3,551	-	-	-	-	-	-	3,551
Balance on December 31, 2022	1,732,684	273,926	192,540	56,835	77,751	(22,752)	18,773	(108,791)	2,220,966
Profit for the year ended December 31, 2023	-	-	-	-	107,279	-	-	-	107,279
Other comprehensive income for the year ended December 31, 2023	-	-	-	-	891	(6,198)	16,084	-	10,777
Comprehensive income for the year ended December 31, 2023	-	-	-	-	108,170	(6,198)	16,084	-	118,056
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	7,386	-	(7,386)	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(69,307)	-	-	-	(69,307)
Non-proportional investment in investee's increase in capital	-	3,550	-	-	-	-	-	-	3,550
Balance on December 31, 2023	**$ 1,732,684**	**277,476**	**199,926**	**56,835**	**109,228**	**(28,950)**	**34,857**	**(108,791)**	**2,273,265**

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

CHYANG SHENG DYEING & FINISHING CO., LTD.

Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars)

		2023	2022
Cash flows from (used in) operating activities:			
Profit before tax	$	110,276	79,164
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation expense		43,891	42,299
Expected credit (gain) loss		(800)	740
Interest expense		10	6
Interest income		(1,578)	(1,246)
Dividend income		(2,869)	(1,916)
Share of profit of associates for using equity method		(91,687)	(26,866)
Gain (loss) on disposal of property, plan and equipment		1,028	(95)
Gain (loss) of financial assets at fair value through profit or loss		(1,071)	3,979
Gain from disposal investments		(20,228)	(904)
Impairment loss		12,915	-
Total adjustments to reconcile profit (loss)		(60,389)	15,997
Changes in operating assets and liabilities:			
Financial assets at fair value through profit or loss		(57,101)	19,687
Contract assets		(2,630)	3,471
Notes and accounts receivable		20,663	2,861
Inventories		1,236	9,721
Other financial assets and current assets		(5,770)	(7,427)
Defined benefit assets		(1,597)	(1,458)
Notes and accounts payable		1,061	(5,152)
Other financial liabilities and current liabilities		(8,871)	1,431
Total changes in operating assets and liabilities		(53,009)	23,134
Total adjustments		(113,398)	39,131
Cash (outflow) inflow generated from operations		(3,122)	118,295
Interest received		1,578	1,246
Dividends received		2,869	1,916
Interest paid		(10)	(6)
Income taxes paid		(10,181)	(12,266)
Net cash flows (used in) from operating activities		(8,866)	109,185
Cash flows from (used in) investing activities:			
Acquisition of investments accounted for using equity method		(4,800)	-
Dividends received from investments accounted for using equity method		32,527	44,160
Acquisition of property, plant and equipment		(25,940)	(63,369)
Proceeds from disposal of property, plant and equipment		399	95
Refundable deposits and other assets		2,042	(1,884)
Net cash flows from (used in) investing activities		4,228	(20,998)
Cash flows from (used in) financing activities:			
Increase in guarantee deposits received		749	675
Payment of lease liabilities		(297)	(518)
Cash dividends paid		(69,307)	(69,307)
Net cash flows used in financing activities		(68,855)	(69,150)
Net (decrease) increase in cash and cash equivalents		(73,493)	19,037
Cash and cash equivalents at beginning of period		200,744	181,707
Cash and cash equivalents at end of period	$	127,251	200,744

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

CHYANG SHENG DYEING & FINISHING CO., LTD.

Notes to the Financial Statements

For the years ended December 31, 2023 and 2022

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

(1) Company history

Chyang Sheng Dyeing & Finshing Co., Ltd. ("The Company") was incorporated in the Republic of China on October 19, 1983, registered at No. 126, Dagong Rd., Dayuan Dist, Taoyuan City. The major business activities of the Company are processing, printing, bleaching, dyeing and finishing and trading of various fiber products.

The Company's common shares were listed on the Taiwan Stock Exchange (TWSE) on December 5, 1996.

(2) Approval date and procedures of the financial statements:

These financial statements were authorized for issue by the Board of Directors on March 12, 2024.

(3) New standards, amendments and interpretations adopted:

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

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

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

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

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

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

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

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

(Continued)

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

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

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IAS21 "Lack of Exchangeability"

(4) Summary of material accounting policies

The significant accounting policies presented in the financial statements are summarized below. Expect for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the financial statements.

(a) Statement of compliance

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the financial statements have been prepared on a historical cost basis:

1) Financial instruments at fair value through profit or loss are measured at fair value;

2) Financial assets at fair value through other comprehensive income are measured at fair value;

3) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency of Company is determined based on the primary economic environment in which the entity operates. The financial statements are presented in New Taiwan Dollars (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Foreign currencies

(i) Foreign currency transactions

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

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to noncontrolling interests. When disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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

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

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

An entity shall classify a liability as current when:

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

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

(e) Cash and cash equivalents

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

(f) Financial instruments

Accounts receivable and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A accounts receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

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

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

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and accouts receivable, other receivables, guarantee deposit paid and other financial assets) and contract assets.

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

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

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

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

- significant financial difficulty of the borrower or issuer；
- a breach of contract such as a default or being more than 180 days past due；
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider；
- it is probable that the borrower will enter bankruptcy or other financial reorganization；or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

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

5) Derecognition of financial assets

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

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital suplus is not sufficient to be written down).

4) Financial liabilities

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

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

5) Derecognition of financial liabilities

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

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

6) Offsetting of financial assets and liabilities

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

(Continued)

(g) Inventories

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

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

(h) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The financial statements include the Company’s share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases.

Gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated Company’s interests in the associate.

When the Company’s share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

When the Company subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Company’s proportionate interest in the net assets of the associate. The Company records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Company’s ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

CHYANG SHENG DYEING & FINISHING CO., LTD.

Notes to the Financial Statements

(i) Investment in subsidiaries

When preparing the parent company only financial statements, investment in subsidiaries which are controlled by the Company is accounted for using the equity method. Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiary as well as the distribution received. The Company also recognized its share in the changes in the equity of subsidiaries. In subsidiaries which are controlled by the Company is accounted for preparing the consolidated statement by each period.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss fo control of a subsidiary are equity transactions with owners.

(j) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(k) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

(Continued)

(iii) Depreciation

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

Land is not depreciated.

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

1) Buildings and constructions: 2~25 years

2) Machinery and equipment: 2~10 years

3) Office and other equipment: 2~10 years

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

(iv) Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment property.

(l) Leases

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

(i) As a leasee

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

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

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

(Continued)

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

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

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is any lease modification

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

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

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

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

(Continued)

(ii) As a lessor

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

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies IFRS15 to allocate the consideration in the contract.

(m) Impairment of non-financial assets

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units（CGUs）. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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

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

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

(n) Revenue from contracts with customers

(i) Revenue from contracts with customers

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

(Continued)

1) Service revenue

The Company provides OEM service of fabric dyeing and finishing to services customers, and the related services are gradually transferred to the control of customers in the course of contract performance. Therefore, the Company's service revenue is recognized based on the degree of completion of contract performance obligations on the reporting date. Fixed-price contracts are recognized as revenue based on the proportion of the actual OEM processes provided to all processes as of the reporting date. If circumstances change, the estimates of revenues, costs and degree of completion will be revised, and the resulting increases or decreases will be reflected in profit or loss in the period in which the management is informed of the change in circumstances.

2) Financing components

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

(o) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

The Company’ s net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

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

(p) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

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

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities at the reporting date and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nortaxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporarydifferences;

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

(iii) taxable temporary differences arising on the initial recognition of goodwill.

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

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

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

(i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

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

(q) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share are calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. Diluted earnings per share are calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, including employee compensation.

(r) Operating segments

The Company discloses the operating segment information in the consolidated financial statements. Therefore, the Company does not disclose the operating segment information in the parent company only financial statements.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

In preparation of these financial statements, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

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

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

(a) For the judgment regarding control of subsidiaries, please refer to the 2023 consolidated financial statements.

(Continued)

CHYANG SHENG DYEING & FINISHING CO., LTD.

Notes to the Financial Statements

(b) Judgment of whether the Company has substantive control over its investees

The Company holds 33.61% of the outstanding voting shares of Treasure Star and Chyang Sheng Vietnam. Although the remaining company's shares are not concentrated within specific shareholders, the Company still cannot obtain more than half of the total number of company's directors, and it also cannot obtain more than half of the voting rights at a shareholders' meeting. Therefore, it is determined that the Company has significant influence on its investees.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows.

(c) Revenue recognition

Contract revenue are recognized by reference to the stage of completion of each contract. The stage of completion of a contract is measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Estimated total contract costs of contracted items are assessed and determined by the management based on the processes, expected processes date and methods, for each contract. Changes in these estimates might affect the calculation of the percentage of completion and related profits from contracts.

The Company's accounting policies include measuring financial and non-financial assets and liabilities at fair value through profit or loss. The Company's finance department personnel responsible for independent fair value validation, by independent sources of information to make the evaluation results close to the market status, confirm the source of independent, reliable, consistent with other resources. It also on behalf of the executable price, regularly update calibration evaluation model, evaluation of the required input value and the fair value of data and any necessary adjustment, ensure that the evaluation results are reasonable.

Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

(a) Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.

(b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices).

(c) Level 3: inputs for the assets or liability that are not based on observable market data.

For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date. Please refer to note 6(t) for assumptions used in measuring fair value.

(Continued)

CHYANG SHENG DYEING & FINISHING CO., LTD.

Notes to the Financial Statements

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash and demand deposits	$ 51,851	70,844
Time deposits	75,400	129,900
Cash and cash equivalents in the statement of cash flows	$ 127,251	200,744

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

(ii) Time deposits with original maturity within one year are used to meet short-term cash commitments rather than investment or other purposes, and can be converted into fixed cash at any time with little risk of value changes, so presented in cash and cash equivalents.

(b) Current financial assets at fair value through profit or loss

	December 31, 2023	December 31, 2022
Mandatorily measured at fair value through profit or loss		
Stocks listed on domestic markets	$ 132,841	5,911
Open-end funds	48,860	97,390
Total	$ 181,701	103,301

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

	December 31, 2023	December 31, 2022
Equity investments at fair value through other comprehensive income:		
Stocks listed on domestic markets	$ 496	437
Unlisted stocks	1,260	1,879
Total	$ 1,756	2,316

(i) Equity investments at fair value through other comprehensive income.

The Company designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Company intends to hold for long term strategic purposes.

(ii) There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments as of December 31, 2023 and 2022.

(iii) For credit risk and market risk, please refer to note 6(t).

(Continued)

CHYANG SHENG DYEING & FINISHING CO., LTD.

Notes to the Financial Statements

(iv) As of December 31, 2023 and 2022, none of the financial assets mentioned above had been pleged as collateral.

(d) Notes and accounts receivable

		December 31, 2023	December 31, 2022
Notes receivable	$	36,564	21,416
Accounts receivable		24,819	60,967
Less: Loss allowance		(51)	(1,188)
	$	61,332	81,195

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provision were determined as follows:

	December 31, 2023			
		Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$	23,880	0%	-
0 to 90 days past due		928	0%~5%	47
91 to 180 days past due		11	0%~40%	4
Total	$	24,819		51

	December 31, 2022			
		Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$	43,610	0%	-
0 to 90 days past due		17,021	0%~5%	852
More than 181 days past due		336	100%	336
Total	$	60,967		1,188

The movement in the allowance for accounts receivable were as follows:

		2023	2022
Balance at January 1	$	1,188	448
Impairment (gains)/losses recognized		(800)	740
Amount written off		(337)	-
Balance at December 31	$	51	1,188

The aforementioned notes and accounts receivable of the Company had not been pledged as collateral as of December 31, 2023 and 2022.

CHYANG SHENG DYEING & FINISHING CO., LTD.
Notes to the Financial Statements

(e) Inventories

	December 31, 2023	December 31, 2022
Raw material	$ 20,102	21,338
Finished goods and commodity	-	-
Total	$ 20,102	21,338

As of December 31, 2023 and 2022, inventory as cost of sales amounted to $285,001 thousand and $393,631 thousand. The loss (gain) relevant to inventories included in cost of sales were as follows:

	2023	2022
Unallocated production overheads	$ 46,794	22,875
Revenue from sale of scraps	(2,553)	(2,427)
	$ 44,241	20,448

As of December 31, 2023 and 2022, the Company did not provide any inventories as collateral for its loans.

(f) Investments accounted for using equity method

A summary of the Company’s financial information for investments accounted for using the equity method at the reporting date is as follows:

	December 31, 2023	December 31, 2022
Subsidiaries	$ 1,327,157	1,248,509
Associates	105,559	119,166
	$ 1,432,716	1,367,675

(i) Please refer to 2023 annual consolidated financial statements for other related information of subsidiaries.

(ii) Associates which are material to the Company consisted of the followings:

			Proportion of shareholding and voting rights	
Name of associates	Nature of relationship with the Company	Main operating loation/Registered country of the company	December 31, 2023	December 31, 2022
Chyang Sheng Vietnam	Dyeing and printing business	Vietnam	18.69%	18.69%
NICSing Tex	Dyeing and printing business	Taiwan	48%	- %

The Company's financial information on investments in individually insignificant associates accounted for using equity method at the reporting date was as follows. The following consolidated financial information of significant associates has been adjusted according to individually prepared IFRS financial statements of these associates:

CHYANG SHENG DYEING & FINISHING CO., LTD.

Notes to the Financial Statements

1) Chyang Sheng Vietnam's Summary financial information

	December 31, 2023	December 31, 2022
Current assets	$ 332,521	400,419
Non-current assets	378,213	467,224
Current liabilities	(113,282)	(223,233)
Non-current liabilities	(55,637)	(75,928)
Net assets	$ 541,815	568,482
Net assets attributable to the Company	$ 541,815	568,482

	2023	2022
Operating revenue	$ 713,319	713,083
Net loss	$ (9,281)	(35,289)
Other comprehensive income	(17,386)	41,476
Total comprehensive income	$ (26,667)	6,187
Comprehensive income attributable to the Company	$ (26,667)	6,187

	2023	2022
Share of net assets of associates as of January 1	$ 106,252	105,096
Comprehensive income attributable to the Company	(4,985)	1,156
Share of net assets of associates as of December 31	101,267	106,252
Add: Net equity difference	-	12,914
Balance of equity of associates attributable to the Company as of December 31	$ 101,267	119,166

(iii) The Company and IDEATEX CO., LTD. obtained the approval from the Taoyuan City Government on August 17, 2023, and complete the registration of NICSing Tex. The Company holding 48% of the shares. As of December 31, 2023, the balance of equity of associates attributable to the Company was $4,292 thousand.

(iv) As of December 31, 2023 and 2022, the Company did not provide any investments accounted for using the equity method as collateral for its loans.

(v) None of the associates invested by the Company has a public market quotation.

CHYANG SHENG DYEING & FINISHING CO., LTD.

Notes to the Financial Statements

(g) Property, plant and equipment

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

		Land	Buildings and construction	Machinery and equipment	Office and other equipment	Construction in progress and testing equipment	Total
Cost:							
Balance on January 1, 2023	$	294,727	264,905	551,555	425,215	4,921	1,541,323
Additions		-	3,139	2,882	6,438	27,801	40,260
Disposal		-	-	(72,979)	(1,779)	-	(74,758)
Reclassify to investment property		-	(526)	-	-	-	(526)
Transfer from (to)		-	755	9,116	5,998	(9,221)	6,648
Balance on December 31, 2023	$	294,727	268,273	490,574	435,872	23,501	1,512,947
Balance on January 1, 2022	$	296,505	257,291	585,097	435,863	12,279	1,587,035
Additions		-	7,470	2,550	10,057	43,292	63,369
Disposal		-	-	(60,690)	(35,342)	-	(96,032)
Reclassify to investment property		(1,778)	(20,702)	-	-	-	(22,480)
Transfer from (to)		-	20,846	24,598	14,637	(50,650)	9,431
Balance on December 31, 2022	$	294,727	264,905	551,555	425,215	4,921	1,541,323
Depreciation and impairment loss:							
Balance on January 1, 2023	$	-	231,725	466,207	382,900	-	1,080,832
Depreciation		-	10,909	18,873	12,654	-	42,436
Disposal		-	-	(71,672)	(1,659)	-	(73,331)
Reclassify to investment property		-	(556)	-	-	-	(556)
Balance on December 31, 2023	$	-	242,078	413,408	393,895	-	1,049,381
Balance on January 1, 2022	$	-	239,752	509,190	406,634	-	1,155,576
Depreciation		-	11,276	17,707	11,608	-	40,591
Disposal		-	-	(60,690)	(35,342)	-	(96,032)
Reclassify to investment property		-	(19,303)	-	-	-	(19,303)
Balance on December 31, 2022	$	-	231,725	466,207	382,900	-	1,080,832
Carrying amounts:							
Balance on December 31, 2023	$	294,727	26,195	77,166	41,977	23,501	463,566
Balance on December 31, 2022	$	294,727	33,180	85,348	42,315	4,921	460,491
Balance on January 1, 2022	$	296,505	17,539	75,907	29,229	12,279	431,459

As of December 31, 2023 and 2022, the property, plant and equipment of the Company had been pledged as collateral; please refer to note 8.

CHYANG SHENG DYEING & FINISHING CO., LTD.

Notes to the Financial Statements

(h) Right-of-use assets

Information about vehicles leases for which the Company is a lessee was presented below:

		Vehicles
Cost:		
Balance at January 1, 2023	$	1,542
Additions		4,614
Balance at December 31, 2023	$	6,156
Balance at January 1, 2022 (the same as ending balance)	$	1,542
Accumulated depreciation and impairment losses:		
Balance at January 1, 2023	$	1,371
Depreciation for the year		299
Balance at December 31, 2023	$	1,670
Balance at January 1, 2022	$	857
Depreciation for the year		514
Balance at December 31, 2022	$	1,371
Carrying amount:		
Balance at December 31, 2023	$	4,486
Balance at December 31, 2022	$	171
Balance at January 1, 2022	$	685

(i) Investment property

		Owned property		
		Land	Buildings	Total
Cost:				
Balance at January 1, 2023	$	122,753	187,260	310,013
Reclassification		-	526	526
Balance at December 31, 2023	$	122,753	187,786	310,539
Balance at January 1, 2022	$	120,975	166,558	287,533
Reclassification		1,778	20,702	22,480
Balance at December 31, 2022	$	122,753	187,260	310,013

(Continued)

	Owned property		
	Land	Buildings	Total
Accumulated depreciation and impairment losses:			
Balance at January 1, 2023	$ -	183,937	183,937
Depreciation for the year	-	1,156	1,156
Reclassification	-	556	556
Balance at December 31, 2023	$ -	185,649	185,649
Balance at January 1, 2022	$ -	163,440	163,440
Depreciation for the year	-	1,194	1,194
Reclassification	-	19,303	19,303
Balance at December 31, 2022	$ -	183,937	183,937
Carrying amount:			
Balance at December 31, 2023	$ 122,753	2,137	124,890
Balance at December 31, 2022	$ 122,753	3,323	126,076
Balance at January 1, 2022	$ 120,975	3,118	124,093
Fair value:			
Balance at December 31, 2023			$ 1,079,705
Balance at December 31, 2022			$ 1,157,896

(i) Investment property comprises office buildings that are leased to third parties under operating leases. The leases of investment properties contain an initial non-cancellable lease term of 1 to 3 years. The subsequent lease term will be negotiated with the lessee, and no contingent rent will be charged. Please refer to note 6(k).

(ii) The fair value of investment properties aforementioned was evaluated based on third-party quotation information, classified to Level 3 fair values.

(iii) As of December 31, 2023 and 2022, the investment property of the Company had been pledged as collateral; please refer to note 8.

(j) Lease liabilities

The lease liabilities were as follows:

	December 31, 2023	December 31, 2022
Current	$ 1,504	174
Non-current	$ 2,987	-

For the maturity analysis, please refer to note 6(t) financial instruments.

The amounts recognized in profit or loss was as follows:

	2023	2022
Interest on lease liabilities	$ 10	6
Expenses relating to short-term leases	$ 3,328	3,197

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

	2023	2022
Total cash outflow for leases	$ 3,635	3,721

(k) Operating lease

The Compay leases out its investment property. The Company has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to note 6(i) investment property that sets out information about the operating leases of investment property.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date are as follows:

	December 31, 2023	December 31, 2022
Less than one year	$ 39,710	22,326
One to five years	101,601	56,481
Total undiscounted lease payments	$ 141,311	78,807

Rental income from investment properties in 2023 and 2022 were $42,203 thousand and $37,651 thousand, respectively.

(l) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value are as follows:

	December 31, 2023	December 31, 2022
Present value of the defined benefit obligations	$ (33,318)	(38,457)
Fair value of plan assets	43,349	46,001
Net defined benefit assets	$ 10,031	7,544

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

CHYANG SHENG DYEING & FINISHING CO., LTD.

Notes to the Financial Statements

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company' s Bank of Taiwan labor pension reserve account balance amounted to $43,349 thousand as of December 31, 2023. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in the present value of the defined benefit obligations

The movement in present value of the defined benefit obligations for the Company were as follows:

	2023	2022
Defined benefit obligations on January 1	$ 38,457	48,703
Benefits paid	(5,208)	(9,334)
Current service costs and interest income Remeasurements loss (gain)	619	480
- Experience loss	(753)	79
- Actuarial gain arising from financial assumptions	203	(1,471)
Defined benefit obligations on December 31	**$ 33,318**	**38,457**

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Company were as follows:

	2023	2022
Fair value of plan assets on January 1	$ 46,001	49,610
Contributions paid by the employer	1,560	1,561
Benefits paid	(5,208)	(9,334)
Interest income	655	378
Remeasurements loss - Return on plan asstes (excluding interest income)	341	3,786
Fair value of plan assets on December 31	**$ 43,349**	**46,001**

(Continued)

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

		2023	2022
Current service costs	$	79	115
Net interest of net liabilities (assets) for defined benefit obligations		(115)	(13)
	$	(36)	102
Operating cost	$	(25)	62
Selling expenses		(2)	11
Administrative expenses		(7)	19
Research and development expenses		(2)	10
	$	(36)	102

5) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	2023	2022
Discount rate	1.300%	1.400%
Future salary increase rate	1.125%	1.125%

Expected long-term return on assets was based on the portfolio as a whole, not the sum of individual asset class returns. This rate of return was purely based on historical rates of return without adjustments.

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is $1,560 thousand.

The weighted-average lifetime of the defined benefits plans is 7 years.

6) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Impact on defined benefit obligations	
	Increase 0.25%	**Decrease 0.25%**
December 31, 2023		
Discount rate	$ (520)	533
Future salary increasing rate	$ 519	(508)
December 31, 2022		
Discount rate	$ (580)	595
Future salary increasing rate	$ 581	(569)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of the sensitivity analysis for 2023 and 2022.

(ii) Defined contribution plans

The Company allocates 6% of each employee’s monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

The pension costs incurred from the contributions to the Bureau of Labour Insurance amounted to $3,369 thousand and $3,587 thousand for the years ended December 31, 2023 and 2022, respectively.

(m) Income taxes

(i) Income tax expense

The components of income tax in the years 2023 and 2022 were as follows:

	2023	2022
Current tax expense	$ 3,495	9,153
Deferred tax expense	(498)	1,327
Income tax expense	$ 2,997	10,480

CHYANG SHENG DYEING & FINISHING CO., LTD.

Notes to the Financial Statements

(ii) The Company has no income tax recognized directly in equity nor other comprehensive income for 2023 and 2022.

(iii) Reconciliation of income tax and profit before tax for 2023 and 2022 is as follows:

	2023	2022
Profit excluding income tax	$ 110,276	79,164
Income tax using the Company's domestic tax rate	22,055	15,833
Change in unrecognized deferred tax assest	2,670	503
Tax effect of permanent differences	(21,633)	(6,218)
Change in provision in prior periods	(95)	362
	$ 2,997	10,480

(iv) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

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

	December 31, 2023	December 31, 2022
Tax effect of deductible temporary differences	$ 28,773	26,103

2) Recognized deferred tax assets

Changes in the amount of deferred tax assets for 2023 and 2022 were as follows:

	The carryforward of unused tax losses	Pension costs	Total
Balance on January 1, 2023	$ -	1,492	1,492
Recognized in profit or loss	-	498	498
Balance on December 31, 2023	$ -	1,990	1,990
Balance on January 1, 2022	$ -	2,819	2,819
Recognized in profit or loss	-	(1,327)	(1,327)
Balance on December 31, 2022	$ -	1,492	1,492

3) Recognized deferred tax liabilities

Changes in the amount of deferred tax liabilities for 2023 and 2022 were as follows:

	Land revaluation appreciation allowance	Others	Total
Balance on January 1, 2023	$ 67,994	9,036	77,030
Recognized in profit or loss	-	-	-
Balance on December 31, 2023	$ 67,994	9,036	77,030

	Land revaluation appreciation allowance	Others	Total
Balance on January 1, 2022	$ 67,994	9,036	77,030
Recognized in profit or loss	-	-	-
Balance on December 31, 2022	$ 67,994	9,036	77,030

(v) The Company's tax returns for the years through 2021 were assessed by the tax authority.

(n) Capital and other equity

(i) Ordinary shares

As of December 31, 2023 and 2022, the number of authorized ordinary shares were 300,000 shares with par value of $10 per share. The total value of authorized ordinary shares were amounted to $3,000,000 thousand. The total issued shares were 173,268 thousand shares. All issued shares were paid up upon issuance.

(ii) Capital surplus

The balances of capital surplus as of December 31, 2023 and 2022, were as follows:

	December 31, 2023	December 31, 2022
Share capital	$ 2,141	2,141
Treasury share transactions	215,049	211,499
Difference arising from subsidiary's share price and its carrying value	31,124	31,124
Changes in proportion of shareholding of associates	29,162	29,162
	$ 277,476	273,926

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding. Among them, if the capital reserve transferred in from the share capital is used to capitalize, the capital reserve transferred in shall be capitalized in the year following the approval and registration of the capital reserve by the competent authority.

(iii) Retained earnings

The Company's article of incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

Dividends shall be distributed in accordance with the rates set forth in the Company's Articles of Incorporation, taking into account the changing nature of the business and the future capital requirements of the life cycle of each product or service and the impact of the tax system, and with the goal of maintaining a stable dividend. Dividends shall be paid at a rate of not less than 20% of the net income after deducting the amount of loss recovery, legal reserve and special reserve for the current year, and the cash dividends shall not be less than 10% of the total dividends for the current year, except for the purpose of improving the financial structure and meeting capital requirements for reinvestment, capacity expansion or other major capital.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of the capital may be distributed.

2) Special reserve

The Company chose to apply the exemption under IFRS 1 at its initial adoption of IFRS Accounting Standards. Including accumulated translation adjustment incurred reset, adoption of deemed cost waiver and lump-sum recognition of pension actuarial benefits are classified to retained earnings at the amount of $143,305 thousand. The Company shall allocate the same amount in special reserve in accordance with the requirements issued by the Financial Supervisory Commission. However, in the financial statements prepared by the company in accordance with IFRS on January 1, 2012, the retained earnings was $56,835 thousand, so the full amount is listed as special reserve.

In accordance with the requirements issued by the FSC, a portion of earnings shall be allocated as special reserve during earnings distribution. If the Company has already reclassified a portion of earnings to special reserve under the preceding subparagraph, it shall make supplemental allocation of special reserve for any difference between the amount it has already allocated and the amount of the current-period total net reduction of other shareholders' equity. An equivalent amount of special reserve shall be allocated from the after-tax net profit in the period, plus items other than after-tax net profit in the period, that are included in the undistributed current-period earnings and the undistributed prior-period earnings. A portion of undistributed prior-period earnings shall be reclassified to special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to the net reduction of other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. The amounts of special reserve as of December 31, 2023 and 2022 both were $56,835 thousand.

(Continued)

3) Earnings distribution

The amounts of cash dividends on the appropriations of earnings for 2022 and 2021 had been approved during the shareholders' meeting on June 28, 2023 and June 27, 2022, respectively. The relevant dividend distributions to shareholders were as follows, and the relevant information can be inquired at the Market Observation Post System.

	2022		2021	
	Amount per share	**Total Amount**	**Amount per share**	**Total Amount**
Dividends distributed to ordinary shareholders				
Cash Dividends	$ 0.4	69,307	0.4	69,307

(iv) Treasury shares

As of December 31, 2023 and 2022, the total amount of treasury shares both were $108,791 thousand and 8,875 thousand shares, in which acquired by Hong Sheng Investment (subsidiary of the Company) in November, 2001 before the amendment. Hong Sheng Investment merged with Worthy Textile on December 1, 2023, with Worthy Textile being the sole existing company, acquiring the treasury shares of Hong Sheng Investment.

In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before their transfer.

(o) Earnings per share

The details on the calculation of basic earnings per share and diluted earnings per share were as follows:

(i) Basic earnings per share

	2023	2022
Profit attributable to ordinary shareholders of the Company	$ 107,279	68,684
Weighted average number of ordinary shares at 31 December (in thousands)	164,393	164,393
Basic earnings per share	$ 0.65	0.42

Weighted average number of ordinary shares (in thousands)

	2023	2022
Issued ordinary shares at 1 January	173,268	173,268
Effect of treasury shares held	(8,875)	(8,875)
Weighted average number of ordinary shares at 31 December	164,393	164,393

CHYANG SHENG DYEING & FINISHING CO., LTD.

Notes to the Financial Statements

(ii) Diluted earnings per share

		2023	2022
Profit attributable to ordinary shareholders of the Company	$	107,279	68,684
Weighted average number of ordinary shares at 31 December (diluted/ in thousands)		164,470	164,466
Diluted earnings per share	$	0.65	0.42

Weighted average number of ordinary shares (Diluted)(in thousands)

	2023	2022
Weighted average number of ordinary shares (basic)	173,268	173,268
Effect of treasury shares held	(8,875)	(8,875)
Effect of estimated employee share bonus	77	73
Weighted average number of ordinary shares (diluted) at December 31	164,470	164,466

(p) Revenue from contracts with customers

(i) Disaggregation of revenue

		2023	2022
Primary geographical markets			
Taiwan	$	343,518	486,163
Major products/services lines			
Cloth processing	$	343,514	485,938
Other		4	225
Total	$	343,518	486,163

(ii) Contract balances

		December 31, 2023	December 31, 2022	January 1, 2022
Notes and accounts receivable	$	61,383	82,383	85,244
Less: allowance for impairment		(51)	(1,188)	(448)
Total	$	61,332	81,195	84,796
Contract asset-OEM	$	13,901	11,271	14,742
Less: allowance for impairment		-	-	-
Total	$	13,901	11,271	14,742

For details of accounts receivables and allowance for impairment, please refer to note 6(d).

CHYANG SHENG DYEING & FINISHING CO., LTD.

Notes to the Financial Statements

(q) Employee compensation and directors' and supervisors' remuneration

In accordance with the Articles of Incorporation the Company should contribute no less than 1% of the profit before income taxe as employee compensation and not exceed 3% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The amount of remuneration of each director and supervisor and of compensation for employees entitled to receive the abovementioned employee compensation is approved by the Board of Directors. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

For the years ended December 31, 2023 and 2022, the Company estimated its employee remuneration amounting to $1,149 thousand and $825 thousand, and directors' and supervisors' remuneration amounting to $3,446 thousand and $2,474 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2023 and 2022. The amounts, as stated in the financial statements, are identical to those of the actual distributions for 2023 and 2022.

(r) Interest income and other income

The details of interest income and other income for the years ended December 31, 2023 and 2022, were as follows:

		2023	2022
Interest income from bank deposits	$	1,578	1,246

		2023	2022
Rental income	$	42,203	37,651
Dividend income		2,869	1,916
Government subsidy and others		10,479	3,391
	$	55,551	42,958

(s) Other gains and losses

The details of other gains and losses for the years ended December 31, 2023 and 2022, were as follows:

		2023	2022
Gains (losses) on disposals of property, plant and equipment	$	(1,028)	95
Gains on disposal of investments		20,228	904
Gains (losses) on financial assets at fair value through profit or loss		1,071	(3,979)
Impairment loss		(12,915)	-
Others		(17)	1
	$	7,339	(2,979)

CHYANG SHENG DYEING & FINISHING CO., LTD.

Notes to the Financial Statements

(t) Financial instruments

(i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, which arises from the Company's accounts receivable and investments.

1) Accounts receivable and other receivables

The Company has adopted a policy that only trading with the parties with good credit standing and the Company shall secure a collateral to lighten the risk of financial loss arising from arrears when it is necessary. The major customers are rated by the Company, using public financial information and their transaction histories. The Company keeps monitoring the credit exposure and the customers' creditworthiness, and then distributes total transaction amounts into the qualified customers. The credit limit of the customers is reviewed and approved annually to control the credit exposure.

2) Investment

The credit risk exposure of bank deposits, fixed-income investment, and other financial instruments is measured and monitored by the Company's finance department. As the Company deals with banks and other external parties with good credit standing and with financial institutions which are graded above investment level, the management believes that the Company does not have any compliance issues, and therefore, there is no significant credit risk.

3) Exposure to credit risk

As of December 31, 2023 and 2022, the carrying amount of financial assets, which represents the maximum exposure to credit risk, amounting to $391,416 thousand and $408,988 thousand, respectively.

4) Concentration of credit risk

The Company's credit risk is mainly affected by the credit characteristics of each creditor. This is also an impact on credit risk from the business of the customer. As of December 31, 2023 and 2022, 71% and 72%, respectively, of accounts receivable arose from sales to individual customers constituting the top five customers.

(ii) Liquidity risk

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

CHYANG SHENG DYEING & FINISHING CO., LTD.

Notes to the Financial Statements

The following table shows the contractual maturities of financial liabilities, including the impact of estimated interest payments. It is prepared as the undiscounted cash flow of financial liabilities based on the earliest date on which the Company can be required to repay:

		Carrying amount	Contractual cash flows	Within 1 year	1~2 years	2 ~ 5 years
December 31, 2023						
Notes and accounts payable	$	41,702	41,702	41,702	-	-
Lease liabilities		4,491	4,656	1,596	1,596	1,464
Other financial liabilities		58,026	58,026	58,026	-	-
Deposit guarantee received		10,334	10,334	-	-	10,334
	$	**114,553**	**114,718**	**101,324**	**1,596**	**11,798**
December 31, 2022						
Notes and accounts payable	$	40,641	40,641	40,641	-	-
Lease liabilities		174	174	174	-	-
Other financial liabilities		50,598	50,598	50,598	-	-
Deposit guarantee received		9,585	9,585	-	-	9,585
	$	**100,998**	**100,998**	**91,413**	**-**	**9,585**

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

(iii) Market risk

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

1) Currency risk

The Company’s has no significant exposure to foreign currency risk.

2) Interest rate analysis

The details of financial assets and liabilities exposed to interest rate risk were as follows:

		Carrying amount	
		December 31, 2023	**December 31, 2022**
Variable-rate instruments:			
Financial assets	$	127,251	200,744
Financial liabilities		-	-
	$	**127,251**	**200,744**

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non derivative financial instruments on the reporting date. If the interest rate had increased / decreased by 1 basis point, the Company's profit before income taxe would have increased / decreased by $318 thousand and $502 thousand for the year 2023 and 2022, with all other variable factors remaining constant. This is mainly due to the Company's savings at variable rates.

3) Other market price risk

For the years ended December 31, 2023 and 2022, the sensitivity analysis for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	2023		2022	
Prices of securities at the reporting date	**Other comprehensive income after tax**	**Net income**	**Other comprehensive income after tax**	**Net income**
Increasing 10%	$ 50	18,170	44	10,330
Decreasing 10%	(50)	(18,170)	(44)	(10,330)

(iv) Fair value of financial instruments

1) Fair value value hierarchy

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

	December 31, 2023				
		Fair value			
	Book value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss					
Open-end funds and stocks in listed companies	$ 181,701	181,701	-	-	181,701
Financial assets at fair value through other comprehensive income					
Stocks in listed companies	$ 496	496	-	-	496
Stocks in unlisted companies	1,260	-	-	1,260	1,260
	$ 1,756	496	-	1,260	1,756

CHYANG SHENG DYEING & FINISHING CO., LTD.

Notes to the Financial Statements

	December 31, 2023				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost:					
Cash and cash equivalents	$ 127,251				
Notes and accounts receivable	61,332				
Other current financial assets	10,628				
Refundable deposits	8,748				
	$ 207,959				
Financial liabilities measured at amortized cost:					
Notes and accounts payable	$ 41,702				
Lease liabilities	4,491				
Other financial liabilities	58,026				
Deposit guarantee received	10,334				
	$ 114,553				

	December 31, 2022				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Open-end funds and stocks in listed companies	$ 103,301	103,301	-	-	103,301
Financial assets at fair value through other comprehensive income:					
Stocks in listed companies	$ 437	437	-	-	437
Stocks in unlisted companies	1,879	-	-	1,879	1,879
	$ 2,316	437	-	1,879	2,316
Financial assets measured at amortized cost:					
Cash and cash equivalents	$ 200,744				
Notes and accounts receivable	81,195				
Other current financial assets	12,424				
Refundable deposits	9,008				
	$ 303,371				

(Continued)

CHYANG SHENG DYEING & FINISHING CO., LTD.

Notes to the Financial Statements

	December 31, 2022				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost:					
Notes and accounts payables	$ 40,641				
Lease liabilities	174				
Other financial liabilities	50,598				
Deposit guarantee received	9,585				
	$ 100,998				

2) Valuation techniques for financial instruments measured at fair value

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm' s-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

The financial instruments held by the Company were classified as follows:

· Financial intruments with active markets: including listed stock. The market price is established as the fair value.

· Financial intruments without active markets: Measurements of fair value are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

3) The Company has no transfer of the fair value hierarchy in year 2023 and 2022.

4) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
	Non quoted equity instrument
Opening balance, January 1, 2023	$ 1,879
Recognized in other comprehensive income	(619)
Ending Balance, December 31, 2023	$ 1,260
Opening balance, January 1, 2022	$ 2,224
Recognized in other comprehensive income	(345)
Ending Balance, December 31, 2022	$ 1,879

5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company's financial instruments that use Level 3 inputs to measure fair value include "fair value through other comprehensive income – equity investments".

There are multiple significant unobservable inputs for the equity instrument investment of the Company without active market. Significant unobservable inputs for the equity instrument investment without active market are independent of each other, so there is no mutual correlation.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income	Market approach	• P/B ratio multiplie (3.31 and 3.43 at December 31, 2023 and 2022, respectively)	• The higher the ratio, the higher the fair value
		• Lack-of-marketability Discount (Both were 20% at December 31, 2023 and 2022)	• The higher the Lack-of-marketability discount, the lower the fair value

(Continued)

6) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Company's measurement of the fair value of financial instruments is reasonable, but if different evaluation models or evaluation parameters are used, the evaluation results may be different. For fair value measurements in Level 3, changing one or more of the assumptions to reflect reasonably possible alternative assumptions would have the following effects:

			Other comprehensive income	
	Inputs	**Variation**	**Favour-able**	**Unfavour-able**
December 31, 2023				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	P/B and EV ratio	5%	167	(167)
	Lack of marketability discount	5%	208	(208)
December 31, 2022				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	P/B and EV ratio	5%	258	(258)
	Lack of marketability discount	5%	322	(322)

(u) Financial risk management

(i) Overview

The Company have exposures to the following risks from its financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

The objectives, policies and processes for measuring, managing the above mentioned risks and more disclosures about the quantitative effects of these risks exposures, please refer to Note 6(t).

(Continued)

CHYANG SHENG DYEING & FINISHING CO., LTD.

Notes to the Financial Statements

(ii) Structure of risk management

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect any changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Board of Directors is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

(v) Capital management

The Company's objectives for managing capital to safeguard the necessary financial resources to meet the needs of working capital, capital expenditure and debt repayment in the next twelve months. The management uses the debt ratio to manage capital. As of December 31, 2023 and 2022, the Company's debt ratio were 9% and 8% respectively. As of December 31, 2023, the Company's capital management strategy is consistent with the prior year.

(w) Investing and financing activities not affecting current cash flow

The Company's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2023 and 2022, were as follows:

(i) For right-of-use assets under leases, please refer to note 6(h).

(ii) Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2023	Cash flows	Others	December 31, 2023
Lease liabilities	$ 174	(297)	4,614	4,491
Total liabilities from financing activities	**$ 174**	**(297)**	**4,614**	**4,491**

	January 1, 2022	Cash flows	Others	December 31, 2022
Lease liabilities	$ 692	(518)	-	174
Total liabilities from financing activities	**$ 692**	**(518)**	**-**	**174**

(Continued)

(7) Related-party transactions:

(a) Names and relationship with the Company

Name of related party	Relationship with the Company
Worthy Textile Industry Co., Ltd.	Subsidiary
Hong Sheng Investment Co., Ltd.(Note)	"
Progiant Construction & Development Corporation	"
Sea Some International Development Co., Ltd.	"
Shinkong Textile Co., Ltd.(Shinkong Textile)	Substantial related person

(Note) Hong Sheng Investment merged with Worthy Textile on December 1, 2023, with Worthy Textile being the sole existing company.

(b) Significant transactions with related parties

(i) Sales

The amounts of sales and accounts receivable by the Company to related parties were as follows:

	Sales		Accounts receivable	
	2023	2022	December 31, 2023	December 31, 2022
Shinkong Textile	$ 99,714	169,200	27,946	38,753

The selling price and payment terms for related parties approximated general customers.

(ii) Lease

The Company rented plant to other related parties and recognized the amount of rental revenue were as follows:

	Amount		Other receivables	
	2023	2022	December 31, 2023	December 31, 2022
Shinkong Textile	$ 16,117	13,438	7,961	9,035

The other receivables include rent receivables and collections and payments at the end of the period, and the rental income is calculated using the number of pings with reference to market conditions and collected on a monthly basis.

(iii) Service

As of December 31, 2022, the Company provided administrative assistant to subsidiaries amounting $1,500 thousand, and as of December 31, 2022, relevant receivables have all been fully collected by the Company. There is no such situaton in 2023.

(Continued)

(iv) Guarantee

As of December 31, 2023 and 2022, the Company has provided a guarantee for loans taken out by subsidiary. The credit limit of the guarantee was $755,048 and $350,000 thousand, and the actual usage amount was both $0 thousand.

(c) Key management personnel compensation

Key management personnel compensation comprised:

	2023	2022
Short-term employee benefits	$ 11,392	9,665

(8) Pledged assets:

The carrying values of assets pledged as security were as follows:

Pledged assets	Object	December 31, 2023	December 31, 2022
Land (note)	Short-term and long-term borrowings	$ 417,480	417,480
Buildings (note)	"	28,332	36,503
		$ 445,812	453,983

(Note) Property, plant and equipment, and investment property are separately accounted for.

(9) Significant contingent liabilities and unrecognized commitments:

(a) The Company signed a long-term steam supply contract with the supplier. Under the premise of stable and sufficient supply, the Company committed the price agreed in the contract, the agreed period and the minimum usage estimate to the supplier. The minimum payable amount by the Company in the future is as follows:

	December 31, 2023	December 31, 2022
Contract commitment	$ 57,324	41,940

(b) The Company have provided a guarantee for loans taken out by subsidiary, please refer to note 7(b) for relevant information.

(c) As of December 31, 2023 and 2022, the unrecognized contractual commitment amount of property, plant and equipment acquired by the Company are $5,423 and $1,722 thousand.

(d) As the waste disposal contractor was not able to perform its duties, the Chiayi Environmental Protection Bureau originally requested the Company to pay a fee of $869 thousand in accordance with the provisions of the Administrative Execution Act. However, after both parties reached a settlement, the Group only had to pay the amount of $82 thousand to the Chiayi Environmental Protection Bureau. This case was deemed closed in October 2023.

CHYANG SHENG DYEING & FINISHING CO., LTD.
Notes to the Financial Statements

(e) The Company's outstanding standby letter of credit for acquiring equipment are as follows:

	December 31, 2023	December 31, 2022
Outstanding standby letter of credit	$ 1,612	-

(10) Losses due to major disasters: None

(11) Subsequent events: None

(12) Other:

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

By function / By item	2023			2022		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	71,031	25,588	96,619	82,439	26,663	109,102
Labor and health insurance	7,109	2,648	9,757	7,511	2,648	10,159
Pension	2,223	1,110	3,333	2,503	1,186	3,689
Remuneration of directors	-	5,476	5,476	-	4,514	4,514
Others	1,780	1,406	3,186	2,300	1,506	3,806
Depreciation (note)	42,436	299	42,735	40,591	514	41,105
Amortization	-	-	-	-	-	-

(Note) Excluding the depreciation of investment property in 2023 and 2022, which were $1,156 thousand and $1,194 thousand, respectively.

The additional information of headcount and employee benefit are as follows:

	2023	2022
Headcount	194	202
The number of non-employee director	12	12
Average cost of employee benefits	$ 620	667
Average cost of salaries	$ 531	574
Average of salaries expense variation	(7.49)%	5.32%
Remuneration of supervisors	$ -	449

(Continued)

CHYANG SHENG DYEING & FINISHING CO., LTD.
Notes to the Financial Statements

The salary policies of the Company (including directors, supervisors, managers and employees) were as follows:

Directors and supervisors

Directors and supervisors do not receive fixed salaries, but only receive honorarium and board attendance fees, and the honorarium of independent directors may be higher than that of general directors and supervisors. If there is a profit in the annual operation, according to the provisions of the Articles of Incorporation, no more than 3% of the pre-tax net profit shall be provided as remuneration for directors and supervisors.

Managers

The remuneration of managers is based on the salary level of the position in the same industry market, and given a reasonable remuneration by considering the responsibilities and the contribution to the Company's operational goals, and then refers to the overall performance, individual performance achievement rate and contribution to the Company performance.

The aforementioned remuneration and policies of directors, supervisors and managers are discussed by the remuneration committee every year and submitted to the board of directors for approval.

Employees

Employee remuneration is in accordance with the Company's employee salary management regulations. The employee remuneration includes monthly salary, performance bonus issued according to operating performance and employee remuneration issued according to annual operating results. The actual remuneration is determined by the employee's seniority, grade and job performance.

(13) Other disclosures:

(a) Information on significant transactions:

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

(i) Loans to other parties:

Number	Name of lender	Name of borrower	Account name	Related party	Highest balanceof financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
0	The Company	Progiant Construction	Other receivables-related parties	Yes	200,000	200,000	-	2%	2	-	Worki Capital	-	-	-	227,327	454,653

Note 1: The financing company's total financing amount should not exceed 20% of its net asset value and the financing for a counterparty should not exceed 10% of its net asset value. However, for a counterparty that directly or indirectly holds more than 50% of the voting rights of the reinvestment and the parent company of the reinvestment company it is still limited to 10% of the net value of the latest financial statement.

Note 2: The nature of financing purposes:

1) Represents entities with business transaction with the Company;

2) Represents where an inter-company or inter-firm short-term financing facility is necessary.

(Continued)

CHYANG SHENG DYEING & FINISHING CO., LTD.

Notes to the Financial Statements

(ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	Progiant Construction	Note2	1,136,633	755,048	755,048	-	-	33.21%	1,136,633	Y	N	N

Note 1: The ceiling for the total guaranteed amount was 50% of the Company's net assel value, and the limit on the guaranted amount for a single party was 20% of the Company's net asset value. But for an entity that holds more than 75% shares by the Company, the limit of the guaranteed amount was 50% of the Company's net value of the latest financial statement.

Note 2: Subsidary which owned more than 50 percent by the guarantor.

(iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	TA-YUAN COGENERATION COMPANY LTD.	None	Financial assets at fair value through other comprehensive income- non-current	11	$ 496	0.01	496	
〃	Yong Cheng Environmental Tech. Co.,Ltd	〃	〃	400	1,260	0.35	1,260	
〃	Linden Technologies Inc.	〃	Financial assets at fair value through profit or loss-non current	36	-	1.15	-	
〃	Capital Money Market Fund	〃	Financial assets at fair value through profit or loss- current	1,529	25,335	-	25,335	
〃	Fund-YUANTA US TREASURY 20+ YEAR BOND ETF	〃	〃	300	9,255	-	9,255	
〃	Fund-YUANTA US 20+ YEAR BBB CORPORATE BOND ETF	〃	〃	300	10,800	-	10,800	
〃	Fund-CAPITAL TIP CUSTOMIZED TAIWAN ESG LOW CARBON 50 ETF	〃	〃	200	3,470	-	3,470	
〃	Stock-AUO Corporation	〃	〃	900	16,335	0.01	16,335	
〃	Stock-TSRC CORPORATION	〃	〃	200	4,820	0.02	4,820	
〃	Stock-Good Way	〃	〃	155	5,240	0.25	5,240	
〃	Stock-AVALUE TECHNOLOGY INC	〃	〃	180	21,510	0.25	21,510	
〃	Stock-MATERIALS ANALYSIS TECHNOLOGY INC	〃	〃	216	50,126	0.33	50,126	
〃	Stock-CUB ELECPARTS INC	〃	〃	42	5,649	0.03	5,649	
〃	Stock-Etron Technology	〃	〃	-	15	-	15	
〃	Stock-China Airlines	〃	〃	120	2,598	-	2,598	
〃	Stock-ZERO ONE TECHNOLOGY CO LTD	〃	〃	60	3,924	0.04	3,924	
〃	Stock-MOSA INDUSTRIAL CORP	〃	〃	10	238	-	238	

(Continued)

CHYANG SHENG DYEING & FINISHING CO., LTD.

Notes to the Financial Statements

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	Note
The Company	Stock-GREAT WALL ENTERPRISE CO LTD	None	Financial assets at fair value through profit or loss- current	20	1,170	-	1,170	
〃	Stock-ENNOSTAR INC	〃	〃	130	6,019	0.02	6,019	
〃	Stock-EPISIL HOLDING INC	〃	〃	50	3,605	0.02	3,605	
〃	Stock-EPISIL-PRECISION INC	〃	〃	20	1,236	0.01	1,236	
〃	Stock-China Steel	〃	〃	20	540	-	540	
〃	Stock-Taiwan-Asia	〃	〃	20	942	-	942	
〃	Stock-QISDA CORPORATION	〃	〃	60	2,880	-	2,880	
〃	Stock-Center Lab	〃	〃	38	1,704	0.01	1,704	
〃	Stock-CO-TECH DEVELOPMENT CORP	〃	〃	30	1,818	0.01	1,818	
〃	Stock-PARPRO CORPORATION	〃	〃	30	1,063	0.03	1,063	
〃	Stock-Chinatrust Commercial	〃	〃	20	567	-	567	
〃	Stock-CHANNEL WELL TECHNOLOGY CO LTD	〃	〃	10	842	-	842	
Worth Textile	LE YOUNG CONSTRUCTION CO., LTD.	None	Financial assets at fair value through profit or loss- non-current	506	8,634	0.51	8,634	
〃	HOPE VISION CO., LTD.	〃	Financial assets at fair value through other comprehensive income- non-current	1,000	4,500	1.15	4,500	
〃	The Compeny	〃	〃	8,875	159,746	5.12	159,746	
〃	Asia Pacific Federation of Industry and Commerce	〃	Financial assets at fair value through profit or loss- non-current	22	-	0.03	-	
〃	Fund-ICE FactSet Battery and Energy Storage Technology	〃	〃	50	498	-	498	
〃	Stock-Shinkong Synthetic Fibers	〃	〃	200	3,110	0.01	3,110	
〃	Stock-SOFTSTAR ENTERTAINMENT	〃	〃	3,500	71,750	2.68	71,750	
〃	Stock-DE LICACY	〃	〃	483	6,440	0.12	6,440	
〃	Stock-Dyaco	〃	〃	28	991	0.02	991	
〃	Stock-China Steel	〃	〃	30	810	-	810	
〃	Stock-TA CHEN STAINLESS PIPE	〃	〃	122	4,831	0.01	4,831	
〃	Stock-TSRC CORPORATION	〃	〃	300	7,230	0.04	7,230	
〃	Stock-CUB ELECPARTS INC	〃	〃	41	5,494	0.03	5,494	
〃	Stock-EVERLIGHT ELECTRONICS CO LTD	〃	〃	40	2,000	-	2,000	
〃	Stock-AUO Corporation	〃	〃	600	10,890	0.01	10,890	
〃	Stock-China Airlines	〃	〃	120	2,598	-	2,598	
〃	Stock-AEROSPACE INDUSTRIAL DEVELOPMENT CORPORATION	〃	〃	10	536	-	536	

(Continued)

CHYANG SHENG DYEING & FINISHING CO., LTD.
Notes to the Financial Statements

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
Worth Textile	Stock-Cathay Financial	None	Financial assets at fair value through profit or loss- non-current	1	24	-	24	
〃	Stock-Chinatrust Commercial	〃	〃	40	1,134	-	1,134	
〃	Stock-EPISIL-PRECISION INC	〃	〃	30	1,854	0.01	1,854	
〃	Stock-ASIA OPTICAL	〃	〃	10	702	-	702	
〃	Stock-ZERO ONE TECHNOLOGY CO LTD	〃	〃	20	1,308	0.01	1,308	
〃	Stock-Good Way	〃	〃	2,759	93,515	4.51	93,515	
〃	Stock-AVALUE TECHNOLOGY INC	〃	〃	210	25,095	0.29	25,095	
〃	Stock-Innolux	〃	〃	579	8,282	0.01	8,282	
〃	Stock-MATERIALS ANALYSIS TECHNOLOGY INC	〃	〃	10	2,333	0.02	2,333	
〃	Stock-AVer Information	〃	〃	40	1,908	0.04	1,908	
〃	Stock-EPISIL HOLDING INC	〃	〃	20	1,442	0.01	1,442	
〃	Stock-ENNOSTAR INC	〃	〃	50	2,315	0.01	2,315	
〃	Stock-Center Lab	〃	〃	34	1,495	-	1,495	
〃	Stock-MOSA INDUSTRIAL CORP	〃	〃	10	238	-	238	
〃	Stock-NEW ERA ELECTRONICS CO LTD	〃	〃	361	11,498	0.39	11,498	
〃	Stock-Etron Technology	〃	〃	86	4,652	0.03	4,652	
〃	Stock-SYMTEK AUTOMATION ASIA CO LTD	〃	〃	20	2,090	0.03	2,090	
〃	Stock-EVEREST TEXTILE	〃	〃	2,000	14,880	0.29	14,880	
Progia Construction		None	Financial assets at fair value through other comprehensive income- non-current	7,687	132,302	5.13	132,302	
〃	HONG XIN CONSTRUTION CO., LTD.	〃	〃	2,000	23,520	3.33	23,520	
〃	Capital Money Market Fund	〃	Financial assets at fair value through profit or loss- current	1,586	26,305	-	26,305	
〃	Stock-Chinatrust Commercial	〃	〃	25	709	-	709	
〃	Stock-China Airlines	〃	〃	20	433	-	433	

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
The Company	Capital Money Market Fund	Financial assets at fair value through profit or loss-current	-	-	4,919	80,504	26,892	443,000	30,282	499,106	498,169	937	1,529	25,335

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

CHYANG SHENG DYEING & FINISHING CO., LTD.

Notes to the Financial Statements

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

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

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

(ix) Trading in derivative instruments: None

(b) Information on investees:

The following is the information on investees for the year 2023 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	Worthy Textile	Taiwan	Investment company			77,800	100.00%	788,904	90,221	90,221	
〃	Progiant Construction	Taiwan	Entrust construction companies to build national housing, namely commercial buildings, leasing and selling business			26,235	83.68%	538,253	138	115	
〃	Chyang Sheng Vietnam	Vietnam	Printing and Dyeing and Finishing	(USD6,931 thousand dollar)	(USD6,931 thousand dollar)	-	18.69%	101,267	(9,281)	(1,735)	
〃	Hong Sheng investment	Taiwan	Investment company	-		-	- %	-	7,144	7,144	No and 3
〃	NICSing Tex	Taiwan	Printing and Dyeing and Finishing		-	480	48.00%	4,292	(1,059)	(508)	
Worthy Textile	Chyang Sheng Vietnam	Vietnam	Printing and Dyeing and Finishing	167,362 (USD5,776 thousand dollar)	167,362 (USD5,776 thousand dollar)	-	14.92%	93,041	(9,281)	(1,384)	
〃	Treasure Star	Samoa	nternational trading business			-	33.61%	257,582	129,301	43,458	
〃	Sea Some International	Taiwan	International trading business			300	100.00%	4,206	(274)	(274)	Note 2

Note 1: Hong Sheng Investment merged with Worthy Textile on December 1, 2023, with Worthy Textile being the sole existing company

Note 2: Was held by Hong Sheng. Hong Sheng Investment merged with Worthy Textile on December 1, 2023, with Worthy Textile being the sole existing company, acquiring the relevant investees of Hong Sheng Investment.

Note 3: Including 3,550 thousand cash dividends paid by the parent company Chyang Sheng.

(c) Information on investment in mainland China: None

(d) Major shareholders:

Shareholding Shareholder' s Name	Shares	Percentage
Shinkong Textile Co., Ltd.	35,170,576	20.29%
Lin Jun Yao	11,400,000	6.57%
Hong Sheng investment Co., Ltd.	8,874,795	5.12%

(14) Segment information:

Please see the Consolidated Financial Statements for the year ended December 31, 2023.

CHYANG SHENG DYEING & FINSHING CO., LTD.

Statement of cash and cash equivalents

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Cash and demand deposits		$ 51,851
Time deposits	in one year; interest rates 1.310% - 1.565%	75,400
Total		**$ 127,251**

Statement of notes and accounts receivable

Customer Name	Description	Amount
Shinkong Textile Co., Ltd.	Operating	$ 27,946
Carol Textile Co., Ltd.	〃	10,015
RACO Textile Corporation	〃	3,228
Others (note)	〃	20,194
		61,383
Less: Loss allowance		(51)
Total		**$ 61,332**

Note: individual amount does not exceed 5%.

CHYANG SHENG DYEING & FINSHING CO., LTD.

Statement of inventories

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Amount	
	Cost	Net realizable value
Finished goods and commodity	$ 392	-
Work in process	-	-
Raw materials	20,142	20,142
Subtotal	20,534	20,142
Less: Allowance for inventory valuation and obsolescence	(432)	
	$ 20,102	

Statement of other current assets

Item	Description	Amount
Tax receivable		$ 1,719
Advance payment		2,748
Prepaid expenses	Mainly prepaid consumables and spare parts, etc.	1,186
Others(individual amount does not exceed 5%)		545
		$ 6,198

CHYANG SHENG DYEING & FINSHING CO., LTD.

Statement of changes in investments accounted for using the equity method

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

	Beginning balance		Addition		Decrease (note 2)		Other (note 3)		Ending balance				
Investee Name	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	% of Ownership	Amount	Market value or net asset value	Guarantee or pledged
Worthy Textile Industry Co., Ltd.	63,800	$ 700,872	14,000	38,786	-	(32,527)	-	81,773	77,800	100.00%	788,904	948,630 (note1 and 4)	none
Progiant Construction & Development Corporation	26,235	515,995	-	-	-	-	-	22,258	26,235	83.68%	538,253	538,253	none
Chyang Sheng Vietnam Co., Ltd.	-	119,166	-	-	-	-	-	(17,899)	-	18.69%	101,267	101,267	none
Hong Sheng Investment Co., Ltd.	14,000	31,642	-	-	14,000	(38,786)	-	7,144	-	- %	-	- (note 4)	none
NICSing Tex CO., LTD.	-	-	480	4,800	-	-	-	(508)	480	48.00%	4,292	4,292	none
		$ 1,367,675		43,586		(71,313)		92,768			1,432,716	1,592,442	

Note 1: The difference of Worthy Textile' s ending balance and net asset value is because Worthy Textile hold shares of the Company, and the Company processes them as treasury shares. Please refer to note 6(n) of financial statements.

Note 2: The decrease in the current period is due to the cash dividends received (recorded as a decrease in long-term equity investments).

Note 3: Other changes in the current period include the recognition of investment income, cumulative translation adjustment, unrealized gain or loss from fair value through other comprehensive income financial assets, and capital surplus, etc.

Note 4: Hong Sheng Investment merged with Worthy Textile on December 1, 2023, with Worthy Textile being the sole existing company.

CHYANG SHENG DYEING & FINSHING CO., LTD.

Statement of financial assets measured at fair value thr

profit or loss - current

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Please refer to note 6(b) for relevant information of Current financial assets at fair value through profit or loss.

Statement of changes in property, plant and equipment

Please refer to note 6(g) for relevant information of property, plant and equipment.

Statement of changes in right-of-use assets

Please refer to note 6(h) for relevant information of right-of-use assets.

Statement of changes in investment property

Please refer to note 6(i) for relevant information of investment property.

CHYANG SHENG DYEING & FINSHING CO., LTD.

Statement of other non-current assets

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item		Amount
Refundable deposits	$	8,748
Deferred income tax assets		1,990
Non-current defined benefit assets		10,031
Others		12,019
Total	$	32,788

Statement of notes and accounts payable

Item	Description		Amount
Golden King Dye Co., Ltd.	Operating	$	3,933
Jintex Corporation Ltd.	〃		2,829
Vickem Trading Co., Ltd.	〃		2,168
Others (note)	〃		32,772
Total		$	41,702

Note: individual amount does not exceed 5%.

CHYANG SHENG DYEING & FINSHING CO., LTD.

Statement of other current liabilities

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Natural gas, steam and electricity charges	$ 14,991
Equipment payable	15,035
Salaries and bonus payable	12,397
Employee compensation and directors' remuneration payable	4,595
Others (note)	12,475
Total	**$ 59,493**

Note: individual amount does not exceed 5%.

Statement of other non-current liabilities

Item	Amount	Note
Other payables	$ 15,000	
Deposits guarantee received	10,334	
Total	**$ 25,334**	

CHYANG SHENG DYEING & FINSHING CO., LTD.

Statement of operating revenue

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	PCS	Amount
Weaving and dyeing and finishing	17,383 thousand yards	$ 343,514
Others		4
Total		**$ 343,518**

CHYANG SHENG DYEING & FINSHING CO., LTD.

Statement of operating costs

For the year ended December 31, 2023

(In thousands of New Taiwan Dollars)

Item	Manufacturing cost	Cost of goods sold	Operating cost
Direct material:			
Raw material and dye:			
Beginning of year	$ 21,378	-	21,378
Add: Purchases	85,186	-	85,186
Other	399	-	399
Less: End of year	20,142	-	20,142
Transfer to manufacturing overhead	7,745	-	7,745
Transfer to research and development expense	251	-	251
Other	1,185	-	1,185
Raw materials and dye used for the year	77,640	-	77,640
Gray cloth:			
Direct Labor	37,836	-	37,836
Manufacturing overhead	169,525	-	169,525
Manufacturing cost	285,001	-	285,001
Finished goods	285,001	-	285,001
Add: Finished goods, beginning of the year	-	66	66
Less: Finished goods, end of the year	-	66	66
Cost of goods sold	285,001	-	285,001
Revenue from sale of scraps	(2,553)	-	(2,553)
Unamortized fixed manufacturing overhead	46,794	-	46,794
Subtotal	329,242	-	329,242
Commodity:			
Commodity, beginning of the year	-	326	326
Less: Commodity, end of the year	-	326	326
Total	$ 329,242	-	329,242

CHYANG SHENG DYEING & FINSHING CO., LTD.

Statement of operating expenses

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Selling expenses	Administrative expenses	Research and development expenses	Impairment loss
Salaries expense	$ 4,372	15,356	5,860	-
Directors' remuneration	-	3,446	-	-
Labor insurance	356	573	496	-
Pension	176	338	596	-
Rental expense	944	1,079	-	-
Miscellaneous	111	9,116	258	-
Professional service fees	-	2,364	-	-
Internal manage expense	-	2,522	-	-
Freight expense	3,483	-	-	-
Maintenance expense	2	351	810	-
Impairment loss	-	-	-	800
Others (note)	964	6,309	1,063	-
Total	**$ 10,408**	**41,454**	**9,083**	**800**

Note: individual amount does not exceed 5%.

Chyang Sheng Dyeing & Finishing Co., Ltd

Responsible person: Chen Jen-Fa