Stock Code: 1414
Mark Observation Post System:
https://mops.twse.com.tw/mops/web/index

2023 Annual Report

Tung Ho Textile Co., Ltd.

March 8, 2024

I. Spokesperson

Name: CHANG,CHIA-HENG
Title: General Manager
Tel: 886-6-5703211 ext.300
E-mail:cch@tungho.com.tw

II. Deputy Spokesperson

Name: KUO,YEN-LIANG
Title: Manager
Tel: 886-2-27001840 ext.201
E-mail: david@tungho.com.tw

III. Headquarters, Branches and Plant

Headquarters:
Address: No.227, GongYe Rd., Madou Dist., Tainan City 721, Taiwan
Tel: 886-6-5703211 Fax: 886-6-5703382

Taipei Office :
Address: 13F., No. 376, Sec. 4, Renai Rd., Daan Dist., Taipei City, Taiwan
Tel: 886-2-27001840 Fax: 886-2-27060967

IV. Stock Transfer Agent

Transfer Agency Department of CTBC Bank Co., Ltd.
Address: 100003 5th Floor, NO. 83, Sec. 1, Chongqing S. Rd., Taipei, ROC
Tel: 886-2-66365566
Website: https://ecorp.ctbcbank.com/cts/index.jsp

V. Independent Auditors

Deloitte & Touche
HSIEH, TUNG-JU, CPA, and MA,WEI-CHUN, CPA
Address: 20F, Taipei Nan Shan Plaza No.100, Songren Rd., Xinyi Dist., Taipei 11073, Taiwan
Tel.: 886-2-27259988
Website: http://www.deloitte.com.tw

VI. Overseas Securities Exchange

None.

<u>*Disclaimer*</u>

Please note that this English annual report is not a word-for-word translation of the Chinese version. In the event of any variance, the Chinese text shall prevail.

Contents

Chapter 1 Letter to Shareholders

I. 2023 Annual Business Report

(I) Overview of the Textile Industry

As for the staple market scale, the current number of spinning spindles in Taiwan is about 500,000 and the number of actually operated spindles is about 300,000. Due to the Russia-Ukraine war in 2023, ongoing conflicts in the Middle East, and the expansion of the chip ban between the U.S. and China, global manufacturing activities have slowed significantly. Additionally, factors such as high interest rates, rising inflation, and a weak post-pandemic economy in mainland China have led to a noticeable decline in global demand for non-essential products (such as clothing and electronics). As a result, Taiwan's textile industry upstream, midstream, and downstream have experienced a reduction of approximately 30% in domestic and export orders.

(II) Our Company's countermeasures

1. The Company will enhance its research and development initiatives and systematically gather market intelligence to develop differentiated functional yarn products. Emphasis will be placed on the creation of blended yarn products that incorporate both long and short fibers.

   Combined long and short fiber yarns offer the softness of short fiber yarns and the strength and anti-pilling properties of long fiber yarns, which will continue to be a future market trend. We will continue to develop various combinations of long and short fibers with different functions and environmentally friendly materials, creating different textured appearances to meet diverse application needs and enhance visual appeal.

2. Developing towards environmental protection, sustainability, energy conservation and carbon reduction:

   In recent years, environmental awareness has risen, and the trend of energy conservation and carbon reduction to protect the Earth has gained momentum.

   Driven by international apparel brands, the recycling and remanufacturing of waste textile products to reduce resource waste and lower greenhouse gas emissions has become an international trend, which will be our company's active direction for future product development. We will continue to develop various series of recyclable and reusable material yarns and natural fiber yarns, striving to promote environmentally friendly, sustainable, and low-pollution products with functional properties to meet the market demand for environmentally friendly and sustainable materials.

3. Integrating international brand partners while the Company collaborates with upstream and downstream partners:

We will collaborate with upstream raw material suppliers, downstream weaving/dyeing and finishing factories, and international brand customers in a vertically integrated team model. By combining our unique production configurations and process optimization, we will jointly develop customized, refined, and unique new products to cater to ever-changing consumer consumption patterns and the demands of international brand customers.

Unit: NT$ thousand

The actual **production value** of regular yarn/special yarn and the projected production value for 2024						
	2022		2023		2024 (estimated)	
	Production volume	%	Production volume	%	Production volume	%
General yarn	212,219	35%	172,770	37%	66,276	17%
Special yarn	400,332	65%	293,033	63%	328,080	83%
Total	612,551	100%	465,803	100%	394,356	100%

Actual **sales volume** of general/special yarns and estimated sales for 2024						
	2022		2023		2024 (estimated)	
	Sales volume	%	Sales volume	%	Sales volume	%
General yarn	156,246	28%	123,816	28%	97,395	20%
Special yarn	404,737	72%	312,915	72%	385,309	80%
Total	560,983	100%	436,731	100%	482,704	100%

(III) Analysis of 2023 Business Performance, Debt Repayment Capability, and Profitability

2023 Business Condition

Unit: NT$

Item	2023	2022	Increase (decrease) amount	Increase (decrease) %
Net Sales	566,660	688,943	(122,283)	(17.75)%
Gross Profit	40,693	165,799	(125,106)	(75.46)%
Net profit for the period	32,849	104,362	(71,513)	(68.52)%
Earnings per Share after Tax (TWD)	0.15	0.47	(0.32)	(68.09)%
Book Value Per Share (TWD)	14.24	14.11	0.13	0.13%

Analysis of the debt paying ability
Current ratio: 169.00%
Quick ratio: 102.63%

Analysis of the profitability
Return on Assets: 0.96%
Return on Equity: 1.05%
Net Profit Margin: 5.80%

(IV) Asset Investment and Development

1. Strengthen the Management of the Rental Area of the Mass-Market Store in Rende District:

   Continue to optimize the operational environment, land management, and maintain good communication with tenants, and so on.

2. Solar Power Generation Equipment:

   Solar power generation equipment in Madou District and Rende District can reach 3.5 million kWh annually, which is equivalent to reducing carbon emissions by around 1,800 tons per year, bringing the company a non-operating income of approximately NT$1.5 million per month.

3. Land Lease Activated Assets:

   Madou Industrial Zone Land: The public land consolidation has been completed. After obtaining new land numbers in April 2021, the Southern Taiwan Science Park's large investment plan has driven the willingness of high-tech supply chains to set up factories. The Madou Interchange Redevelopment Area is conveniently located for transportation, and the Madou District has complete living facilities. Manufacturers have successively consulted about leasing land to set up factories.

(V) Environmental, Social and Governance

Our company has always operated on the premise of cultivating Taiwan and progressing locally. Our mission is to enable the company to prosper in Taiwan on a long-term basis. Currently, industries are paying increasing attention to ESG issues, and all business partners are constantly concerned about whether our company is making substantial efforts in this area. In addition to establishing the "Corporate Sustainability Management Committee" and setting up corporate governance personnel to implement corporate sustainability-related plans, we are actively investing in promoting environmental sustainability projects:

1. Environmental

   The World Economic Forum's '2024 Global Risks Survey' reveals that environmental risks constitute half of the top 10 global threats anticipated over the next decade. The top four risks are related to environmental issues: extreme weather events, catastrophic changes in Earth's systems, biodiversity loss and ecosystem collapse, and natural resource scarcity. Additionally, pollution is ranked as the 10th most significant risk. In the short term (over the next two years), extreme weather events rank second among the top risks. To address this, various economies are implementing concrete measures, such as the European Union's Carbon Border Adjustment Mechanism (CBAM), which is set to take effect in October 2023, and the United States' Clean Competition Act (CCA), expected to be enacted in 2024.

   Our company's countermeasures:

(1) Maintaining the efficiency of solar power generation from periods 1 to 4 can save over 1,800 tons of carbon emissions annually.

(2) Tube air joint connectors, modifying the o-rings of air connectors, can reduce air leakage by 30% after replacement, thus saving energy.

(3) In October 2023, we completed the ISO 14064:

2018 greenhouse gas inventory and obtained the SGS certification statement, establishing this as the baseline for setting annual carbon reduction targets.

(4) We will optimize the ring frame by integrating yarn break detection and doffing technology, installing doffing components, and anticipate reducing raw material consumption by at least 2%.

(5) We plan to expand the installation of smart electricity meters to precisely manage electricity usage, identify unreasonable heat sources, and implement improvements in high-carbon emission areas.

2. Social

(1) To take care of employees and their families, the Company provides comprehensive employee protection.

The “Corporate Social Responsibility Handbook” declares the protection of human rights, supports gender equality in the workplace, respects the diversity of employees, and complies with government labor laws.

(2) To provide employees with a safe workplace and care for their health, a comprehensive safety and health management system has been established, implementing safety and health education and training, promoting health promotion activities, employee occupational safety and health consultation and participation, and strictly preventing occupational accidents. In December 2023, the company completed the ISO 45001: 2018 and CNS45001 version certification.

(3) In addition to ISO certification, we also follow various standards of the Textile Exchange:

GRS, OCS, GOTS and RWS external audits and supervision. The sources of raw materials used in the production process also meet the standards of social responsibility requirements. In addition to the protection of human rights, animal protection and organic plant growth are also included in the regulations.

(4) In recent years, the economy has been affected by the pandemic, but our company has adhered to the spirit of caring for employees. We hire employees with wages higher than the government’s minimum wage requirements and enroll employees in group insurance protection, providing an additional layer of protection for our employees.

3. Governance

The Company has established a corporate governance system. In addition to complying with the Articles of Association and relevant laws and regulations, in order to strengthen the functions of the board of directors, the Company has established a remuneration committee and an audit committee, appointed corporate governance officers, and provided directors with the information required for business operations, in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies". In order to protect the rights and interests of shareholders and stakeholders and to improve information transparency, the Company discloses financial, business, and corporate governance information on the Company's website and has set up a specific area for stakeholders as a communication channel with stakeholders.

II. 2024 Business Plan Summary

(I) The Spinning Department Enhances the Functionality and Depth of Existing Products, and Launches new Products in Line With Trends to Expand Market Sales: continuously developing high-quality yarns to meet the needs of various industries. Through strategic alliances, we are connected and collaborating on the development of eco-friendly materials, circular economy materials, functional composite fabrics, smart quality control systems for quality enhancement, automation, and data analysis, enabling agile customized production. Responding more quickly to trends and consumer demands.

- Functional Compound Yarns: A variety of functional raw materials, including moisture-wicking quick-drying, temperature control, anti-bacterial deodorizing, skin-friendly moisturizing, and other multi-component materials, enhancing communication with customers, and the development and promotion of new products with compound yarns of varying fiber lengths.

- Recycled yarns from waste textiles: The demand for high-quality and environmentally friendly functional products is heating up. Consumers and brands place greater emphasis on product functionality, complete and credible information, and traceability in the supply chain. We optimize spinning technology and implement detailed single-bale management. At the same time, through special and precise spinning conditions and management, we can also increase the gross profit and create added value for customers.

- SIRO-Wrapped Composite Yarn: SIRO-Wrapped short fiber composite technology can use mechanical stretch, fine denier, irregular cross-section moisture-wicking long fibers, combined with cotton, Tencel fibers, Modal fibers, Refibra fibers, etc., perfectly blending the strengths of long fibers, such as high strength and low pilling, with the soft and comfortable handfeel of short fibers.

(II) Continuing Asset Revitalization and Development

In addition to managing the leased area of the hypermarket in Rende District, maintaining the solar power generation equipment, and accelerating the leasing of the Madou Industrial Park

(III) Enhancing the Investment Department

To meet the trend of the global economy, we will seek investment targets with stable operations and abundant profits both domestically and internationally. By combining internal and external precise evaluations, we will make diversified investments to increase the company's non-core business profits.

III. Strengthening of the Investment Division

(I) Facing External Price Competition, There Is a Need to Further Improve Management, Lower Costs, and Strive for Irreplaceable Differentiated Products

Starting from January 2024, our factory has significantly reduced the production of general CVC yarns, which suffered losses due to intense price competition from yarn mills in mainland China and Southeast Asia. We aim to focus all our efforts on pursuing special yarn orders with high profit margins to balance and increase our factory's overall revenue.

The current competitive advantage of Taiwanese yarn mills lies in quality, proximity for convenience, prompt delivery, and instant service, not price. Therefore, the factory must continue to improve quality, especially during this period of intense industry competition. Only stable quality can ensure sustainable and long-lasting orders. Lastly, on the development side, we need to integrate the feedback from upstream, midstream, and downstream businesses, combined with the special functional new materials our factory has been continuously purchasing, to develop a series of functional special yarns with unique and irreplaceable characteristics based on market demands and future trends, making them a significant niche for our factory to solidify its position in Taiwan's supply chain.

(II) We Have Enhanced the Establishment of a Knowledge Base and Digital Management

By integrating on-site system quality data, we set up a big data knowledge management platform. Achieve the advantages of "high-speed accuracy and fast small-order returns," exert the core system command capability, and reduce waste and manpower. It can quickly analyze product quality, quickly debug and configure production lines, improve production efficiency, and break through the predicament of "inexpensive competition" with "value for money".

Chairman: **Tsai, Sui-Ying** Manager: **Chang, Chia-Heng** Accounting Manager: **Kuo, Yen-Liang**

Chapter 2 Company Profile

I. Date of Incorporation

The Company was incorporated on September 11, 1959.

II. Company History

1953 Established Tung Ho Dyeing and Weaving Works with a registered capital of NT$ 2,000,000.

1954 Engaged in printing and dyeing processing business.

1959 Increased spinning equipment, reorganized into company and increased the capital to NT$ 22,000,000.

1961 Incorporated into Dongfeng Textile, started to spin artificial fiber and natural fiber and increased the capital to NT$ 42,000,000.

1971 Expanded Xinshi Branch and Synthetic Fiber Works.

1976 Going public with stock listing, Increased the capital to NT$ 450,000,000.

1977 Increased the capital to NT$982,352,440.

1987 Established Madou factory.

1988 Increased the capital to NT$ 1,047,175,470.

1989 Increased the capital to NT$ 1,717,336,230.

1990 Madou factory acquired approximately 61,500 pings of land and began the construction of factory buildings and machinery installation.

After the capital increase, the paid-in capital is NT$1,889,069,860, with a total authorized capital of NT$2,400,000,000, divided into 240 million shares. The Board of Directors is authorized to issue the unissued shares in installments.

1991 Madou Factory begins production;

After capital increase, paid-in capital is NT$2,377,976,850.

1993 The total capital amounted to NT$3,600,000,000, including 360 million shares.

The paid-up stock was NT$2,377,976,850, including unissued shares issued by the board several times upon commission.

1996 The paid-up stock was NT$3,515,774,540 after capital increase.

2001 The Rende factory was closed and the transformation of the enterprise and asset revitalization began.

2003 Signed a Rende factory land lease agreement with Test Rite International Co., Ltd. to set up B&Q large store; the paid-up stock was NT$2,200,000,000 after the capital reduction.

2010 The Company was renamed Tung Ho Textile Co., Ltd.,, Ltd., organic cotton yarn passed the certification of GOTS and OCS and the Fiber Department halted production.

2012 Passed the certification of TOSHMS: 2007 and OHSAS 18001: 2007

2016 Successfully developed SIRO FUSE and obtained DRIRELEASE authorization.

2017 Passed the certification of TTQS and GRS for environmental yarn.

2019 The R&D Center obtained the approval of the Ministry of Economic Affairs on A+ enterprise innovative R&D quenching plan program.

2021 Passed the certification of ISO 45000: 2018, ISO: 2018, and ISO 9001-2015.

2022 Organized its Corporate Sustainable Development Committee and kicked off carton footprint accounting and other carbon reduction projects, and passed the carton footprint of ISO 14067.

2023 Obtained the ISO 14064: 2018 Greenhouse Gas Inventory SGS Certification Statement, and set it as the base year for improvement. First year of issuing a Sustainability (ESG) Report. Joined the U.S. Cotton Trust Protocol (USCTP) as a member to contribute to protecting the Earth.

III. Company Profile

The Company is a public listed company registered at No. 227 Gongye Road, Madou District, Tainan City.

(I) Taipei Liaison Office: Located at 13F, No. 376, Sec. 4, Ren’ai Rd., Da’an Dist., Taipei City.

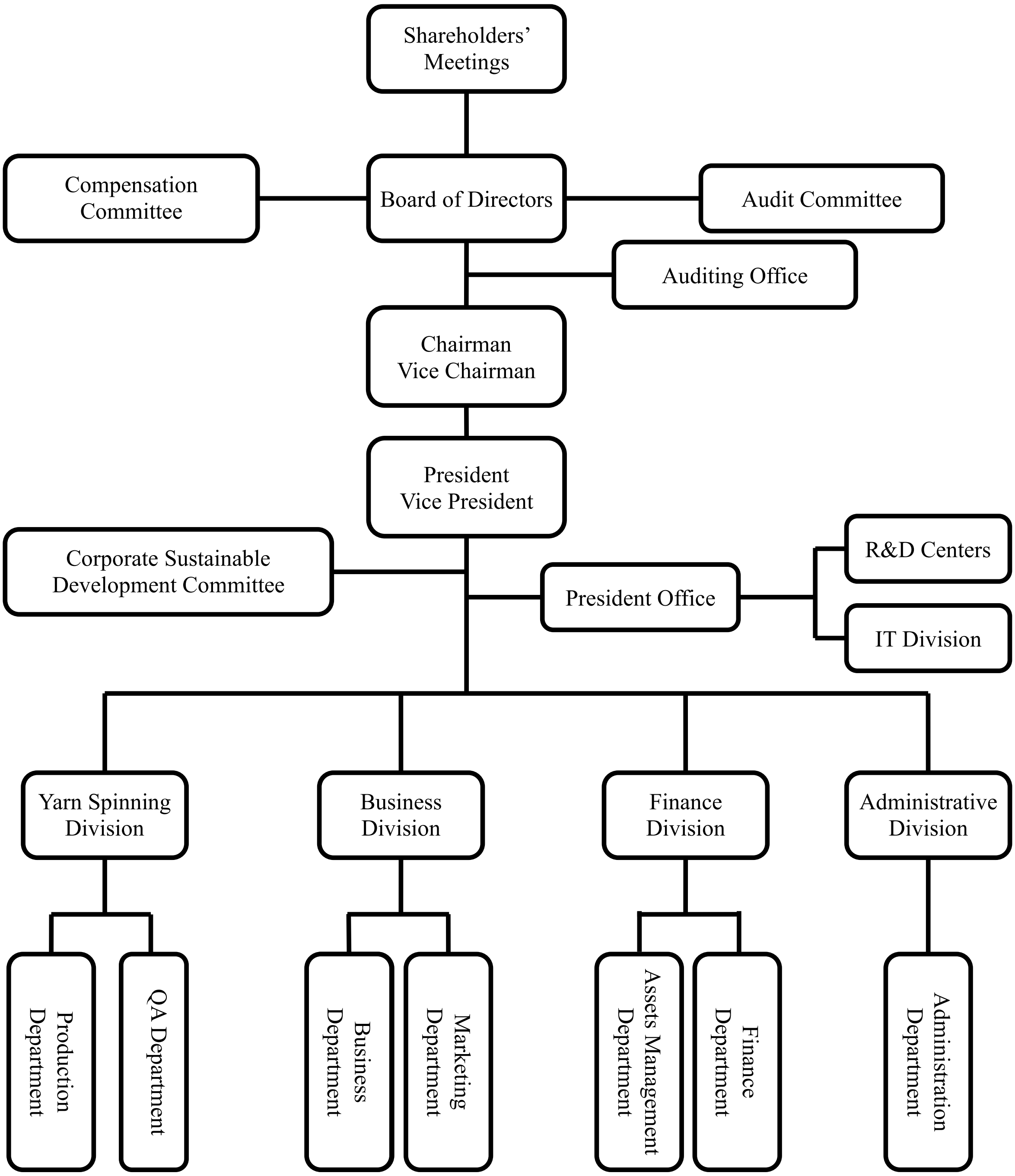
(II) Spinning Mill: Located at No. 227, Gongye Rd., Madou Dist., Tainan City.

(III) Rende Outlet: Located at No.701 (Taruko Sports), No.711 (Carrefour), No.777 & 779 (HOLA Furnishing & Test Rite Retail), and No. 861 (Mech Smile), Zhongshan Rd., Rende Dist., Tainan City

Chapter 3 Corporate Governance Report

I. Organization

(I) Organization Chart



(II) Department Functions

Department Name	Functions
Auditing Office	1. Draft annual audit plan, inspect and review shortcomings of internal control systems and operating effect and efficiency according to annual audit plan and give suggestions for improvement timely. 2. Review internal control reports on self-inspection of all units.
Corporate Sustainable Development Committee	1. Environmental certification system management and promotion. 2. Climate change response strategies and project implementation. 3. Greenhouse Gas Inventory and Carbon Reduction Plan Promotion. 4. Corporate sustainability guidelines and project promotion. 5. Compilation and publication of Sustainability (ESG) Reports.
President Office	1. Advice purchase of raw cotton and control cotton assorting. 2. Monitor process quality and assist the Yarn Spinning Division in technical R&D. 3. Develop and maintain information software system, build and maintain enterprise information safety and network, and maintain computer hard disk equipment and company website, etc. 4. Establish (revise) internal control systems. 5. Equipment informatization and automation planning.
Finance Division	1. Stock affairs and management. 2. Legal consulting and examination. 3. Maintenance of investor relations. 4. Asset management, activation, property development. 5. Corporate finance, accounting and investment plan management, with the organization's top executive also serving as corporate governance officer.
Administrative Division	1. HR planning and management, labor relations. 2. Purchase of machine and material, supplier management and import customs. 3. Factory management, safety and health and maintenance, etc. 4. Implementation of various certifications such as ISO, GRS, GOTS, OCS, RWS in factory areas. 5. Management and control of warehousing and logistics, etc. 6. Shipment of finished products, storage and delivery management. 7. MRP (material requirements planning) and inventory control.
Business Division	1. Customer development and service. 2. Collection of industry-related product information, development and popularization of new products and purchase of relevant materials. 3. After-sales service of company products, including tracking and customer complaint handling, etc. 4. Order acceptance and collection. 5. Delivery and expediting of payment for goods. 6. Coordination and arrangement of after-sales service.
Yarn Spinning Division	1. Implementation of production plan, scheduling and work order management. 2. Maintenance and management of production equipment. 3. Productivity analysis. 4. Process quality control, process efficiency and quality improvement and technical R&D, etc. 5. Repair and maintenance of environmentally protective facilities for factory affairs.

II. Information About Director, President, Vice President, Assistant Vice President, and Head of Department and Branch

(I) Information of Directors (1-1)

March 8, 2024

Job Title	Nationality/Place of Registration	Name (corporate shareholders and representatives listed separately)	Gender and Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Major Experience (Education)	Other Position Concurrently Held at the Company and Other Companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Note
							Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%			Job Title	Name	Relationship	
Chairman	R.O.C.	YUH SHUEN INVESTMENT& DEVELOPMENT CO., LTD	Female 71-80 year-old	2022.06.17	2025.06.16	2010.05.25	28,000,626	12.73%	28,000,626	12.73%	None	None	None	None	Graduated from National Cheng Kung University	1. SHING HO INVESTMENT & DEVELOPMENT CO.,LTD: Chairman 2. FENGTAR FULI INDUSTRY CO., LTD.: Chairman	Director	Cheng, Chih-Wen	Mother and son	Note 2
		Representative: Tsai, Sui-Ying					3,002,943	1.36%	3,002,943	1.36%	None	None	None	None						
Vice Chairman	R.O.C.	YUH SHUEN INVESTMENT& DEVELOPMENT CO., LTD	Male 41-50 year-old	2022.06.17	2025.06.16	2010.05.25	28,000,626	12.73%	28,000,626	12.73%	None	None	None	None	Doshisha University	None	Chairman	Tsai, Sui-Ying	Mother and son	Note 2
		Representative: Cheng, Chih-Wen					10,926,160	4.97%	10,926,160	4.97%	None	None	None	None						
Director	R.O.C.	YUH SHUEN INVESTMENT& DEVELOPMENT CO., LTD	Male 71-80 year-old	2022.06.17	2025.06.16	2010.05.25	28,000,626	12.73%	28,000,626	12.73%	None	None	None	None	Graduated from National Cheng Kung University	Aesop Co., Ltd.: Director	None	None	None	
		Representative: Tsai, Fu-Jen					None	None	None	None	None	None	None	None						
Director	R.O.C.	YUH SHUEN INVESTMENT& DEVELOPMENT CO., LTD	Male 61-70 year-old	2022.06.17	2025.06.16	2014.10.29	28,000,626	12.73%	28,000,626	12.73%	None	None	None	None	Graduated from Feng Chia University	The Company: President	None	None	None	
		Representative: Chang, Chia-Heng					6,260	0%	6,260	0%	None	None	None	None						
Independent Director	R.O.C.	Hwang, Jin-Fa	Male 71-80 year-old	2022.06.17	2025.06.16	2019.06.12	None	None	None	None	None	None	None	None	Doctor of Chinese Culture University	1. Accountant of CHUNG-SHIN Accounting Firm	None	None	None	Note 3

Job Title	Nationality/Place of Registration	Name (corporate shareholders and representatives listed separately)	Gender and Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Major Experience (Education)	Other Position Concurrently Held at the Company and Other Companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Note
							Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%			Job Title	Name	Relationship	
																2. Associate Professor of National Chengchi University 3. BenQ Trident Medical Corp.: Independent Director				
Independent Director	R.O.C.	Lin, Chang-Hsiung	Male 60-70 year-old	2022.06.17	2025.06.16	2016.06.08	None	None	None	None	None	None	None	None	Master of National Cheng Kung University	1. CEO of Environmental Quality Protection Foundation 2. Member of China Quality Association Service Quality Working Committee	None	None	None	
Independent Director	R.O.C.	Chen, Cheng-Keng	Male 71-80 year-old	2022.06.17	2025.06.16	2019.06.12	None	None	None	None	None	None	None	None	Master of National Chengchi University	None	None	None	None	

Note 1: Number of shares is calculated as per number of outstanding shares 220,000,000; it should be represented by “0” if shareholding ratio does not reach 0.01%.

Note 2: If the chairperson and president or an equivalent position (the highest manager) of a company are the same person, spouses, or relatives within the first degree of kinship, the reasons, rationality, necessity, and corresponding measures should be explained: Given the Company’s operations and asset scale, the chairperson’s first-degree relative serves as the vice chairperson, responsible for addressing strategic planning, operations, and resource integration, distinct from the president’s role in day-to-day management. In the future, additional corresponding measures will be implemented in compliance with legal regulations.

Note 3: Independent director Mr. Hwang, Jin-Fa passed away on January 24, 2024, and his position as an independent director of the company was naturally vacated. His information will no longer be listed in the following annual reports. The vacancy for an independent director was filled through an election on June 18, 2024.

Major Shareholders of Directors who are Corporate Shareholders (1-2)

Table 1: Major Shareholder

March 8, 2024

Name of Institutional Shareholder	Major Shareholder	Percentage of Ownership (%)
Yuh Shuen Investment & Development Co., Ltd.	Shing Ho Construction Co., Ltd.	40.20
	Tsai, Sui-Ying	0.01
	SHING HO INVESTMENT& DEVELOPMENT CO.,LTD	12.17
	CHENG, NU-E	0.11
	Toh-Oh Co., Ltd.	3.33
	PEARL OCEANIC LTD.	17.23
	CHENG, YU-CHIEH	8.41
	CHENG, PO-JEN	1.15
	Cheng, Chih-Wen	16.49

Table 2: Table 1 - Major Shareholders for Legal Entity Shareholders

March 8, 2024

Name of Institutional Shareholder	Major Shareholder	Percentage of Ownership (%)
Shing Ho Construction Co., Ltd.	Yeh Cheng, Hsueh-Mei	0.22
	Tsai, Sui-Ying	12.94
	Cheng, Chih-Wen	11.98
	CHENG, YU-CHIEH	9.62
	CHENG, PO-JEN	13.66
	Yuh Shuen Investment & Development Co., Ltd.	25.17
	SHING HO INVESTMENT& DEVELOPMENT CO.,LTD	26.40
SHING HO INVESTMENT& DEVELOPMENT CO.,LTD	Shing Ho Construction Co., Ltd.	23.81
	Cheng, Chih-Wen	15.88.
	CHENG, YU-CHIEH	27.33
	CHENG, PO-JEN	5.42
	Yuh Shuen Investment & Development Co., Ltd.	12.02
	CHENG, YANG-EN	2.92
	CHENG, AI-CHEN	2.66
	CHENG, CHING-SUI	2.66
	Fengtar Fuli Industry Co., Ltd.	3.56

Information on Independence of Directors (2)

1. Disclosure of information on Directors' Professional Qualifications and Independence of Independent Directors

March 8, 2024

Qualifications / Name	Professional Qualification and Work Experience	Status of independence	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Chairman Tsai, Sui-Ying*	Major education: bachelor of science, Department of Statistics, NCKU Major Experience: Chairman of Tung Ho Textile Corp., Chairman of Yuh Shuen Investment & Development Co., Ltd., Chairman of Fengtar Fuli Industry Co., Ltd.	N/A	0
Vice Chairman Cheng, Chih-Wen*	Major education: Bachelor of arts, Department of Laws, Doshisha University Major Experience: Vice Chairman of Tung Ho Textile Co., Ltd., Director of Fengtar Fuli Industry Co., Ltd., Director of Toyo Jitsugyo Co., Ltd.	N/A	0
Director Tsai, Fu-Jen*	Major education: Bachelor of sciences, Department of Machenical Engineering, NCKU Major Experience: Aiso Fjt Co., Ltd., Carfel Inc., China Steel Corporation (CSC)	N/A	0
Director Chang, Chia-Heng*	Major education: Bachelor of sciences, Department of Fiber and Composite Materials Major Experience: Dorector of Tung Ho Textile Co., Ltd., President of Tung Ho Textile Co., Ltd.	N/A	0
Independent Director Hwang, Jin-Fa	Major education: PhD. in Business of Chinese Culture University; Master's degree in Accounting of National Chengchi University; Bachelor of arts in Accounting of NCKU Major Experience: Accountant of CHUNG-SHIN Accounting Firm, Associate Professor of National Chengchi University, Independent Director of BenQ Medical Technology., Independent Director of Tung Ho Textile Co., Ltd. Audit Committee member of Tung Ho Textile Corp.	The independent directors of the Company are in compliance with Subparagraphs 5-8, Paragraph I, Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".	1

Qualifications / Name	Professional Qualification and Work Experience	Status of independence	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Independent Director Lin, Chang-Hsiung	Major education: Master's degree of Industrial Management, NCKU Major Experience: Director of Philips Quality Culture and Education Foundation, Taiwan; service and innovation work committee member of Chinese Society for Quality, vice president of supply chain under the SMEs panel business department of Chi Mei Optoelectronics/Toppoly Electronics; vice president of supply chain of Philips Semiconductor in the Asia Pacific region; vice president of supply chain and information technology of Philips Electronics Components in the headquarter of the Asia Pacific region; lecturer of the business excellence management class of the master's degree in industrial engineering of Tsinghua University; lecturer of the department of statistics of National Cheng Kung University	The independent directors of the Company are in compliance with Subparagraphs 5-8 Paragraph I, Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".	0
Independent Director Chen, Cheng-Keng	Major education: Master degree in accounting of National Chengchi University Major Experience: Supervisor of Tung Ho Textile Co., Ltd. Supervisor, Director of Yung Ta Shun Cheng CPA Firm, Partner Accountant of Yung Ta Shun Cheng CPA Firm	The independent directors of the Company are in compliance with Subparagraphs 5-8, Paragraph I, Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".	0

Note1: *Representatives of Yuh Shuen Investment & Development Co., Ltd.
Note2: The matters stipulated in all paragraphs of Article 30 of the Company Act do not describe the directors mentioned above.

2. Information on Diversity and Independence of the Board of Directors

(1) Diversity the Board of Directors

The Company focuses on diversifying the composition of its Board of Directors. In order to strengthen corporate governance and promote the sound development of the Board of Directors' composition and structure, Article 20 of the Company's "Corporate Governance Code" stipulates that the Board of Directors shall possess the following competencies: 1. business judgment 2. accounting and financial analysis 3.Operation and management skills 4. crisis management skills 5. industry knowledge 6. international market perspective 7. leadership skills 8. decision-making capability.

At the same time, members of the Company's Board of Directors have diverse and complementary capabilities across industry sectors, and each has industry experience and related skills, such as legal, financial accounting, industry, technology, operation and management, professional skills and industry experience. Please refer to page 11 of the Annual Report for directors' information on major educational background and experience. The current implementation of the policy of diversity of board members of the Company's individual directors is as follows:

Board members of the Company have rich managerial experience, excellent leadership decision ability and abundant industrial knowledge. The Company also values gender equality of board members. There are 1 female director accounts for 14%, 1 employee director and 3 independent directors. Core competency of board members is shown below: Core competency of board members is shown below:

☆40-64 year-old; ★65 year-old or above

Name of Director	Type of Director	Nationality	Age	Gender	Term (Years)			Serve concurrently as employees of the Company	Diversified Core Competences							
					<3	3-6	>6		Operating judgment	Accounting and financial analysis	Business Administration	Crisis management	Industrial Knowledge	Global market viewpoint	Leadership	Decision-making ability
Tsai, Sui-Ying	Executive Director	R.O.C.	★	Female			●		✓	✓	✓	✓	✓	✓	✓	✓
Cheng, Chih-Wen	Executive Director	R.O.C.	☆	Male			●		✓		✓	✓	✓	✓	✓	✓
Tsai, Fu-Jen	Non-Executive Director	R.O.C.	★	Male			●		✓		✓		✓	✓		✓
Chang, Chia-Heng	Executive Director	R.O.C.	★	Male			●	✓	✓		✓	✓	✓	✓	✓	✓
Hwang, Jin-Fa	Independent Director	R.O.C.	★	Male		●				✓				✓		
Lin, Chang-Hsiung	Independent Director	R.O.C.	★	Male			●		✓		✓			✓		
Chen, Cheng-Keng	Independent Director	R.O.C.	★	Male		●				✓				✓		

(2) Information on Independence of Board of Directors

The current Board of Directors of the Company consists of seven directors, of which three are independent directors of the Company. 43% of the total number of directors are independent directors, and no more than two of the directors are related to each other as spouses or relatives within the second degree of kinship, and there are no cases as stipulated in Paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act.

(II) Information on the President, Vice Presidents, Assistant Vice Presidents, and Supervisors of Divisions and Branch Units

March 8, 2024

Job Title	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Major Experience (Education)	Current concurrent positions at other companies	Managerial Officer who Are Spouses or within the Second Degree of Kinship			Note
					Number of Shares	%	Number of Shares	%	Number of Shares	%			Job Title	Name	Relationship	
Special Assistant to the Chairman (Consultant)	R.O.C.	CHENG, PO-JEN	Male	2017.06.16	789,556	0.36%	None	None	None	None	DePaul University	None	Chairman	TSAI, SUI-YING	Mother and son	Note 2
President	R.O.C.	CHANG, CHIA-HENG	Male	2017.11.07	6,260	0.00%	None	None	None	None	Feng Chia University Graduated	None	None	None	None	
Vice President of Business Department	R.O.C.	LEE, CHIH-HUNG	Male	2017.12.01	None	None	None	None	None	None	Feng Chia University Graduated	None	None	None	None	
Manager of R&D Centers	R.O.C.	HUNG, HSU-MIN	Male	2023.3.1	None	None	None	None	None	None	Feng Chia University Graduated	None	None	None	None	
Division Chief of Yarn Spinning Division	R.O.C.	CHUANG, CHIH-CHIANG	Male	2023.3.1	None	None	None	None	None	None	Feng Chia University Graduated	None	None	None	None	
Manager of Finance Division	R.O.C.	KUO, YEN-LIANG	Male	2016.10.31	None	None	None	None	None	None	Tunghai University Graduated	None	None	None	None	
Associate Manager of Administration Department	R.O.C.	LU, WEI-CHE	Male	2022.5.6	None	None	None	None	None	None	Feng Chia University Graduated	None	None	None	None	

Note 1: The total number of shares for the shareholding ratio is calculated based on the total outstanding shares of 220,000,000; shareholding percentages less than 0.01% are shown as “0”.

Note 2: When the general manager or equivalent (the highest manager) and the chairman of the board are the same person, spouses, or first-degree relatives, the reasons, rationality, necessity, and corresponding measures should be disclosed: None. Starting from 2023.11.1, the Special Assistant to the Chairman has been transferred to the role of Consultant, and will no longer be listed in the following annual reports.

III. Remuneration Paid to the Directors, Independent Director, Presidentm and Vice President in the Most Recent Year

(I) Remuneration of Directors, Independent Directors, President, and Vice Presidents

1. Remuneration of Directors and Independent Director (names and remuneration thereof to be disclosed individually)

Unit: NT$ Thousand 2023

Job Title	Name	Remuneration Paid to Directors								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors who Are Also Employees								Ratio of Total Remuneration (A+B+C+D+E+F+G) to Net Income (%)		Remuneration from Invested Companies Other than Subsidiaries or the Parent Company
		Base Compensation (A)		Severance Pay and Pension(B)		Remuneration Paid to Directors(C)(Note)		Business Execution Expenses (D)				Salary, Bonus, and Allowance (E)		Severance Pay and Pension (F)		Employee Compensation (G)(Note)						
		The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company		All Companies in Consolidated Financial Statements		The Company	All Companies in Consolidated Financial Statements	
																Cash	Stock	Cash	Stock			
Corporate Director	YUH SHUEN INVESTMENT & DEVELOPMENT CO., LTD	-	-	-	-	452	-	-	-	$452 1.38%	-	-	-	-	-	-	-	-	-	$452 1.38%	-	-
Representative (Chairman of the Company)	Tsai, Sui-Ying	2,087	-	-	-	-	-	176	-	$2,263 6.89%	-	-	-	-	-	-	-	-	-	$2,263 6.89%	-	-
Representative (Vice Chairman of the Company)	Cheng, Chih-Wen	-	-	-	-	-	-	176	-	$176 0.54%	-	-	-	-	-	-	-	-	-	$176 0.54%	-	-
Representative	Tsai, Fu-Jen	-	-	-	-	-	-	126	-	$126 0.38%	-	-	-	-	-	-	-	-	-	$126 0.38%	-	-
Representative (President of the Company)	Chang, Chia-Heng	-	-	-	-	-	-	126	-	$126 0.38%	-	1,601	-	-	-	70	-	-	-	$1,797 5.47%	-	-
Independent Director	Hwang, Jin-Fa	360	-	-	-	-	-	136	-	$496 1.51%	-	-	-	-	-	-	-	-	-	$496 1.51%	-	-
Independent Director	Lin, Chang-Hsiung	360	-	-	-	270	-	200	-	$830 2.53%	-	-	-	-	-	-	-	-	-	$830 2.53%	-	-
Independent Director	Chen, Cheng-Keng	360	-	-	-	270	-	200	-	$830 2.53%	-	-	-	-	-	-	-	-	-	$830 2.53%	-	-
Other than disclosures in the above table, remuneration paid to directors for providing services (e.g., providing consulting services as a non-employee) for all companies in consolidated financial statements in the most recent year: None.																						

* The remuneration contents disclosed in this table are different from the concept of income specified in the Income Tax Act, thus the purpose of this table is for information disclosure only, rather than taxation purpose.

Note: The amounts of employee compensation and director remuneration that have not been approved by the Board of Directors for distribution are estimated based on the expected payment amounts presented to the Remuneration Committee.

2. Remuneration to President and Vice President (names and remuneration thereof to be disclosed individually)

Unit: NT$ Thousand 2023

Job Title	Name	Salary (A)		Severance Pay and Pension(B)		Bonuses and Allowance(C)		Employee compensation amount (D) (Note)				Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Remuneration from Invested Companies Other than Subsidiaries or the Parent Company
		The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company		All Companies in Consolidated Financial Statements		The Company	All Companies in Consolidated Financial Statements	
								Cash	Stock	Cash	Stock			
Special Assistant of Chairman (Consultant)	CHENG, PO-JEN	741		-		-		90	-			$831 2.53%		
President	Chang, Chia-Heng	1,601	-	-	-	-	-	70	-	-	-	$1,671 5.09%	-	-
Vice President of Business Department	LEE, CHIH-HUNG	1,118						65				$1,183 3.60%		

* The remuneration contents disclosed in this table are different from the concept of income specified in the Income Tax Act, thus the purpose of this table is for information disclosure only, rather than taxation purpose.

Note: The amounts of employee compensation and director remuneration that have not been approved by the Board of Directors for distribution are estimated based on the expected payment amounts presented to the Remuneration Committee.

3. Remuneration of the Top Five Highest-Paid Managers (Disclosure of Individual Names and Remuneration Methods) of Listed/OTC Companies

Unit: NT$ Thousand 2023

Job Title	Name	Salary (A)		Severance Pay and Pension (B)		Bonuses and Allowance (C)		Employee compensation (D) (Note 3)				Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Remuneration from Invested Companies Other than Subsidiaries or the Parent Company
		The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company		All Companies in Consolidated Financial Statements		The Company	All Companies in Consolidated Financial Statements	
								Cash	Stock	Cash	Stock			
Special Assistant of Chairman (Consultant)	CHENG, PO-JEN	741		-		-		90	-			$831 2.53%		
President	Chang, Chia-Heng	1,601		-		-		70	-			$1,671 5.09%		
Vice President of Business Department	LEE, CHIH-HUNG	1,118	-	-	-	-	-	65	-	-	-	$1,183 3.60%	-	-
Manager of Finance Division (Corporate Governance Officer)	Kuo, Yen-Liang	971		-		-		90	-			$1,061 3.23%		

Note 1: The "Top Five Managerial Officers With the Highest Remuneration" refer to the Company's managerial officers; the definition of managerial officers are based on the Ministry of Finance Official Letter No. 0920001301 regarding the scope of managerial officers issued by the former Securities and Futures Commission, Ministry of Finance on March 27, 2003.

Note 2: "Managerial Officers" are consistent with the Ministry of Finance Securities and Futures Commission Official Letter No. Zheng-San 0920001301.

Note 3: The amounts of employee compensation and director remuneration that have not been approved by the Board of Directors for distribution are estimated based on the expected payment amounts presented to the Remuneration Committee. The remuneration contents disclosed in this table are different from the concept of income specified in the Income Tax Act, thus the purpose of this table is for information disclosure only, rather than taxation purpose.

4. Name of the Manager Responsible for Distributing Employee Compensation and the Distribution Details

Unit: NT$ thousand 2023

<table>
<tr><th></th><th>Job Title</th><th>Name</th><th>Stock</th><th>Cash (Note)</th><th>Total</th><th>Proportion to Earnings After Tax (%)</th></tr>
<tr><td rowspan="4">Manager</td><td>Special Assistant of Chairman (Consultant)</td><td>CHENG, PO-JEN</td><td rowspan="4">None</td><td rowspan="4">315</td><td rowspan="4">315</td><td rowspan="4">0.96</td></tr>
<tr><td>President</td><td>Chang, Chia-Heng</td></tr>
<tr><td>Vice President of Business Department</td><td>LEE, CHIH-HUNG</td></tr>
<tr><td>Manager of Finance Division</td><td>Kuo, Yen-Liang</td></tr>
</table>

Note: The amounts of employee compensation and director remuneration that have not been approved by the Board of Directors for distribution are estimated based on the expected payment amounts presented to the Remuneration Committee.

(II) Specify and Compare the Salary to Directors, Presidents and Vice Presidents of the Company in Proportion to the Earnings After tax From the Company and Companies Included in the Consolidated Financial Statements in the Most Recent 2 Years, and Specify the Policies, Standards, Combinations, Procedure of Decision-Making of Remunerations and Their Relation to Business Performance and Future Risk

1. The Ratio of Compensation Paid to the Company's Directors and General Managers to After-Tax net Profit in the Most Recent two Years

Unit: NT$ thousand

Year	2022	2023
Total remunerations to the Directors and President (A)	9,556	6,970 (Note)
After-tax net income (B)	104,362	32,849
Total of Remuneration (A)/(B)	9.16%	21.22%

Note: The amounts of employee compensation and director remuneration that have not been approved by the Board of Directors for distribution are estimated based on the expected payment amounts presented to the Remuneration Committee.

2. In 2023, the transportation allowance and board meeting attendance fee paid to each director remained the same as in 2022. Remuneration, as a percentage of net income, paid to the Directors, President and Vice President changes slightly with after-tax net income.

3. Remuneration paid to Directors (including Chairman), as stipulated by Article 36 of the Articles of Incorporation, are based on their level of participation and contributions in the Company's business operations and also based on the average industry standards.

4. The remuneration is determined by taking into account only operating performance and not future risks.

IV. Implementation of Corporate Governance

(I) Operation of the Board of Directors

The Board of Directors held 4 meetings in 2023, and the attendance of directors is as follows:

<table>
<tr><th>Job Title</th><th>Name</th><th>Attendance in Person</th><th>Attendance by Proxy</th><th>Actual attendance rate (%)</th><th>Note</th></tr>
<tr><td>Chairman</td><td>Representative of Yuh Shuen Investment & Development Co., Ltd.
Tsai, Sui-Ying</td><td>4</td><td>0</td><td>100%</td><td></td></tr>
<tr><td>Vice Chairman</td><td>Representative of Yuh Shuen Investment & Development Co., Ltd.
Cheng, Chih-Wen</td><td>4</td><td>0</td><td>100%</td><td></td></tr>
<tr><td>Director</td><td>Representative of Yuh Shuen Investment & Development Co., Ltd.
Tsai, Fu-Jen</td><td>3</td><td>0</td><td>75%</td><td></td></tr>
<tr><td>Director</td><td>Representative of Yuh Shuen Investment & Development Co., Ltd.
Chang, Chia-Heng</td><td>3</td><td>0</td><td>75%</td><td></td></tr>
<tr><td>Independent Director</td><td>Hwang, Jin-Fa</td><td>4</td><td>0</td><td>100%</td><td></td></tr>
<tr><td>Independent Director</td><td>Lin, Chang-Hsiung</td><td>4</td><td>0</td><td>100%</td><td></td></tr>
<tr><td>Independent Director</td><td>Chen, Cheng-Keng</td><td>4</td><td>0</td><td>100%</td><td></td></tr>
<tr><td colspan="6">Other matters to be recorded:
1. With regard to the implementation of the Board of Directors, if any of the following circumstances occurs, the dates, terms of the meetings, contents of motions, all independent directors’ opinions and the Company’s handling of such opinions shall be specified:
(1) Items specified in Article 14-3 of the Securities and Exchange Act: Please refer to (XI) “Major Resolutions of Shareholders’ Meeting and Board Meetings” on page 54.
(2) Other than the aforementioned matters, any board resolutions in which independent directors expressed dissenting or qualified opinions that have been recorded or stated in writing: None.
2. Regarding recusals of directors from voting due to conflicts of interest, the names of the directors, contents of motions, reasons for recusals, and results of voting shall be specified:</td></tr>
</table>

Board of Directors	Directors that should avoid this proposal	Major Resolutions	Reason for Recusal	Participation in vote
2023.03.15 The 4th meeting of the 37th session	Tsai, Sui-Ying	Proposal of distribution of annual bonuses to managers in 2022	Absent directors are the subjects of such reward resolution	Except for the director (Tsai, Sui-Ying) who had a personal interest and thus recused herself from participating in the discussion and voting, after the chairman consulted the remaining directors present, all agreed to pass the proposal as is without objection.
2023.03.15 The 4th meeting of the 37th session	Chang, Chia-Heng	Proposal of distribution of annual bonuses to managers in 2022	Absent directors are the subjects of such reward resolution	Except interested Directors (Chang, Chia-Heng) are absent from discussion and voting due to recusal of interest, other attending directors pass this proposal upon Chairman's consulting
2023.04.28 The 5th meeting of the 37th session	Tsai, Sui-Ying	Proposal of the 2022 distribution of the compensation to directors and emplyees	Absent directors are the subjects of such reward resolution	Except for the director (Tsai, Sui-Ying) who had a personal interest and thus recused herself from participating in the discussion and voting, after the chairman consulted the remaining directors present, all agreed to pass the proposal as is without objection.
2023.04.28 The 5th meeting of the 37th session	Cheng, Chih-Wen	2022 Distribution of the compensation to directors	Absent directors are the subjects of such reward resolution	Except for the director (Cheng, Chih-Wen) who had a personal interest and thus recused herself from participating in the discussion and voting, after the chairman consulted the remaining directors present, all agreed to pass the proposal as is without objection.
2023.04.28 The 5th meeting of the 37th session	Tsai, Fu-Jen	2022 Distribution of the compensation to directors	Absent directors are the subjects of such reward resolution	Except for the interested director (Tsai, Fu-Jen) who abstained from discussion and voting due to a conflict of interest, the proposal was unanimously approved by all the remaining attending directors after consultation by the chairman.
2023.04.28 The 5th meeting of the 37th session	Chang, Chia-Heng	Proposal of the 2022 distribution of the compensation to directors and emplyees	Absent directors are the subjects of such reward resolution	Except interested Directors (Chang, Chia-Heng) are absent from discussion and voting due to recusal of interest, other attending directors pass this proposal upon Chairman's consulting
2023.04.28 The 5th meeting of the 37th session	Hwang, Jin-Fa	2022 Distribution of the compensation to directors	Absent directors are the subjects of such reward resolution	Except for the interested director (Hwang, Jin-Fa) who abstained from discussion and voting due to a conflict of interest, the proposal was unanimously approved by all the remaining attending directors after consultation by the chairman.
2023.04.28 The 5th meeting of the 37th session	Lin, Chang-Hsiung	2022 Distribution of the compensation to directors	Absent directors are the subjects of such reward resolution	Except for the interested director (Lin, Chang-Hsiung) who abstained from discussion and voting due to a conflict of interest, the proposal was unanimously approved by all the remaining attending directors after consultation by the chairman.
2023.04.28 The 5th meeting of the 37th session	Chen, Cheng-Keng	2022 Distribution of the compensation to directors	Absent directors are the subjects of such reward resolution	Except for the interested director (Chen, Cheng-Keng) who abstained from discussion and voting due to a conflict of interest, the proposal was unanimously approved by all the remaining attending directors after consultation by the chairman.
2024.03.08 The 8th meeting of the 37th session	Tsai, Sui-Ying	Proposal of distribution of annual bonuses to managers in 2023	Absent directors are the subjects of such reward resolution	Except for the director (Tsai, Sui-Ying) who had a personal interest and thus recused herself from participating in the discussion and voting, after the chairman consulted the remaining directors present, all agreed to pass the proposal as is without objection.

Board of Directors	Directors that should avoid this proposal	Major Resolutions	Reason for Recusal	Participation in vote
2024.03.08 The 8th meeting of the 37th session	Chang, Chia-Heng	Proposal of distribution of annual bonuses to managers in 2023	Absent directors are the subjects of such reward resolution	Except interested Directors (Chang, Chia-Heng) are absent from discussion and voting due to recusal of interest, other attending directors pass this proposal upon Chairman's consulting

3. The execution of the Board's evaluation:

Frequency	Period	Scope	Method	Content
Once a year	January 1 to December 31 in 2023	Board of Directors	Self-evaluation by the directors	1.Participation of the Company's operation 2.Improvement in the Board's decision making quality 3.Composition and structure of the Board 4.Selection and continuing education of the directors 5.Internal Control

4. Measures undertaken during the current year and past year in order to strengthen the functions of the board of directors (such as the establishment of an audit committee and improvement of information transparency, etc.) and assessment of their implementation:

(1) Except relevant regulations provided to Directors anytime, report business performance to Directors in board meeting, and prepare proposals and assign personnel for board examination and consulting.

(2) On June 17, 2022, the annual shareholders' meeting fully re-elected the directors and independent directors to strengthen the functions of the board of directors.

(3) Proactively provides training courses, encourages Directors to actively participate in corporate governance training courses and invites professional lecturers to give lessons from time to time, so as to strengthen the competency of Board members. In 2023, 4 directors participated in training courses, with a total of 18 hours.

(4) To implement corporate governance and enhance the functions of the board of directors, the company has established performance goals to improve the efficiency of board operations. On November 10, 2019, the board of directors approved the "Board Performance Evaluation Measures". Before the end of the first quarter of 2024, all board members have completed the performance evaluation questionnaire for the period from January 1 to December 31, 2023. The evaluation results for all aspects are good. The evaluation results are expected to be reported to the board of directors on May 2, 2024.

(II) Audit Committee

In the recent year (2023), the Audit Committee held 4 meetings (A), and the attendance of the Audit Committee members is as follows:

Job Title	Name	Actual Attendance (B)	Attendance by Proxy	Attendance Rate (%) (B/A)(Note)	Note
Independent Director	Hwang, Jin-Fa	4	0	100%	
Independent Director	Lin, Chang-Hsiung	4	0	100%	
Independent Director	Chen, Cheng-Keng	4	0	100%	

Other matters to be recorded:

1. With regard to the implementation of the Audit Committee, if any of the following circumstances occur, the dates, terms of the Audit Committee meetings, contents of motions, objections of the independent directors, qualified opinions or material recommendations, all Audit Committee resolutions, and the Company's handling of such resolutions shall be specified:

   (1) Items specified in Article 14-5 of the Securities and Exchange Act:

Audit Committee	Resolution Content and Results
2023.03.15 The 3th meeting of the 2nd session	Proposal: • This is the Company's fourth quarter financial report for the year 2022. • Assessment of the independence and suitability of the CPAs. • Passed the proposal on the review of the CPA's professional fees. • The Company's profit distribution plan for the year 2022. Resolution results: The proposal was approved by the Chairman with the consent of all members present and sent to the Board of Directors for approval.
2023.04.28 The 4th Meeting of the 2nd session	Proposal: • The financial report of the Company for the first quarter of the year 2023. Resolution results: The proposal was approved by the Chairman with the consent of all members present and sent to the Board of Directors for approval.
2023.08.08 The 5th meeting of the 2nd session	Proposal: • The financial report of the Company for the 2023 second quarter. Resolution results: The proposal was approved by the Chairman with the consent of all members present and sent to the Board of Directors for approval.
2023.11.09 The 6th meeting of the 2nd session	Proposal: • The financial report of the Company for the third quarter of the year 2023. • The CPAs for the Company's fourth quarter financial report in 2023 has been changed. • The Company has added "Audit Procedures for Pre-Approval of Non-Assurance Services Provided by Certified Public Accountants" and the scope of non-assurance services to be provided by Deloitte & Touche for 2023. • The Company's audit plan for 2024. Resolution results: The proposal was approved by the Chairman with the consent of all members present and sent to the Board of Directors for approval.

(2) Apart from the aforementioned matters, other matters not approved by the Audit Committee but resolved by more than two-thirds of all directors: None.

2. The implementation of independent directors' recusal from interested party resolutions should state the names of the independent directors, the contents of the resolutions, the reasons for recusal, and their voting participation: None.

3. Communication between the independent directors, chief internal auditor, and CPAs (including the key items, methods, and results of audit of finances):

   The Company's internal auditors submit monthly audit reports or tracking reports for the previous month to each of the independent directors for their review, and the independent directors provide feedback or comments as necessary. There were no significant irregularities in the audit results, and the independent directors had no objection in 2023.

   The Audit Committee has the authority to conduct any appropriate audits and investigations in accordance with the Articles of Incorporation in order to fulfill its responsibilities, and has direct access to the Company's internal auditors and CPAs. The Audit Committee also has the authority to appoint and supervise attorneys, CPAs or other consultants to assist the Audit Committee in carrying out its duties. Please refer to the Company's website for the Audit Committee's Articles of Incorporation.

(III) Corporate Governance Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
1. Does the Company establish and disclose its corporate governance best-practice principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	V		The "Corporate Social Responsibility Best-practice Principles" was approved by the Board of Directors on November 12, 2020 and has been disclosed on the Company website.	No significant deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.
2. Shareholding structure & shareholders' rights (1) The Company has established an internal operating procedure to handle shareholders' suggestions, inquiries, disputes, and litigation matters, and implements it accordingly. (2) The Company is aware of the list of major shareholders who actually control the Company and the ultimate controllers of those major shareholders. (3) The Company has established and implemented risk management and firewall mechanisms with its affiliated enterprises. (4) The Company has established internal regulations prohibiting insiders from trading securities using non-public information.	V V V V		(1) The Company's spokesperson is responsible for handling shareholder recommendations and disputes, and any questions concerning legal issues will be handled by the Company's lawyers. (2) The Company reports shares of Directors, Supervisors, managers and shareholders holding above 10% of shares monthly according to the Securities and Exchange Act to master the list of major shareholders and ultimate controllers of the actual controlling company. (3) "Financial Practice for Affiliates" and "Related Transaction Management and Operational Procedures" have been established in internal control systems of the Company. (4) The Company has established the "Management and Operational Procedures to Prevent Insider Trading" to prohibit the Directors, managers and all employees of the Company, as well as anyone who becomes aware	No significant deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
			of the Company's information based on professional or control relationships from any conduct that may involve insider trading and has promoted it regularly.	
3. Composition and responsibilities of the Board of Directors (1) Does the board of directors formulate a diversity policy, specific management goals, and implement them?	V		(1) According to Article 20 of the Company's Corporate Governance Best Practice Principles, diversity shall be considered in the composition of the Company's Board of Directors, and members of the Board of Directors shall possess the knowledge, skills, and qualities required to perform their duties. The Board drafted diversified policies on board composition and disclosed them on company website and public information observation station. Please refer to page 14 for the implementation of Board members diversification policy of individual Directors.	No significant deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.
(2) In addition to establishing a Remuneration Committee and an Audit Committee as required by law, does the Company voluntarily establish other functional committees?		V	(2) The current functional committees of the company are the Remuneration Committee and the Audit Committee. The establishment of other committees will be evaluated based on future corporate governance requirements or government regulations.	
(3) Has the Company established standards to measure the performance of the Board, and does the Company implement such annually? Does it report the results of the performance evaluation to the BOD and use them as a reference for each Director's remuneration and nomination of term renewal?	V		(3) The Company's Board of Directors passed the "Board of Directors Performance Evaluation Measures" on November 12, 2019. In accordance with the regulations of the Taiwan Stock Exchange Corporation's Corporate Governance Letter No. 10700253951, the Company has completed the	

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
(4) Does the Company regularly evaluate the independence of the CPA?	V		performance evaluation questionnaire for all board members for the period from January 1 to December 31, 2023, before the end of the first quarter of 2023. The scoring results for each aspect are satisfactory. The evaluation results are expected to be reported to the board of directors on May 2, 2024. (4) Outstanding accountants were selected and their independence was examined.	
4. Does the Company appoint adequate persons and a chief governance officer to be in charge of corporate governance matters (including but not limited to providing directors and supervisors required information for business execution, assisting directors and supervisors in following laws and regulations, handling matters in relation to the Board meetings and shareholders' meetings and keeping minutes at the Board meetings and shareholders' meetings according to law)?	V		1. In order to establish an effective corporate governance system, our company has put in place an effective corporate governance structure. Mr. Kuo, Yen-Liang, the Manager of the Finance Department, concurrently serves as the Corporate Governance Officer with more than three years of experience in financial, shareholder affairs, and meeting administration work at public companies. 2. The Management Division of the Company supervises corporate governance affairs. The stock affairs section takes care of all related matters, including organizing Board meetings and shareholders' meetings, compiling meeting minutes, periodically reviewing and modifying "Corporate Governance Principles" and relevant methods and providing necessary data for execution of businesses of the Board.	No significant deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
5. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), and set up a stakeholder section on the Company website, and properly responded to important corporate social responsibility issues that stakeholders are concerned about?	V		The Company has designated a spokesperson and a deputy spokesperson, and has a designated stakeholder section on the Company's website to provide stakeholders a smooth communication channel.	No significant deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.
6. Does the Company appoint a professional stock affairs agency to handle matters related to shareholders' meetings?	V		The Company has entrusted the Trust Department of Chinatrust Commercial Bank to process affairs related to shareholders meetings.	No significant deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.
7. Information disclosure (1) Does the Company have a website that discloses financial, business, and corporate governance information?	V		(1) The website of the Company is http: //www.tungho.com.tw/, related data should be disclosed on the public information observation station.	No significant deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.
(2) Does the Company adopt other methods of information disclosure (such as establishing an English website, designating personnel responsible for collecting and disclosing company information, implementing a spokesperson system, posting the corporate presentation process on the Company website, etc.)?	V		(2) Other information: An English website is established, with dedicated personnel responsible for collecting and disclosing information. Financial reports, investor conferences, and shareholder meeting materials are posted, and a spokesperson is designated.	
(3) Does the Company announce and file its annual financial report within two months after the end of the year, and announce and file its first, second, and third		V	(3) The 2023 financial report was filed within the deadline stipulated by the Securities and Exchange Act, without early announcement.	

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
quarter financial reports and monthly operating status reports before the prescribed deadline?				
8. Does the Company have other important information helpful for understanding the operation of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, continuing education for directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, and the Company's purchase of liability insurance for directors and supervisors, etc.)?	V		1. The Company's Directors have faithfully conducted corporate affairs and perform the duty of care of a good administrator in exercising their powers. 2. To strengthen corporate governance, board meeting was called at least once per quarter with a high attendance rate of Directors. 3. For matters involving related party interests, the Company's board of directors properly recuses itself. 4. The Company always keeps good relationship with our suppliers. 5. The Company discloses information to be disclosed on public information observation station and company website so that stakeholders know company status to protect their rights.	No significant deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.
9. Improvements made in the most recent fiscal year in response to the results of corporate governance evaluation conducted by the Corporate Governance Center of the Taiwan Stock Exchange Corporation, and improvement measures and plans for items yet to be improved. The Company has strengthened the work within the improvable range based on existing human and material resources and will scale up to optimize corporate governance.				

(IV) Composition, Duties and Operation of the Remuneration Committee

1. Member Information of the Remuneration Committee

March 8, 2024

<table>
<tr><th>Title</th><th>Qualifications / Name</th><th>Professional Qualification and Work Experience</th><th>Status of independence</th><th>Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member</th></tr>
<tr><td>Independent Director (Convener)</td><td>Lin, Chang-Hsiung</td><td colspan="2" rowspan="2">Please refer to page 11 of the Annual Report for the disclosure of professional qualifications of directors and independence of independent directors</td><td>0</td></tr>
<tr><td>Independent Director</td><td>Chen, Cheng-Keng</td><td>0</td></tr>
<tr><td>Others</td><td>He, En-Te</td><td>Major education:
Master's degree of the Institute of the Law of the Sea, National Taiwan Ocean University

Major Experience:
Lawyer at LawRC,
Member of the Remuneration Committee of Tung Ho Textile Co., Ltd.</td><td>It is in line with the independence conditions stipulated in Article 14-6 of the Securities and Exchange Law and the "Measures for the Establishment and Exercising of Functions and Powers of the Remuneration Committee of Listed Companies or Companies Trading on Securities Firms' Business Places" (Note), including but not limited to:
1. The member himself/herself, his/her spouse and relatives within the second degree of kinship have not served as a director or a supervisor of the Company or its affiliated companies;
2. Neither the member himself/herself (in the name of others) nor his/her spouse has held the shares of the Company;
3. There is no remuneration for providing business, legal, financial, accounting, and other related services to the Company or its affiliated companies in recent 2 years.</td><td>0</td></tr>
</table>

Note: There was no one of the following circumstances in the two years before the appointment and during the tenure:

(1) Being employed by the company or its affiliated companies.

(2) Being Director or Supervisor in the company or its affiliated companies.

(3) He/she himself/herself, his/her spouse, and minor children held (or in the name of others) more than 1% of the Company's total issued shares or were the top ten natural person shareholders.

(4) According to the managers stated in (1) or the spouses, second-degree relatives, or third-degree relatives of the people listed in (2) and (3) .

(5) A corporate shareholder holding directly 5% or more of the total issued shares of the Company, being one of the top five shareholders, or having appointed a representative to serve as the Company's director or supervisor pursuant to Article 27, Paragraph 1 or 2 of the Company Act; and the directors, supervisors, or employees of that corporate shareholder.

(6) A director, supervisor or employee of other companies controlled by the same person as the Company's director seats or by more than half of the voting shares.

(7) A director (council member), supervisor, or employee of another Company or institution who is the same person or spouse as the chairman, general manager, or equivalent of another company or institution.

(8) A director (council member), supervisor, manager, or shareholder holding more than 5% of the shares of specific companies or institutions that have financial or business dealings with the Company.

(9) Professionals, and business owners, partners, directors (council members), supervisors, and managers (and their spouses) of sole proprietorships, partnerships, companies or institutions that provided auditing for the Company or affiliated companies or cumulatively received the remuneration for business, legal, financial, accounting and other related services amounting to more than NT$500,000 in the last two years. Provided, however, that this does not apply to those who served as members of the Remuneration Committee, Public M&As Review Committee, or Special M&As Committee in accordance with the law.

2. Information on the Operations of the Remuneration Committee

(1) The Company's Remuneration Committee consists of 3 members.

(2) The term of office for the current members: June 17, 2022 to June 16, 2025. In the most recent year (2023), the Remuneration Committee held 2 meetings (A), with the qualifications and attendance of the members as follows:

Job Title	Name	Actual Attendency (B)	Attendance by Proxy	Actual Attendance Rate (%)	Note
Convener	Lin, Chang-Hsiung	2	0	100	
Member	Chen, Cheng-Keng	2	0	100	
Member	He, En-Te	2	0	100	

Other matters to be recorded:

1. If the Board of Directors fails to adopt or amend the recommendations of the Remuneration Committee, it shall state the date, term, content of the proposals, resolutions of the Board of Directors, and how the Company has handled the Remuneration Committee's opinions (e.g., if the remuneration approved by the Board of Directors is better than the recommendations of the Remuneration Committee, the differences and reasons shall be stated): None.
2. If there are members of the Remuneration Committee who have dissenting or reserved opinions and have records or written statements, the date, term, content of the proposals, opinions of all members, and how the Company has handled such opinions shall be stated: None.
3. Resolutions made at the Meeting of the Remuneration Committee in recent years and results:

Remuneration Committee	Resolution Content and Results
2023.03.07 The 2nd meeting of the 5th session	Proposal: • The distribution case of the Company's 2022 manager year-end performance bonus was examined. Resolution results: The proposal was approved by the Chairman with the consent of all members present and sent to the Board of Directors for approval.
2023.04.20 The 3th meeting if the 5th session	Proposal: • Review the proposal for the distribution of remuneration to the directors of the Company for the 2022. • Review the proposal for the distribution of remuneration to the directors, supervisors, and managers of the Company for the 2022. Resolution results: The proposal was approved by the Chairman with the consent of all members present and sent to the Board of Directors for approval.

(V) 1. Implementation Status of Sustainable Development Promotion and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof:

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>1. Does the company set up a governance structure to promote sustainable development and establish an exclusively (or concurrently) dedicated unit to implement sustainable development and have management appointed by the Board of Directors to be in charge of corporate social responsibility and to report the supervision status to the Board of Directors?</td><td>V</td><td></td><td>(1) In response to global climate change and the introduction of various international green and sustainable policies, the Company has set up a “Corporate Sustainable Development Committee” on September 22, 2022 to plan the organization of greenhouse gas carbon inventories, as well as formulate and review relevant management policies for sustainable operation.
(2) The President serves as the chairman of committee, the Administrative Division acts as the management executive unit, and the department heads assume the office of members, in a bid to respond to the importance of sustainable development issues for the time being.</td><td>No significant deviations.</td></tr>
<tr><td>2. Does the Company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies?</td><td>V</td><td></td><td>In accordance with the principle of materiality, the following risks are identified and countermeasures are proposed:
(1) Raw material supply risks-
Diversify the source of key raw material procurement and establish a safe inventory.
(2) Certification failure risk-
Management and operation manual development and internal audit.
(3) Labor loss risks-</td><td>No significant deviations.</td></tr>
</table>

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
			Establishment of comprehensive promotion and salary adjustment channels, hiring and transferring according to job performance and employees' intention, smooth channels for workplace care and complaints, and training for function improvement. (4) Occupational safety risks- Implementation of safety and health education and training, on-site inspection and improvement, emergency response drills, and continuous establishment of good communication channels with stakeholders. (5) Fire risks- Renewal of old equipment, regular fire drills, regular maintenance and inspection of equipment, etc. to reduce disasters. (6) Climate change-related risks- Plan organizational greenhouse gas inventory, formulate carbon reduction guidelines, and implement them through the Sustainability Committee. Continue with carbon inventory and hot spot improvements, striving towards the use of clean energy.	
3. Environmental issues (1) Has the Company established an appropriate environmental management system according to its industry characteristics?	V		(1) 1. Waste: Our company follows the established waste disposal plan and has obtained approval from the Environmental Protection Bureau. The production and storage quantities of our company's waste are reported and filed regularly in accordance with the	No significant deviations.

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
			contents of the plan. Waste removal, treatment, and reuse are entrusted to qualified disposal contractors for transportation and processing. Related processing records are all logged in the Environmental Protection Bureau's system for reference. Our company does not produce hazardous waste. 2. Wastewater: Our company follows the established water pollution prevention and control measures plan that has been approved by the Environmental Protection Bureau. Every month, our company commissions qualified contractors to conduct wastewater sampling and water quality analysis to ensure that the discharged wastewater meets the standards. The results of the water quality analysis are retained for reference. Our company submits regular reports every six months, and the relevant reporting data is publicly disclosed and available for inspection in accordance with the law. 3. Th Company does not use boilers in its dyeing process, and there is no source of air pollution.	
(2) Has the Company strived to improve energy efficiency and use environmentally friendly renewable materials?	V		(2) 1. The Company, considering energy consumption as a major issue in the future, planned for green energy generation in 2013. In October 2014, the first phase of solar power generation equipment was completed at the Madou plant. The second and third phases were completed in May and July 2017, respectively. The fourth phase was completed in March 2019, with a total capacity of 1,998 kW. In October 2019, the installation	

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
			of solar power equipment in the Rendé District was completed, with a total capacity of 672.75 kW. 2. In 2023, the total solar power generation at the Madou Factory (Phases 1 to 4) was 2.049 million kWh, and the total solar power generation at the Rendé District was 0.933 million kWh, totaling 2.982 million kWh, reducing carbon emissions by approximately 1,494 tons. 3. In 2023, the Company continued to upgrade its digital energy and carbon flow management system, installing smart combined electricity meters to improve energy management accuracy, reduce electricity expenses, and effectively monitor the flow rates of all energy-consuming equipment in the plant area, eliminate process hotspots, and reduce unnecessary power consumption.	
(3) Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter relevant issues?	V		(3) Identify climate change-related risks and opportunities, and assess their potential impact on the Company's business and strategy. Manage the carbon footprint of our products in response to brand and market needs, we introduced ISO 14067 product carbon footprint verification. The Company intends to apply for the certification of ISO 14064 carbon footprint accounting in 2023.	
(4) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?	V		(4) Continue to protect the environment, operate sustainably, and comply with laws and regulations. In 2023, the total waste generated was 103.85 tons, and 13,080 tons of wastewater were discharged. According to the sources of waste generation, the most appropriate legal disposal and treatment channels were selected. The	

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
			in-factory recycling mechanism was strengthened, and 67.2 tons of recyclable waste were achieved in 2023, with monthly reporting to the competent authorities. Starting from 2023, a company-wide greenhouse gas inventory was implemented and third-party assurance was obtained. The above sustainable data and improvement action policies, including the information mentioned above, are disclosed in the annual Sustainability (ESG) Report published since 2023.	
4. Social issues (1) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		(1) The Company strictly complies with relevant national laws and regulations in force, including the Labor Standards Act, the Act of Gender Equality in Employment, the Act of Sexual Harassment Prevention, and regularly revises the employee management rules. The Company also adheres to internationally recognized labor rights, such as freedom of association, collective bargaining rights, prohibition of child labor, elimination of all forms of forced labor, and elimination of discrimination in employment and occupation. The Company has established a corporate social responsibility handbook as a guideline for fulfilling social responsibility, maintaining good labor-management relations, improving working conditions, and continuously improving employee benefits and welfare. The Company provides an effective and appropriate complaint mechanism to ensure equality and transparency in the complaint process, and to respond appropriately to employee complaints.	No significant deviations.

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
(2) Does the company appropriately reflect the business performances or achievements in the employee remuneration policy (including salary, annual leave and other benefits)?	V		(2) 1. Set up a comprehensive salary structure and promotion system for employees. 2. Employ a total of 6 employees with physical and mental disabilities, with a quorum of 2 employees and an over-employment of 4 employees. 3. Establish an employee welfare committee to handle employee welfare matters, including group insurance for employees, bonuses for three major holidays, birthday bonuses, employee travel...etc. 4. In order to take care of employees and motivate their children to study hard, we set up a scholarship program and give scholarships to students who meet the requirements every semester. 5. To motivate employees to unleash their potential and actively improve their work performance, establish an improvement proposal system. Proposal review meetings are held monthly, with cash rewards and certificates awarded based on the benefits of the proposals, and recognition is given. 6. In January, February and April of each year, according to the operation results of the previous year and individual performance assessment, year-end bonuses and employee compensation are paid.	
(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	V		(3) 1. Annually plan and implement employee health examinations. Analyze and evaluate the health examination results, provide case management for high-risk employees. In 2023, employee health examinations were completed in November.	

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
			2. Factory doctor visits the factories every month and performs employee health consultation, high-risk employee management, health guidance and tracking, evaluates the workplace environment, makes recommendations for improvement, etc. 3. Four major employee protection programs: In 2023, muscle relaxation, essential oil relaxation, and hearing protection advocacy programs were implemented. 4. Establish and promote the implementation of occupational safety and health management system in accordance with the Occupational Safety and Health Act, provide safe and healthy working conditions, comply with the Occupational Safety and Health Act and related requirements, eliminate hazards and reduce occupational safety and health risks, and promote employee consultation and participation in occupational safety and health. In December 2023, completed ISO 45001: 2018 and CNS 45001 version transition certification. 5. Establish an “Occupational Safety and Health Committee” to safeguard the safety and health of all employees and provide a platform for employees to fully express their opinions. The committee is organized with a chairperson, an executive secretary, managers from each unit, occupational safety and health personnel, an occupational health nurse, and employee representatives constituting more than one-third of the members. Meetings are held regularly every three months.	

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
			6. In 2023, there were 3 occupational accident cases involving 3 injured employees, accounting for 1.46% of the total workforce. In accordance with the ISO 45000 procedure, we proposed an accident investigation form for occupational accidents and made preventive improvements to prevent incidents from happening again.	
(4) Does the company provide its employees with career development and training sessions?	V		(4) The Company upholds the philosophy that employees are the invaluable assets of the enterprise, emphasizing employee career development, providing a comprehensive education and training system, and obtaining certification from the Ministry of Labor's "Talent Quality-Management System (TTQS)". In addition to planning professional training courses annually, the Company can also plan courses according to the skill needs of employees. The Company implements a gender equality policy, with female employees accounting for 49.3% and female managers accounting for 21%.	
(5) Does the Company's product and service comply with related regulations and international rules for customers' health and safety, privacy, sales, labeling and set polices to protect consumers' rights and consumer appeal procedures?	V		(5) The Company's business philosophy adheres to quality first and customer satisfaction as the top priority. It has obtained ISO 9000 system quality certification and established a sales service unit to effectively handle customer dissatisfaction or related complaints, promptly and effectively improving customer complaints and dissatisfaction issues, providing comprehensive services to customers, thereby meeting their needs, and abiding by relevant government laws and regulations to protect customer privacy.	

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>(6) Has the Company established the supplier management policies requesting suppliers to comply with relevant laws and regulations related to environmental protection, occupational safety and health or labor rights and supervised its implementation?</td><td>V</td><td></td><td>(6) In order to effectively control the quality of suppliers and to provide raw materials on time without affecting production, we formulated supplier management rules and regulations. In accordance with occupational safety and health system regulations, we are required to provide safety regulations and certification information before issuing purchase orders.</td><td></td></tr>
<tr><td>5. Does the Company refer to internationally accepted reporting guidelines or guidelines for preparing sustainability reports or other reports that disclose non-financial information about the Company? Does the aforementioned report obtain assurance or assurance opinion from a third-party verification unit?</td><td>V</td><td></td><td>Since 2023, our company has followed the GRI guidelines and complied with the core option requirements of the GRI Standards in preparing the sustainability report. The report must include, at a minimum, information on the nature of the organization, significant topics, their associated impacts, and how the impacts are managed.</td><td>No significant deviations.</td></tr>
<tr><td colspan="5">6. If the company has established sustainable development best-practice principles based on the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies,” describe the implementation and any deviations from such principles:
In January 2022, the Company formulated the “CSR Manual”, which specifies the components of “Environmental Management”, “Occupational Safety Management”, “Public Area and Dormitory Hygiene Management”, “Corporate Employment and Governance”, “Employee Health and Safety”, “Anti-Workplace Violence and Sexual Harassment”, and “Management of Business Ethics and Compliance”, etc. We will follow the GRI Guidelines and comply with the core options of the GRI Guidelines. Starting from 2023, our company follows the GRI guidelines and complies with the GRI Standards’ Core option. The GRI Core option requires the corporate report to include at least information about the organization’s nature, material topics, related impacts, and how those impacts are managed.</td></tr>
<tr><td colspan="5">7. Other important information that helps understand the implementation of sustainable development: In late October 2023, we obtained ISO 14064 certification, which will be set as the base period for setting various carbon reduction targets and implementation guidelines.</td></tr>
</table>

(V) 2. Climate-Related Information Implementation Status

Item	Implementation Status
1. Describe the Board of Directors and management's supervision and governance of climate-related risks and opportunities.	In response to global climate change and the introduction of various international green and sustainable policies, the Company has set up a "Corporate Sustainable Development Committee" on September 22, 2022 to plan the organization of greenhouse gas carbon inventories, as well as formulate and review relevant management policies for sustainable operation. Additionally, the President serves as the chairman of committee, the Administrative Division acts as the management executive unit, and the department heads assume the office of members, in a bid to respond to the importance of sustainable development issues for the time being.
2. Describe how the identified climate risks and opportunities affect the Company's business, strategy and finances (short-term, medium-term, long-term).	As global climate continues to deteriorate, countries have declared their goals of achieving net-zero emissions under the carbon reduction agenda, and government agencies have also established regulations. Environmental management has become an important issue for companies, and failure to manage this issue will result in severe consequences, and suppliers will also boycott. For sustainable operation, the Company actively invests in energy-saving measures, manages climate-related issues, and sets future carbon reduction targets. In addition to the needs of business operations, it also leaves a clean earth for the next generation and sustainable inheritance. The current targets set are: Short-term: Complete 3,000 tons of carbon reduction in two years (2023-2025) through collaborative production; Medium-term: Low-carbon products account for 50%; Long-term: Achieve carbon neutrality in production.
3. Describe the impact of extreme climate events and transition actions on finance.	In order to gradually move towards carbon neutrality, in addition to investing more research and development funds to find low-carbon materials, we also optimize and renovate equipment in different areas, and invest in the construction of an energy management system.
4. Describe how the process of identifying, evaluating and managing climate risks is integrated into the overall risk management system.	In line with the preparation of the Sustainability Report, our company identifies, evaluates and manages risks annually, which are then reviewed by the Corporate Sustainability Committee and reported to the Board of Directors.

Item	Implementation Status
5. If scenario analysis is used to assess resilience in the face of climate change risks, explain the scenarios, parameters, assumptions, analysis factors and main financial impacts used.	Currently, our company is analyzing and planning based on the immediate issues at hand, as government policies are still unclear.
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	Currently, the direction is towards improvement, but there is no transition plan yet.
7. If an internal carbon price is used as a planning tool, explain the basis for setting the price.	There is no carbon pricing yet.
8. If climate-related targets have been set, provide information such as the activities covered, the scope of greenhouse gas emissions, the planning period, and the annual progress made; if carbon offsets or renewable energy certificates (RECs) are used to achieve related targets, state the source and amount of emission reductions or the number of renewable energy certificates (RECs).	Since 2023, the Company has started to inventory greenhouse gas emissions data for 2022, covering Scopes 1-3, and has undergone third-party assurance. Due to the impact of the economic situation on order production, we have achieved the short-term target of reducing 3,000 tons of carbon emissions based on the total emission reductions.
9. Greenhouse gas inventory and assurance, reduction targets, strategies and specific action plans (to be filled out in 2-1 and 2-2).	Disclosed in the table below.

2-1 Latest Two Years' GHG Inventory and Assurance Status

2-1-1 GHG Inventory Information

Describe the GHG emissions for the latest two years (metric tons CO_2e), emission intensity (metric tons CO2e/million NTD), and data coverage

Year	Scope 1 Emissions (metric tons CO_2e)	Scope 2 Emissions (metric tons CO_2e)	Scope 3 Emissions (metric tons CO_2e)	Total Emissions (metric tons CO_2e)	Intensity (Metric Tons CO_2e/Million USD)	Greenhouse Gas Inventory Standard	Note
2022	66.2111	14,417.3091	5,114.2178	19,597.7380	28.45	ISO 14064-1: 2018	Baseline Year
2023	56.2676	10,973.4901	4,741.0206	15,770.7783	27.83	ISO 14064-1: 2018	Expected to complete verification in June 2024

- Data coverage includes the entire company: Madou Factory + Taipei Office\
- The inventory data for 2023 is expected to be verified by June 2024, and the verified data will be included in the Sustainability Report to be issued in 2024.

Note 1: Direct emissions (Scope 1, i.e., emissions directly from sources owned or controlled by the company), energy indirect emissions (Scope 2, i.e., indirect greenhouse gas emissions from the generation of purchased electricity, steam, or heat), and other indirect emissions (Scope 3, i.e., emissions from company activities that are not energy indirect emissions but are from sources owned or controlled by other companies).

Note 2: The data coverage for direct emissions and energy indirect emissions should follow the schedule set by the regulations stipulated in Article 10, Paragraph 2 of these Guidelines, while disclosure of other indirect emissions information is voluntary.

Note 3: Greenhouse gas inventory standards: Greenhouse Gas Protocol (GHG Protocol) or ISO 14064-1 published by the International Organization for Standardization (ISO).

Note 4: The intensity of greenhouse gas emissions can be calculated per unit of product/service or revenue, but at least the data calculated based on revenue (in NT$ millions) should be stated.

2-1-2 Greenhouse Gas Assurance Information

Describe the assurance situation for the most recent two years as of the date of the annual report, including the assurance scope, assurance institution, assurance criteria, and assurance opinion:

Year	Assurance Scope	Assurance Entity	Assurance Criteria	Assurance Opinion
2022	To the entire company: Madou Factory + Taipei Office	SGS Taiwan Ltd.	SGS, adhering to the principles of a third-party verification body, in accordance with the bilateral agreement signed on August 16, 2023, ISO 14064-1: 2018, and ISO 14064-3: 2006 requirements, conducted greenhouse gas emissions verification activities from September 15, 2023 to October 13, 2023. Based on the applicable scope, objectives, criteria, and greenhouse	SGS objectively and impartially evaluated Eastern Textile's greenhouse gas information system, monitoring methods, and reporting procedures. For the greenhouse gas emission coverage period from January 1, 2022 to December 31, 2022, based on the verification results, SGS ensures the consistency and appropriateness of the applicable scope, objectives and

Year	Assurance Scope	Assurance Entity	Assurance Criteria	Assurance Opinion
			gas emission coverage period from January 1, 2022 to December 31, 2022 of Eastern Textile, SGS provided a greenhouse gas verification statement.	criteria, providing reasonable assurance for categories one and two, and limited assurance for categories three to six in the verification statement, without qualified opinion.
2023	To the entire company: Madou Factory + Taipei Office	SGS Taiwan Ltd.	The verification is expected to be completed in June 2024, and the verified data will be included in the Sustainability Report to be issued in 2024.	The verification is expected to be completed in June 2024, and the verified data will be included in the Sustainability Report to be issued in 2024.

Note 1: In accordance with Article 10, Paragraph 2 of these Regulations, the prescribed schedule shall be followed. If the Company fails to obtain a complete greenhouse gas assurance opinion by the annual report publication date, it shall indicate “Complete assurance information will be disclosed in the sustainability report.” If the company does not prepare a sustainability report, it shall indicate “Complete assurance information will be disclosed on the Market Observation Post System,” and disclose the complete assurance information in the next year’s annual report.

Note 2: The assurance institution shall comply with the relevant regulations on sustainability report assurance institutions set forth by the Taiwan Stock Exchange Corporation and the Taipei Exchange.

2-2 Greenhouse Gas Reduction Goals, Strategies, and Concrete Action Plans

Describe the base year and data for greenhouse gas reduction, reduction goals, strategies and concrete action plans, and the achievement of reduction goals:

Baseline Year	2022
Baseline Year Data	19,597.7380 metric tons CO2e
Reduction Goal	3,000 metric tons CO2e reduction over 2 years from 2023-2025
Strategies	1. Introduction of energy management system 2. Replacement of compressed air pipelines to reduce leakage
Specific action plans	1. Install smart electricity meters for monitoring 2. Textile and Synthetic Fibers Institute assists in finding leakage points with high-precision instruments
Reduction achievement	This year, due to the impact of the economy, order production has decreased, directly leading to an early achievement of carbon reduction. The estimated carbon reduction is 3,826.9597 tons of CO2e (to be completed by external assurance by June 2024)

Note 1: Should be handled in accordance with the time schedule specified in Article 10, Paragraph 2 of these Regulations

Note 2: The base year should be the year in which the inventory of the consolidated financial statements is completed. For example, according to the regulations stipulated in Article 10, Paragraph 2, companies with a capital of NT$10 billion or more should complete the inventory of the 2023 consolidated financial statements by 2025. Therefore, the base year is 2024. If a company has completed the inventory of the consolidated financial statements earlier, it may use the earlier year as the base year. The data for the base year may be calculated based on a single year or the average of several years.

(VI) Corporate Observance of Ethical Business Practices and Deviation from the Ethical Corporate Management Best-Practice Principles for the TWSE/GTSM Listed Companies and Reasons Thereof

Assessment Items	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
1. Establishment of ethical corporate management policies and programs				
(1) Has the Company established the ethical corporate management policies approved by the Board of Directors and specified in its rules and external documents the ethical corporate management policies and practices and the commitment of the Board of Directors and senior management to rigorous and thorough implementation of such policies?	V		(1) The Company has passed "Ethical Corporate Management Best-Practice Principles" by board resolutions on April 22, 2015 and disclosed them on the company website. When carrying out business operations, the members of the Board of Directors uphold the principle of integrity in their internal guidance and supervision. In their external commercial activities, they adhere to the principle of mutual trust and benefit, working towards the goal of mutual growth and reciprocal benefit.	No significant deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.
(2) Does the company establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include those specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	V		(2) The Company developed "Procedures and Behavioral Guidelines of Ethical Corporate Management" by board resolutions on April 22, 2015, specifying prohibitions against the following: offering or acceptance of improper benefits, providing or promising facilitation charges, unethical practices such as revealing business secrets and causing harm to stakeholders. Preventive measures and educational training have been adopted to implement the ethical corporate management policies.	
(3) Has the Company provided any solutions to prevent the unethical conducts, stipulate the definite procedures, conduct guidelines, punishment for violation as well as	V		(3) Employees should comply with good faith principle, relevant regulations and work rules for employees, which are published on the internal website.	

Assessment Items	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
appeals system and put into practice, and review and revise on a regular basis the aforesaid solutions?				
2. Fulfillment of ethical corporate management (1) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	V		(1) The Company has established an appraisal mechanism for its customers and manufacturers. Rights and obligations for the parties are also clearly stipulated in the contracts.	No significant deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.
(2) Has the Company set up a dedicated unit under the Board of Directors to promote ethical corporate management and regularly (at least once every year) report to the Board of Directors the implementation of the ethical corporate management policies and prevention programs against unethical conduct?	V		(2) Although responsible units are not specified, the audit office may report to board members anytime, since ethical corporate management is a key audit item.	
(3) Has the Company established policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly?	V		(3) In case of conflicts of interest, the Company's employees can report to department supervisors or report directly to the audit office.	
(4) Does the company establish effective accounting systems and internal control systems to implement ethical corporate management, with the internal audit unit being responsible for devising relevant audit plans based on the results of assessment of any unethical conduct risk, examining accordingly the compliance with the prevention programs, or engaging a certified public accountant to carry out the audit?	V		(4) The Company has effective accounting and internal control systems that are audited on a regular basis by internal auditors, and a CPA is appointed to audit and certify the accounts each year.	
(5) Does the company regularly hold internal and external educational trainings on operational integrity?	V		(5) The Company advocates corporate social responsibility in meetings and occupational training courses;	

Assessment Items	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
			employees should be rewarded for promoting corporate social responsibility and punished for violating corporate social responsibility.	
3. Operation of the whistle-blowing system (1) Does the Company establish both a reporting and reward/punishment system and a reporting hotline? Can the accused be reached by an appropriate person for follow-up? (2) Has the Company established the standard operating procedures for investigating reported misconduct, follow-up measures to be adopted after the investigation, and related confidentiality mechanisms? (3) Does the Company provide proper whistleblower protection?	V V V		(1) Employees are allowed to report any ethical irregularities through either phone or letter, and the report can be handled by the audit office and the general manager's office. (2) Different measures will be adopted according to matter of the report and the priority of the unit or person being reported. (3) Anonymous methods can be adopted, such as not mentioning information of the informant during the checking process.	No significant deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.
4. Enhanced disclosure of ethical corporate management information Does the company disclose the ethical corporate management policies and the results of its implementation on the company website and MOPS?	V		The Company has established a website to disclose relevant information.	No significant deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.
5. If the Company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation. The Company has established "Ethical Corporate Management Best-Practice Principles" to maintain enterprise culture of ethical corporate management and sound development. There are no deviations between practical situation and the Ethical Corporate Management Best-Practice Principles.				
6. Other important information to facilitate better understanding of the Company's ethical corporate management (e.g., review of and amendments to ethical corporate management policies)				

(VII) Establishing Corporate Governance Principles and Related Regulations

The company has established (1) Corporate Governance Best Practice Principles, (2) Ethical Corporate Management Best Practice Principles, (3) Ethical Corporate Management Operating Procedures and Conduct Guidelines, (4) Corporate Social Responsibility Best Practice Principles, and uploaded them to the company's website for investors' reference.

(VIII) Other Information Provides a Better Understanding of the Company's Corporate Governance Status: None.

(IX) Status of Internal Control System

1. Statement of Internal Control System

TUNG HO TEXTILE CORP. LTD.

Statement of Internal Control

Date: March 08, 2024

With regard to the 2023 internal control system of the Company, based on our self-assessment results, we hereby declare as follows:

1. The Company acknowledges that it is the responsibility of the Board of Directors and managerial officers to establish, implement, and maintain the established internal control system. Its purpose is to reasonably ensure that operational effectiveness and efficiency (including income, performance, and asset safety) and reporting are reliable, timely, and transparent, as well as to ensure compliance with relevant regulations and laws.

2. Internal control systems have inherent limitations, and no matter how well designed, an effective internal control system can only provide reasonable assurance of achieving the aforementioned three objectives; and moreover, as the environment and circumstances change, the effectiveness of the internal control system may also change. Nevertheless, the internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.

3. The Company evaluates the design and operating effectiveness of the internal control system based on the criteria provided in the “Regulations Governing the Establishment of Internal Control Systems by Public Companies” (herein below, the “Regulations”). The criteria adopted by the Regulations identify 5 components of internal control based on the process of management control: (1)control environment; (2) risk assessment; (3) control activities; (4) information and communication; and (5) monitoring operations. Each key component includes several items. Please refer to the Regulations for the aforementioned items.

4. The Company has adopted the aforesaid criteria for the internal control system and evaluated the design and operating effectiveness of the internal control system according to the Regulations.

5. Based on the results of the determination in the preceding paragraph, the Company is of the opinion that, as of December 31, 2023, the internal control system (including the supervision and management of subsidiaries), including the design and implementation of the internal control system relating to the effectiveness and efficiency of the operations, reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations, is effective and can reasonably assure the achievement of the foregoing goals.

6. This statement is an integral part 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.

7. This statement has been approved by the board of directors of the Company on March 8, 2024. Out of 6 directors present, 0 expressed dissenting opinions, and all agreed with the content of this statement, which is hereby declared.

Tung Ho Textile Co., Ltd.

Chairman Tsai, Sui-Ying Signature

President Chang, Chia-Heng Signature

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

(X) In the Most Recent Year and up to the Date of Printing the Annual Report, If the Company and its Insiders Have Been Penalized in Accordance With the law, the Company's Penalties for its Insiders Violating the Internal Control System Regulations, Major Deficiencies, and Improvements: None.

(XI) Major Resolutions of Shareholders' Meeting and Board Meetings during the Most Recent Year and during the Current Year up to the Printing Date of the Annual Report

1. Major Resolutions and Implementation of the 2023 Annual Shareholders' Meeting:

(1) Approval of the 2022 Business Report and Financial Statements.

(2) Approval of the 2022 distribution of earnings.

Implementation Status: The ex-dividend date was set for June 20, 2023, and in accordance with the board's resolution, the cash dividend of NT$0.32 per share was fully distributed on July 12, 2023.

2. Major resolutions and implementation of the Annual Shareholders' Meeting from 2023 to March 2024 :

Board of Directors	Contents of Major Resolutions
2023.03.15 The 4th meeting of the 37th session	1. Passed the proposal on the 2022 annual financial report. 2. Issued the statement on the design and operating effectiveness of internal control system based on the self-evaluation results of the 2022 internal control system. 3. Approved the date, venue and reason of convening of the Company's 2023 general shareholders meeting. 4. Passed the proposal on the review of the CPA's professional fees. 5. Ratification of the Company's 2022 profit distribution plan. 6. Passed matters concerning ex-dividend base date set upon the Chairman's authorization and sole discretion of cash dividends distribution.
2023.04.28 The 5th meeting of the 37th session	1. Approval of the financial report for the first quarter of 2023. 2. Approval of the reasons for convening the 2023 Annual Shareholder's Meeting. 3. Approval of the 2022 distribution of employee compensation
2023.08.08 The 6th meeting, 37th session	1. Approval of the financial report for the second quarter of 2023.
2023.11.09 The 7th meeting, 37th session	1. Approval of the financial report for the third quarter of 2023. 2. Approval of the audit plan for 2024.

2024.03.08 The 8th meeting of the 37th session	1. Approval of the 2023 Annual Financial Report. 2. Issued the statement on the design and operating effectiveness of internal control system based on the self-evaluation results of the 2023 internal control system. 3. Approved the date, venue and reason of convening of the Company’s 2024 general shareholders meeting. 4. Passed the proposal on the review of the CPA’s professional fees. 5. Approval of the Distribution of earnings for 2023 6. Passed matters concerning ex-dividend base date set upon the Chairman’s authorization and sole discretion of cash dividends distribution.

(XII) Recorded or Written Statements Made by any Director Which Specified Dissent to Important Resolutions Passed by the Board of Directors During the Most Recent Year and up to the Date of Publication of This Annual Report: None.

(XIII) A Summary of the Resignation and Dismissal of the Company’s Chairperson, President, Chief Accountant, Chief Financial Officer, Chief Internal Auditor, Chief Corporate Governance Officer, and Chief Research and Development Officer in the Most Recent Year and up to the Printing Date of the Annual Report: None.

V. Information on CPA professional Fees

(I) Information of CPA

Unit: NT$ thousand

Name of CPA Firm	Name of CPA		Audit Period	Audit Fees	Non-Audit Fees	Remarks
Deloitte & Touche	HSIEH, TUNG-JU	MA, WEI-CHUN	January 1 to December 31 in 2023	1,600	300	

Note: Non-audit fees include tax certification, non-supervisor salary reporting information certification, and direct deduction method for business tax certification.

(II) Circumstances Where the CPA Firm Was Replaced and the Audit Fees Paid for the Year After the Replacement Were Lower Than the Audit Fees Paid for the Previous Year: None.

(III) Cases Where Audit Fees Decreased by More Than 10% Compared to the Previous Year: None.

VI. Information on Replacement of CPAs

(I) Former CPAs

<table>
<tr><td>Date of Replacement</td><td colspan="4">November 9, 2023</td></tr>
<tr><td>Replacement Reasons and Explanations</td><td colspan="4">To accommodate internal work adjustments at Deloitte & Touche, starting from the 4th quarter of 2023, the certified public accountants for financial statements will be changed from accountants HSIEH, TUNG-JU and LIU, MING-HSIEN to accountants HSIEH, TUNG-JU and MA, WEI-CHUN.</td></tr>
<tr><td rowspan="3">Termination by the Company or the CPAs</td><td colspan="2">Party
Condition</td><td colspan="1">CPA</td><td>Client</td></tr>
<tr><td colspan="2">Termination by the Company</td><td>N/A</td><td>N/A</td></tr>
<tr><td colspan="2">No longer accepting (continuing) appointment</td><td>N/A</td><td>N/A</td></tr>
<tr><td>Opinions (Other than Unmodified Opinions) in the Past 2 Years and Reasons</td><td colspan="4">None.</td></tr>
<tr><td rowspan="7">Deviation form the Issuer</td><td rowspan="5">Yes</td><td></td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial statements</td></tr>
<tr><td></td><td colspan="2">Audit scope or steps</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td></td><td colspan="2"></td></tr>
<tr><td>None</td><td colspan="3">V</td></tr>
<tr><td colspan="4">Explanation: N/A</td></tr>
<tr><td>Additional Disclosures (under Items 1-4 to 1-7, Subparagraph 6, Article 10 of the Guidelines)</td><td colspan="4">None.</td></tr>
</table>

(II) Successive CPAs

Name of CPA Firm	Deloitte & Touche
Name of CPA	HSIEH, TUNG-JU and MA, WEI-CHUN
Date of Appointment	November 9, 2023
Inquiries into Accounting Treatments or Principles for Specific Transactions and Possible Opinions on Financial Statements before Appointment	None.
Succeeding CPA's written opinion of disagreement toward the former CPA	None.

(III) The Response from the Previous Accountant Regarding the Three Matters in Article 10, Paragraph 6, Subparagraphs 1 and 2 of these Principles: None.

VII. The Chairman, President, Manager Responsible for Finance or Accounting Affairs of the Company Has not Previously Worked for the CPA Firm or its Affiliated Enterprises Within the Past Year

None.

VIII. Any Transfer of Equity Interests and/or Pledge of or Change in Equity Interests (during the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report) by a Director, Managerial Officer, or Shareholder with a Stake of More than 10%

<table>
<tr><th rowspan="2">Job Title</th><th rowspan="2">Name</th><th colspan="2">2023</th><th colspan="2">As of April 20, 2024</th></tr>
<tr><th>Increase (Decrease) in Number of Shares Held</th><th>Increase (Decrease) in Number of Shares Pledged</th><th>Increase (Decrease) in Number of Shares Held</th><th>Increase (Decrease) in Number of Shares Pledged</th></tr>
<tr><td>Chairman</td><td>Yuh Shuen Investment & Development Co., Ltd.
Representative: Tsai, Sui-Ying</td><td rowspan="5">-</td><td rowspan="5">-</td><td rowspan="5">-</td><td rowspan="5">-</td></tr>
<tr><td>Vice Chairman</td><td>Yuh Shuen Investment & Development Co., Ltd.
Representative: Cheng, Chih-Wen</td></tr>
<tr><td>Director</td><td>Yuh Shuen Investment & Development Co., Ltd.
Representative: Tsai, Fu-Jen</td></tr>
<tr><td>Director</td><td>Yuh Shuen Investment & Development Co., Ltd.
Representative: Chang, Chia-Heng</td></tr>
<tr><td>More-than-10% shareholder</td><td>Yuh Shuen Investment & Development Co., Ltd.</td></tr>
<tr><td>Independent Director</td><td>Lin, Chang-Hsiung</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Independent Director</td><td>Chen, Cheng-Keng</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Independent Director</td><td>Hwang, Jin-Fa</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>President</td><td>Chang, Chia-Heng</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Special Assistant of Chairman</td><td>CHENG, PO-JEN</td><td></td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Vice President</td><td>LEE, CHIH-HUNG</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Concurrent Appointment as Chief of Accounting Dept. & Finance Dept.</td><td>Kuo, Yen-Liang</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>More-than-10% shareholder</td><td>Fengtar Fuli Industry Co., Ltd.</td><td>1,157,000</td><td></td><td>338,000</td><td>-</td></tr>
<tr><td>More-than-10% shareholder</td><td>LIN, KAO-HUANG
(Date of Appointment: April 20, 2021)</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
</table>

Transfer of Equity Interest with Related Parties: None.

Equity Pledge with Related Parties: None.

IX. Relationship Among the Top 10 Shareholders

April 20, 2024

Name (Note 1)	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		The top 10 shareholders who are related parties or spouses, or are related within the second degree of kinship, their names and relationships (Note 3)		Note
	Number of Shares	Shareholding ratio (%)	Number of Shares	Shareholding ratio (%)	Number of Shares	Shareholding ratio (%)	Title (or Name)	Relationship	
FENGTAR FULI INDUSTRY CO., LTD.	38,324,074	17.42	-	-	-	-	YUH SHUEN INVESTMENT& DEVELOPMENT CO., LTD SHING HO INVESTMENT& DEVELOPMENT CO.,LTD SHING HO CONSTRUCTION CO.,LTD	The same Chairman	
Representative: TSAI, SUI-YING	3,002,943	1.36	-	-	-	-	Cheng, Chih-Wen	Mother and son	
YUH SHUEN INVESTMENT& DEVELOPMENT CO., LTD	28,000,626	12.73	-	-	-	-	FENGTAR FULI INDUSTRY CO., LTD. SHING HO INVESTMENT& DEVELOPMENT CO.,LTD SHING HO CONSTRUCTION CO.,LTD	The same Chairman	
Representative Tsai, Sui-Ying	3,002,943	1.36	-	-	-	-	Cheng, Chih-Wen	Mother and son	
LIN, KAO-HUANG	22,234,000	10.11	-	-	9,270,000	4.21%	Liancheng Investment and Development Corp.	The same Chairman	
							LIN, CHING-HANG	Father and son	
TUNG QUE INDUSTRIAL CO.,LTD	15,890,062	7.22					—	—	
Representative Cheng, Chih-Wen	10,926,160	4.97					Tsai, Sui-Ying	Mother and son	
SHING HO CONSTRUCTION CO.,LTD	11,029,723	5.01					FENGTAR FULI INDUSTRY CO., LTD. YUH SHUEN INVESTMENT& DEVELOPMENT CO., LTD SHING HO INVESTMENT& DEVELOPMENT CO.,LTD	The same Chairman	
Representative Tsai, Sui-Ying	3,002,943	5.01					Cheng, Chih-Wen	Mother and son	
Cheng, Chih-Wen	10,926,160	1.36					Tsai, Sui-Ying	Mother and son	
Liancheng Investment and Development Corp.	10,811,000	4.97					LIN, KAO-HUANG	The same Chairman	

Name (Note 1)	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		The top 10 shareholders who are related parties or spouses, or are related within the second degree of kinship, their names and relationships (Note 3)		Note
	Number of Shares	Shareholding ratio (%)	Number of Shares	Shareholding ratio (%)	Number of Shares	Shareholding ratio (%)	Title (or Name)	Relationship	
Representative: LIN, KAO-HUANG	22,234,000	4.91					–	–	
LIN, CHING-HANG	9,270,000	4.21					LIN, KAO-HUANG	Father and son	
LIU, CHEN-HSIEN	5,660,000	2.57					–	–	
CHEN, HSUEH-LING	3,002,943	1.36							

Note 1: The top ten shareholders shall be presented (in the case of corporate shareholders, the corporate shareholders' names and representatives' names shall be represented).

Note 2: The ratio of shareholding is calculated in terms of own shareholdings, shares held by spouse & children under age or shareholdings under the title of a third party.

Note 3: Relationship between the aforementioned shareholders (including juristic and natural persons) shall be disclosed according to Regulations Governing the Preparation of Financial Reports by Securities Issuers.

X. Total Number of Shares Held for the Same Re-investment by the Company, Its Directors and Supervisors, Managers, and Any Companies Controlled Either Directly or Indirectly by the Company

None.

Chapter 4 Capital Overview

I. Capital and Shares

(I) Share Type and Capital Formation Course

1. Capital Source

Unit: NT$, Share April 20, 2024

Year/Month	Issuance Price	Authorized Capital		Paid-in Capital		Remarks		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Capital Increase by Assets Other than Cash	Others
2003.08	10	360,000,000	3,600,000,000	220,000,000	2,200,000,000	Cash	-	-

Share Type	Authorized Capital			Remarks
	Outstanding Shares (Issued)	Unissued Shares	Total	
Registered Common Shares	220,000,000	140,000,000	360,000,000	

2. Information for Shelf Registration System: None.

(II) Shareholder Structure

April 20, 2024

Shareholder structure / Item	Government Agencies	Financial Institutions	Other Institutional Shareholders	Foreign Institutions and Natural Persons	Domestic Natural Persons	Total
Number of shareholders	1	4	184	62	48,092	48,343
Shares Held	28	4,463	109,099,593	1,784,534	109,111,382	220,000,000
Percentage of Ownership	0.00%	0.00%	49.59%	0.81%	49.60%	100.00%

(III) Distribution of Shares

1. Common Shares

Unit: Person, Share April 20, 2024

Range of Shares	Number of Shareholders	Shares Held	Percentage of Ownership
1 to 999	41,968	3,326,368	1.51%
1,000 to 5,000	5,143	10,267,456	4.67%
5,001 to 10,000	655	5,118,302	2.33%
10,001 to 15,000	168	2,109,221	0.96%
15,001 to 20,000	137	2,580,941	1.17%
20,001 to 30,000	78	2,078,773	0.94%
30,001 to 40,000	38	1,344,827	0.61%
40,001 to 50,000	20	949,110	0.43%
50,001 to 100,000	55	3,889,385	1.77%
100,001 to 200,000	34	4,710,667	2.14%
200,001 to 400,000	16	4,440,819	2.02%
400,001 to 600,000	5	2,630,018	1.20%
600,001 to 800,000	3	2,170,556	0.99%
800,001 to 1,000,000	1	900,000	0.41%
More than 1,000,001 shares	22	173,483,557	78.85%
Total	48,343	220,000,000	100.00%

2. Preferred stock: None.

(IV) List of Main Shareholder: For shareholders with a shareholding ratio of 5% or more, or shareholders ranked among the top 10 shareholders by shareholding ratio, please refer to page 58 “IX. Relationship Among the Top 10 Shareholders”.

(V) Information on Market Value, Net Value, Earnings and Dividends per Share

Unit: NT$; share; %

Item \ Year			2022	2023
Market Price Per Share	The highest		19.50	18.35
	The lowest		15.40	16.30
	The average		17.46	17.59
Net Worth per Share	Before distribution		14.11	14.24
	After distribution		13.79	13.99
Earnings per Share	Weighted Average Shares		220,000,000	220,000,000
	Earnings per Share		0.47	0.15
Dividends Per Share	Cash dividends		0.32	0.25 (Note 2)
	Stock dividends	Dividends from retained earnings	-	-
		Dividends from capital reserve	-	-
	Accumulated unpaid dividends		-	-
Investment return analysis	Price/Earnings Ratio		37.15	117.27
	Price/Dividend Ratio		54.56	70.36
	Cash Dividends Yield		1.83%	1.42%

Note 1: The content is based on the audited financial statements.
Note 2: It was approved by a special resolution of the Board of Directors on March 8, 2024

(VI) Dividends Policy and Implementation Status

1. Dividends Policy

Dividends Policy of the Company is indicated in Article 39 of the Articles of Incorporations as follows:

The Company is a mature and highly competitive traditional industry and adopts residual dividend policy under the condition of shareholder benefit and company growth.

(1) Dividend Payment Conditions and Timing: The Company, if there are earnings after final settlement every year, should pay taxes according to law, cover the losses of the previous years, and distribute above 75% of dividends to shareholders after 10% of legal surplus is withdrawn and special earned surplus is withdrawn or transferred according to law.

(2) Dividend Amount: To meet operation needs and stabilize yearly dividends, dividends distributed should be no more than 60% of distributable profit.

(3) Dividends Type: According to budget plan and dilution of earnings per share, dividends distributed yearly should be stock dividends or cash dividends.

The aforesaid dividend distribution conditions and opportunities, limit and type are subject to the principles only. The Company should determine the optimal dividend policy according to practical situation and in consideration of the budget plan of the next year.

2. Dividend Distribution

If, subject to Paragraph 2, Article 39 of the Articles of Incorporation, the Company authorizes more than two-thirds of the directors present and a resolution is adopted by more than half of the directors thereat in accordance with Paragraph 5 of Article 240, the distribution of all or part of the dividends and bonus in cash according to Subparagraph 3 of the preceding paragraph, which shall be then reported to the shareholders' meeting; provided, however, that it need not be submitted to the shareholders' general meeting for approval. In case of distributing in the form of issuing new shares, it is required to be resolved by the shareholders' meeting before distribution.

(1) Cash Dividends: NT$55,000,000 from the unappropriated retained earnings is appropriated as cash dividends to shareholders, with NT$0.25 distributed per share.

(2) As resolved in the 8th special resolution in the meeting of the 37th session of Board of the Company on March 8, 2024, the Chairman is authorized to set the ex-dividend date, distribution date, and other related matters, and to report to the 2024 Annual General Meeting of Shareholders.

(VII) The Impact of the Proposed Stock Dividend Distribution on the Company's Operating Performance and Earnings per Share: None.

(VIII) Remuneration of Employees and Directors

1. The ratios or ranges of employee and director compensation as stated in the Company's articles of association:

Employee and director compensation is set forth in 38-1 of the Company's Articles of Incorporation as follows:

The Company shall distribute 1% to 15% of the current year's profit for employee remuneration and no more than 5% of the current year's profit for the remuneration to Supervisors, but the Company should cover the losses, if any.

The earnings in the preceding paragraph mean the annual pre-tax earnings before deduction of the remuneration to employees and directors.

Proposals of distributions to employees and directors shall be taken to the shareholders' meeting for approval after the resolution is reached by a majority of the Board with two thirds in attendance.

The distribution can be made in the form of cash or stocks for employees.

2. The Basis of the Estimate of Compensation to Employees and Directors, the Basis of Calculating Number of Shares where Stock Bonuses are Paid, as well as Accounting Treatment in Case of Deviation between the Amount of Actual Payment and the Estimate:

   Where there is a significant change in the payment resolved by the Board of Directors after the end of the year, the change will be subject to the adjustment of previous annual expenses. As of the resolution date of the shareholders' meeting, if there is still a change in the amount, it shall be taken as a change in accounting estimate, and adjusted and recorded in the year of the resolution of the shareholders' meeting.

3. Distribution of Compensation to Employees Recommended by the Board:

   (1) The amount of compensation distributed in cash or stocks for emplyees and directors. If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed:

   The Company's Board of Directors approved the distribution of employee compensation and director compensation for 2023 on March 8, 2024. It is proposed to distribute NT$708,492 as employee compensation and NT$991,889 as director compensation for the year 2023, all in cash. This proposal will be reported at the 2024 Annual Shareholders' Meeting.

   Where there is a discrepancy between the amount of the proposed distribution above and the amount of estimated expenses for 2023, the estimated change shall prevail.

   (2) Proposed employees' stock compensation in percentage of after-tax earnings and total employee bonus in current period: None.

4. The actual distribution of employee and director compensation for the previous year, with an indication of the number of shares, monetary amount, and stock price, and, if there is any discrepancy between the actual distribution and the recognized employee or director compensation, additionally the discrepancy, cause, and how it is treated: None.

   The distribution of employee and director compensation for 2022 was approved at the shareholders' meeting on June 12, 2023. The distribution was NT$4,636,434 for employee compensation and NT$3,311,738 for director compensation, which is consistent with the amounts recognized in the 2022 financial statements.

(IX) Company's Share Buyback Status for the Recent Year and up to the Printing Date of the Annual Report: None.

II. Corporate Bonds: None.

III. Preferred Shares: None.

IV. Global Depository Receipts: None.

V. Status of Employee Stock Option Certificates: None.

VI. New Restricted Employee Shares: None.

VII. Issuance of New Shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies: None.

VIII. Implementation of Capital Utilization Plan

(I) Description of Plans

For the period as of the quarter preceding the date of publication of the Annual Report, with respect to each uncompleted public issue or private placement of securities, and to such issues and placements that were completed in the most recent 3 years but have not yet fully yielded the planned benefits: None.

(II) Implementation Status

The purposes, implementation status, and comparison with the originally anticipated benefits of each of the plans in the preceding paragraph: None.

Chapter 5 Operational Highlights

I. Business Activities

(I) Scope of Business

1. The Business to Be Operated by the Company is as Follows

(1) C302010 Weaving of Textiles
(2) C303010 Manufacture of Non-woven Fabrics
(3) F401010 International Trade
(4) C301010 Spinning of Yarn
(5) C801120 Manufacture of Man-made Fibers
(6) A401010 Livestock Farm Management
(7) H701020 Industrial Factory Development and Rental
(8) H701040 Specific Area Development
(9) F209060 Retail Sale of Culture, Education, Musical Instruments and Educational Entertainment Supplies
(10) F203010 Retail Sale of Food, Grocery and Beverage
(11) F203020 Retail Sale of Tobacco and Alcohol
(12) F501060 Restaurants
(13) F501030 Beverage Shops
(14) F501050 Bars
(15) F601010 Intellectual Property Rights
(16) I102010 General Investment Consulting
(17) J701020 Amusement Parks
(18) J601010 Arts and Literature Service
(19) J801030 Athletics and Recreational Sports Stadium
(20) JB01010 Conference and Exhibition Services
(21) G801010 Warehousing
(22) H703100 Real Estate Leasing
(23) H701010 Housing and Building Development and Rental
(24) H701050 Investment, Development and Construction in Public Construction
(25) IZ06010 Tally Packaging
(26) ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

2. Major Products and Sales Mix

Unit: NT$ thousand

Item	2023 Sales Performance	Proportion to Net Sales for the Year (%)
Blended yarn	436,731	77.07
Rental income	128,726	22.72
Others	1,203	0.21
Total	566,660	100.00

3. Main Products

(1) Regular productions: Drirelease series yarns, Recycled PET, organic cotton, T/Tencel blended yarn series, environmentally friendly T/Tencel blended yarn series, SIRO+Compact SPUN series.

(2) Main special yarn products: Regenerated fibers from textile waste, UMORFIL/Tencel blended yarns, anti-pilling and moisture-wicking yarn series, T/CD blended yarns, zinc oxide antimicrobial blended yarns, bamboo fiber blended yarns, T/Wool blended yarns, bamboo charcoal blended yarns, eco-friendly product series.

(3) Specific products using special raw materials for specific customers: Acteev antimicrobial Nylon, PTFE/T blended yarn, CIRCULOSE recycled fiber blended yarn from textile waste, responsible wool, graphite dispersions, NAIA, SORONA blended yarn, seaweed blended series, heat-generating blended yarn, flame retardant series, linen, hemp blended series, etc., combined with SIRO, Compact, SIRO+Compact, SIRO-Fuse, Slub production methods.

4. New Commodities Planned to Be Developed

(1) Recycled yarns from waste textiles: To realize the full recycling of discarded textiles, CIRCULOSE recycled cellulose fiber, recycled carbon black yarn from waste tires, optimized spinning technology, and implemented fine-grained single-dope management, enabling the successful production of unique sustainable specialty yarns, gradually achieving the goal of full recycling. At the same time, through special and precise spinning conditions and management, we can also increase the gross profit and create added value for customers.

(2) Double Compound Composite Yarn: Plant-based elastic fibers replace non-biodegradable SPANDEX fibers, utilizing differential shrinkage of high

polymers to create a spiral crimp after heating, creating excellent elasticity and recovery.

(II) Overview of the Industry

1. Current Status and Development of the Industry

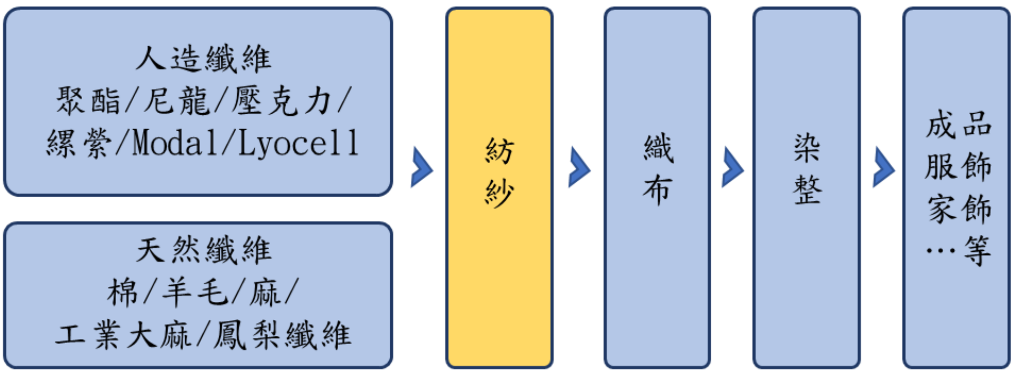
(1) Current industrial status: After a year of adjustment, the inventory of global apparel brands has mostly been reduced to a safe level. Whether the global economic situation can gradually improve after 2024 still needs to be observed based on the US presidential election, the development of the ECFA, whether domestic demand in mainland China can recover, and the situation of interest rate hikes and inflation. The most important key remains whether the purchasing power of end consumers can be enhanced.

(2) Whether it is the supply market (low-cost competition from China to win orders), the labor market (labor shortages due to rising wages), or policy issues, Taiwanese textile companies are facing an urgent need for transformation. Manufacturers are utilizing various strategies such as adjusting product lines, optimizing production processes, or even diversifying into side businesses, in order to find ways for the companies to survive and thrive.

(3) Transformation of Industry Environment:

In terms of low-carbon transformation and circular economy, we plan to achieve the goal of net zero carbon emission in 2050, digital transformation in the post-pandemic era, comprehensive digitalization from development and production to operation management, advanced transformation and cross-industry integration, as well as the establishment of new niche markets.

2. Correlation between Upstream, Midstream, and Downstream of the Industry



3. The Various Development Trends and Competitive Situations of Products

(1) Environmentally-Friendly Series Yarns:

➢ Because of the large amount of microfiber shedding during the production and washing process of textile products, which is one of the main causes of marine plastic pollution, how to avoid microfiber shedding has become the main demand of brands and customers. For this reason, we introduce degradable raw materials or optimize spinning conditions to improve yarn hairiness and help reduce microfiber shedding.

- Waste textile products are fully recycled and reproduced from process offcuts, waste cloth to waste fibers, etc., which are the major development items of recycle and reuse eager to utilized by the market. The Company is also optimizing the spinning process to overcome the disadvantages of poor physical properties of waste fibers and is moving towards the direction of full recycling of waste textiles.

(2) Special Spinning Process Yarn:

- The competition of general yarn is fierce, and overseas imported yarn has exerted a great impact on our general yarn market. Apart from special functional materials. The Company is dedicated to introducing advanced spinning technologies and optimizing the spinning process, such as utilizing blends of long and short fibers to combine the strength and rigidity of long fibers with the natural comfort of short fibers. We can also replace the traditional spandex yarn with a false-elastic filament yarn to create a comfortable and flexible textile that can be easily recycled.

(III) Overview of Technologies and R&D Work

1. Future Research and Development Plans

(1) Development of Environmentally-Friendly Yarn Materials

- Recycled Materials: In recent years, due to the prevailing trend of environmental protection, energy conservation, carbon reduction and love for the Earth, as well as the promotion of international fashion brands, environmental protection, recycling of textile waste to reduce resource waste and reduce greenhouse gas emissions has become an international trend. In addition to gradually using recycled textile fiber, we will also cooperate with international textile recyclers to use special patented processes to recycle textile waste, transforming post-production and post-consumer textile waste into biodegradable cellulose fibers, to meet market demand for environmentally friendly and sustainable materials.

- Natural Fiber Materials: We will develop various series of yarns from natural plant fibers such as wood pulp and banana, reducing environmental pollution, to meet market demand.

(2) Development of Long and Short Staple Fiber Composite Yarns:

The composite yarn of long and short fibers remains the mainstream of the future market, combining the functions and advantages of both long and short fibers, with the soft hand feel of short fiber yarn, the high strength and anti-pilling effect of long fiber yarn. We will continue to develop various combinations of long and short functional fibers and create different textured appearances, allowing products to meet diverse application needs and have greater visual appeal.

(3) Process Optimization and Quality Improvement:

The fabric produced from low-count yarn has an extremely soft hand feel, with consistently high demand from customers in the market. Due to the characteristic of lower yarn count, fibers tend to entangle during the combing process, resulting in the formation of neps. We continuously leverage the knowledge management system platform and the intelligent system's big data to conduct in-depth analysis of the factors affecting quality. Through further adjustments, we establish the optimal spinning conditions to enhance quality and meet customer demands.

(4) International Brand Companies and Upstream/Downstream Partners:

Linking upstream raw material suppliers and downstream weaving/dyeing processing factories, as well as international brand customers, with a vertically integrated team model. Utilizing our unique production configuration and process optimization, we jointly develop customized/unique new products to meet the ever-changing consumer trends and demands of international brand customers.

2. R&D Expense in the Most Recent Fiscal Year

Unit: NT$ thousand

Year	2022	2023
Amount	12,010	15,048

3. The Following Are the Successfully Developed Research and Development Projects in 2023 Year

(1) Development of Recycled and Regenerated Fiber Yarns:

Developed pineapple fiber yarns from agricultural waste and recycled yarns from textile waste, creating new value for recycled materials, and meeting the market demand for eco-friendly and innovative functional textiles.

(2) Development of New Functional Fiber Yarns:

Introduced new functional materials and combined with our unique production configurations and process optimization to develop new yarn varieties, including sweat-concealing yarns (Combo Dull), UV-resistant and opaque yarns (Micro Nova), yarns that improve body functions (Ceravida Recover), and mechanical stretch yarns that can replace elastic fibers, to meet customers' needs for higher functionality.

(3) Special Spinning Techniques:

In recent years, we have collaborated with customers to develop unique and valuable products, participating in the innovation and development of international brands. Not only do we have diverse functional materials, but we have also introduced special spinning techniques to produce SIRO-WRAPPED yarn blends and SIRO-FUSE slub yarns.

(IV) Short and Long-Term Business Development Plans

Short-Term Development Plan

Enhance the functionality and depth of existing products, expand market sales with new products that respond to trends, and continue to develop high-quality yarns to meet the needs of various industries.

Through strategic alliances, we will collaborate on the development of eco-friendly materials, circular economy materials, composite functional fabrics, intelligent quality control systems to enhance quality, automation, and data analysis, enabling agile customized production and faster response to trends and consumer demands.

Long-Term Development Plans

1. Functional Yarn: A variety of functional raw materials, including moisture-wicking quick-drying, temperature control, anti-bacterial deodorizing, skin-friendly moisturizing, and other multi-component materials, enhancing communication with customers, and the development and promotion of new products with compound yarns of varying fiber lengths.

2. Recycled Yarns From Waste Textiles: The demand for high-quality and environmentally friendly functional products is heating up. Consumers and brands place greater emphasis on product functionality, complete and credible information, and traceability in the supply chain. We optimize spinning technology and implement detailed single-bale management. At the same time, through special and precise spinning conditions and management, we can also increase the gross profit and create added value for customers.

3. Conjugated Filament and Staple Yarns: SIRO-Wrapped short fiber composite technology can use mechanical stretch, fine denier, irregular cross-section moisture-wicking long fibers, combined with cotton, Tencel fibers, Modal fibers, Refibra fibers, etc., perfectly blending the strengths of long fibers, such as high strength and low pilling, with the soft and comfortable handfeel of short fibers.

II. Market and Production and Marketing Situation

(I) Market Analysis

1. Supply of Key Materials

Generally, the raw materials for producing polyester cotton are obtained from domestic Southeast Asia and Toray in Japan. Natural cotton is mainly imported from major cotton-producing countries such as the United States, Brazil, and Australia. Australian Merino wool is used for wool.

Special yarn production raw materials, such as environmental protection polyester from domestic market and Japan, functional fiber mostly from Japan and European major manufacturers.

2. Market Supply & Demand and Growth Potential

Due to the lack of competitiveness of ordinary yarn, reducing the production scale has become inevitable; Develop high-quality yarns continuously to meet the needs of various industries. In the industries of environmental sustainability, energy-saving and carbon reduction materials, home furnishing fabrics, shoe materials, industrial fire protection, e-commerce, and functional fabrics, we strengthen communication and interaction with customers, thereby grasping the future development direction of brand customers, and hope to secure more orders for our factory.

3. Future Development

Sustainability first, material innovation, recycling and reuse, second-hand clothing renovation, establishment of new clothing sales and rental business models, supply chain transparency. We will maintain digital input, improve operational efficiency, reduce carbon footprint, boost shopping experience, accurately forecast and reduce inventory, and achieve innovation across domains. ESG investment, implementing climate change risk management, meeting regulatory and customer demands, digital investment, improving industry resilience, reducing energy and production waste, alleviating labor shortages, rapid response to demand, high-end material development, differentiated materials, key material self-sufficiency, creating new industrial chains, cross-domain high-quality applications, and expanding market territory.

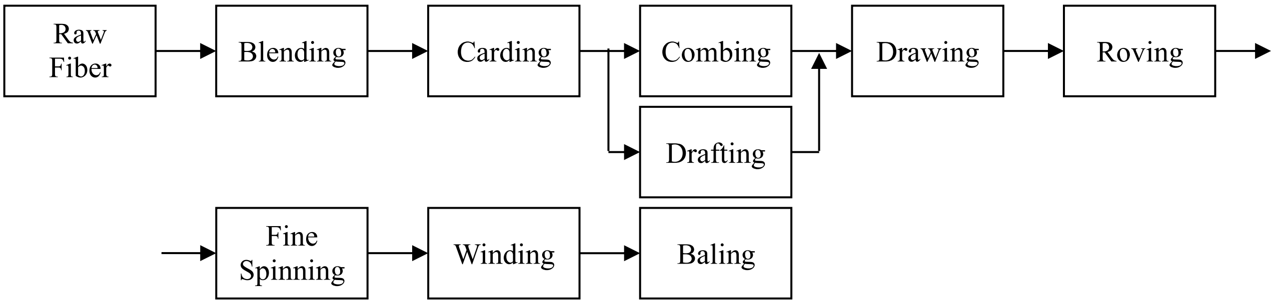
(II) Usage and Manufacturing Processes of Main Products

1. Key Applications of the Primary Products

General yarn, special filament yarn manufacturing process: CVC, special yarns, etc.: for knitting and weaving.

2. Process

Manufacturing Process of Yarn Spinning Division:



(III) Supply of Key Materials

While purchasing raw materials, the Company considers not only quality, source and price, but also future supply and demand. Main materials of the Company are in abundant supply instead of shortage or interruption.

Major Raw Materials	Main source	Supply
Raw cotton	The United States, Bresil, India, Australia	Good

(IV) Customers with 10% or More of Total Procurement/Distribution, Amount and Percentage in Any Given Year within the Most Recent Two Years

1. List of Major Suppliers in the Most Recent 2 Years

Unit: NT$ thousand

	2022				2023			
Item	Supplier Name	Amount	Percent in Annual net Procurement (%)	Relationship With the Issuer	Supplier Name	Amount	Percent in Annual net Procurement (%)	Relationship with the Issuer
1	Manufacturer A	70,965	23.59	None	Manufacturer A	105,471	42.02	None
2	Manufacturer B	58,844	19.56	None	Manufacturer C	28,834	11.49	None
3	Manufacturer C	28,360	9.43	None	Manufacturer B	18,587	7.41	None
4	Others	142,616	47.42	None	Others	98,112	39.08	None
	Cost of goods purchased Net amount	300,785	100.00		Cost of goods purchased Net amount	251,004	100	

Cause of Change: Our company maintains good and long-lasting cooperative relationships with major suppliers, and the sources of supply are stable. This year, we continued the research and development and production of specialty yarns, and procured from different suppliers according to production needs. As a result, the proportion of Manufacturer B decreased, while the proportions of Manufacturer A and Manufacturer C increased.

Note 1: For suppliers that have provided at least 10% of the gross procurement in the most recent two years, the names, procurement amount, and percentage should be stated; provided that the Manufacturers as stipulated in the contract.

Note 2: Major suppliers are unrelated persons, who are expressed by code in the contract.

2. Information about Major Clients in the Most Recent 2 Years

Unit: NT$ thousand

	2022				2023			
Item	Customer Name	Amount	Percent in Annual Net Sales (%)	Relationship with the Issuer	Customer Name	Amount	Percent in Annual Net Sales (%)	Relationship with the Issuer
1	Customer B	97,938	17.46	None	Customer B	63,537	14.55	None
2	Others	463,045	82.54	None	Others	373,194	85.45	None
	Sales Net amount	560,983	100.00		Sales Net amount	436,731	100	

Cause of Change: Environmental sustainability has been continuously concerned and the demand for special yarns has increased.

Note 1: For customers that have provided at least 10% of the total sales volume in the most recent two years, the names, sales amount, and percentage should be stated; provided that the customers as stipulated in the contract.

Note 2: Major suppliers are unrelated persons.

(V) Production in the Most Recent Two Years

Unit: NT$ thousand

Year	2022			2023		
Item	Production Capacity	Output	Output Value	Production Capacity	Output	Output Value
Blended yarn (Pcs.)	27,126	24,795	612,551	15,756	16,301	465,802
Others	-	-	-	-	-	-
Total	-	24,795	612,551		16,301	465,802

Note: Production capacity refers to production output in normal operation with the current production equipment after measuring necessary down time and holidays.

(VI) Sales of the Most Recent two Years

Unit: NT$ thousand (net amount)

Year / Sales volume value / Main Products	2022				2023			
	Domestic Sales		Export Sales		Domestic Sales		Export Sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Blended yarn (Pcs.)	19,758	555,866	157	5,117	16,985	424,604	307	12,127
Rental income	-	127,811	-	-	-	128,726	-	-
Others	-	149	-	-	-	1,203	-	-
Total	-	683,826	-	5,117	-	554,533	-	12,127

III. Number of Employees within the Most Recent Two Years

Year		2022	2023	The current year as of March 8, 2024
Number of Employees	Chief Manager	4	4	4
	Manager	6	6	6
	Deputy Manager	11	11	10
	Assistant Manager	67	63	66
	Administrator	26	27	23
	Office clerk	4	0	0
	Operator	57	49	48
	Others	54	45	43
	Total	229	205	200
Average Age		43	44	44
Average Seniority		8.37	9.52	9.58
Academic Distribution Ratio (%)	Doctor degree	0	0	0
	Master’s degree	7	6	6
	Junior college	34	37	38
	Senior high school	34	30	31
	Lower than high school	25	27	25

IV. Environmental Protection Expenditure

Any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken:

The wastewater management personnel resigned, and due to delayed hiring, there was a two-month gap from July 17 to September 14, 2023.

1. Penalty Date: February 20, 2024, Environmental Water Penalty Letter No. 113020228, Environmental Water Penalty Letter No. 113020229, Environmental Water Penalty Letter No. 113020230, violating Article 21, Paragraph 2 of the Water Pollution Control Act and Article 19, Paragraph 2 of the Regulations on the Establishment and Management of Dedicated Units or Personnel for Wastewater (Sewage) Treatment. In accordance with Article 48, Paragraph 3 of the same Act, Article 2, Subparagraph 2, Table 2, Subparagraph 8, Table 8, Article 3, Paragraphs 1 and 2, and Article 5, Paragraph 1 of the Criteria for Fines for Violations of the Water Pollution Control Act, a fine was imposed. An environmental education session was imposed in accordance with Article 23 of the

Environmental Education Act. A total fine of NT$30,000 and a 3-hour environmental education session were imposed.

2. On March 20, 2024, a notification letter, Environmental Water Letter No. 1130030377, was sent, stating that due to the lack of dedicated personnel during the aforementioned period: It violated Article 21, Paragraph 1 of the Water Pollution Control Act and Article 3, Paragraph 1 of the Regulations on the Establishment and Management of Dedicated Units or Personnel for Wastewater (Sewage) Treatment. Penalty provisions: According to Article 66-2 of the Water Pollution Control Act, an additional amount of NT$74,872, the illegal profit gained from violating the obligations under the Act, was calculated based on the insured salary of the previous dedicated personnel. The penalty notice has not yet been served.

3. The dedicated personnel reported for duty on September 1, 2023, and the application for their appointment was approved on September 15 of the same year. The Tainan City Government Environmental Protection Bureau confirmed the completion of improvements on December 30, 2023.

V. Labor Relations

(I) Major Labor-Management Agreements and Implementation

1. Employee Benefits

(1) As stipulated by government law, handle employee pay, labor hour, leave, health and labor protection, as well as salary adjustments and job promotions based on employee performance.

(2) Except year-end bonus, as stipulated by the company’s Articles of Incorporation, if there pre-tax benefits in yearly settlement, employee remuneration should be distributed as per the specified proportion.

(3) The retirement pension supervision committee is set to withdrawn retirement pension and handle matters concerned as stipulated by relevant labor laws.

(4) The Company passed the certification of “Talent Quality Management System (TTQS)” of the Ministry of Labor. Employee’s superiority comes from self-improvement of knowledge and skills. Hold courses of specialized knowledge of spinning, leadership and overall planning yearly, provide employees with a benign competition platform through education and training to continuously improve themselves, and build KM knowledge management system in 2020 to carry forward, study and improve experience and skills and achieve win-win between employees and the Company.

(5) Provide dormitory and provide employees with uniform every year.

(6) Employee welfare committee is set to withdrawn employee welfare by proportion, handle employee welfare measures and organizes employee travel.

(7) Distribute scholarships for employees’ children.

(8) Sign negotiated hosting and pre-school education service agreements and set up nursing rooms to meet employee's need for baby-sitting service.

(9) Set AED in the factory to protect employee's life safety.

(10) Set up channels to process employee complaints and protect employee rights and interests.

(11) Set recreational facilities and fitness equipment such as karaoke, billiard ball, table tennis and badminton to make employees relaxed and relieve their pressure.

(12) Except labor insurance, buy collective accidental insurance and provide annual health examination and monthly medical service to protect employee's health.

(13) Regularly hold labor meeting, coordinate labor relations, promote labor cooperation and create win-win cooperation.

(14) In order to motivate employees to innovate and improve their work efficiency, the Company has been continuously improving by initiating an improvement proposal system and giving incentives and recognition to employees who make proposals.

2. Retirement System

(1) From July 1, 2005, the Company has contributed 6% of the monthly salary to the personal pension accounts of new employees and existing employees who choose to apply the new pension regulations at the Labor Insurance Bureau. At the same time, for employees who apply the old pension regulations, the Company continues to contribute retirement funds to a dedicated account at the Bank of Taiwan at a maximum contribution rate of 15%.

(2) The Company established the Labor Pension Fund Supervisory Committee to supervise employee pension expense account and protect employee's rights and interests after retirement.

(3) In 2023, the pension calculation for 1 retiree from the old system was completed, and the payment was made from the retirement reserve account according to the law.

3. Other Major Agreements: None.

(II) Losses Suffered due to Labor Disputes During the Recent Fiscal Year and up to the Printing Date of the Annual Report: None.

VI. Cyber Security Management

(I) Cyber Security Risk Management Framework, Cyber Security Policies, Specific Management Plans and Resources Devoted to Cyber Security Management:

1. Cyber Security Risk Management Framework:

The cyber security of the Company is coordinated by the IT Division under the President Office, which formulates relevant policies, implements risk management and follows relevant checking mechanisms. Since 2022, we have established cyber security-related personnel in accordance with the law to ensure that the organization's cyber security-related objectives and strategies are applied to support the organization's business objectives and strategies and to reduce cyber security risks so as to control the damage in the event of an cyber security situation through top-down organizational guidance and feedback.

2. Cyber Security Policies

(1) Internal control system: Keeping up with trends, add and adjust information and cyber security measures to regulate the information and communication security behavior of internal personnel, and pass review and inspection for use. Adjust and revise the management measures annually as appropriate.

(2) Implementation of information and communication security objectives: Implement the established standard operating procedures and comply with relevant regulations for information and cyber security. Assess whether to manage and control the information and cyber security status through external personnel, software and hardware technologies, equipment and tools, and prevent potential cyber security incidents.

(3) Review results and assess potential risks: Periodically review the results of information and communication security objectives and the internal environment status. Through the cooperation of internal and external personnel, conduct analysis and assessment to serve as a reference for improving the Company's information and communication security.

(4) Cyber security improvement: To prevent cyber security incidents, the Company adopts a multi-layered network architecture, establishes protection software and hardware, upgrades software and hardware environment and formulates relevant regulations according to the cyber security status, as well as conducts publicity on new knowledge and situations, and delivers management commands to implement cyber security management.

3. Specific Management Plans

(1) Fundamental Environment: Regularly assess existing network environment hardware equipment, patch vulnerabilities and potential weaknesses, periodically update security solutions, perform multi-faceted data backups, establish disaster recovery mechanisms...and other basic cyber security tasks. At the same time, we strengthen the use of endpoint protection tools on the personal user side.

(2) Personnel Quality: Arrange for information personnel to continuously understand new cyber security knowledge and take cyber security courses; promote cyber security awareness among internal staff, and strengthen the ability to respond to crises after cyber security incidents.

(3) Important Issues and Trends: Refer to the cyber security issues published by major vendors, participate in on-site/online courses and seminars to understand new types of cyber security vulnerabilities, technologies, and tools, and evaluate the possibility of introducing and improving them in the company.

4. Investing in Resources for Cyber Security Management:

(1) In 2021, we have expanded our network firewall hardware and additional network storage equipment and strengthened our off-site backup mechanism.

(2) A vulnerability scanning project has been arranged in 2024 to improve the cyber security environment.

(II) In Recent Years and up Until the Printing Date of the Annual Report, Any Losses Suffered, Potential Impacts, and Countermeasures due to Major Cyber Security Incidents: None.

VII. Important Contracts

Type of Contract	Party	Contract Duration	Contract Content	Restrictions
Lease Agreement	Tanvex BioPharma, Inc.	2020.11.02-2025.11.01	Real Estate Leasing	Lease Agreement
Lease Agreement	Mech-President Corp.	2022.5.1-2032.4.30	Real Estate Leasing	Lease Agreement
Lease Agreement	Test Rite Retail Co., Ltd.	2003.6.7-2034.3.31	Real Estate Leasing	Lease Agreement
Lease Agreement	Chung Cin Enterprise Co., Ltd.	2005.12.23-2034.3.31	Real Estate Leasing	Lease Agreement
Lease Agreement	Presicarre Corp.	2005.12.7-2025.12.6	Real Estate Leasing	Lease Agreement
Lease Agreement	TRK Corp.	2024.2.10-2039.2.9	Real Estate Leasing	Lease Agreement

Chapter 6 Financial Information

I. Condensed Balance Sheets and Statements of Comprehensive Income for the Recent Five Fiscal Years

(I) Condensed Balance Sheet and Comprehensive Income Statement - IFRSs

Consolidated Condensed Balance Sheet - IFRSs

Unit: NT$ thousand

Item \ Year		Most Recent 5-Year Financial Information (reviewed by CPAs)				
		2019	2020	2021	2022	2023
Current assets		1,169,691	1,068,926	1,257,647	1,124,735	1,142,282
Real estate, plant, and equipment		1,651,141	1,585,612	1,550,848	1,542,513	1,510,248
Intangible assets		227	480	267	53	-
Other assets		1,753,519	1,761,407	1,793,083	1,794,925	1,838,616
Total Assets		4,574,578	4,416,425	4,601,845	4,462,226	4,491,146
Current Liabilities	Before distribution	775,011	597,543	685,204	672,395	675,905
	After distribution	819,011	651,663	803,564	742,795	730,905 (Note)
Non-current liabilities		701,719	699,192	702,949	686,435	681,976
Total Liabilities	Before distribution	1,476,730	1,296,735	1,388,153	1,358,830	1,357,881
	After distribution	1,520,730	1,350,855	1,506,513	1,429,230	1,412,881 (Note)
Share capital		2,200,000	2,200,000	2,200,000	2,200,000	2,200,000
Capital surplus		-	-	-	-	-
Retained Earnings	Before distribution	979,154	1,015,282	1,114,535	1,095,615	1,065,305
	After distribution	935,154	961,162	996,175	1,025,215	1,010,305 (Note)
Other equity interest		(81,306)	(95,592)	(100,843)	(192,219)	(132,040)
Total Shareholder Equity	Before distribution	3,097,848	3,119,690	3,213,692	3,103,396	3,133,265
	After distribution	3,053,848	3,065,570	3,095,332	3,032,996	3,078,265 (Note)

Note: It is the amount resolved by the Board of Directors on March 8th, 2024.

Consolidated Condensed Income Statement - IFRSs

Unit: NT$ thousand

Item \ Year	Most Recent 5-Year Financial Information (reviewed by CPAs)				
	2019	2020	2021	2022	2023
Operating revenue	790,778	702,471	809,714	688,943	566,660
Operating gross profit	13,832	62,884	184,817	165,799	40,693
Operating Income	(64,766)	(12,098)	102,293	80,859	(37,292)
Non-operating income and expenses	93,971	74,561	56,869	43,661	63,931
Profit before income tax	29,205	62,463	159,162	124,520	26,639
Net income from continuing operations for the period	36,405	58,588	142,503	104,362	32,849
Loss from Discontinued Operations	-	-	-	-	-
Net Income (Loss)	36,405	58,588	142,503	104,362	32,849
Other Comprehensive Income for the Year (Net of Tax)	29,287	7,254	5,619	(96,298)	67,420
Total comprehensive income for the period	65,692	65,842	148,122	8,064	100,269
Net Income Attributable to Shareholders of the Parent	36,405	58,588	142,503	104,362	32,849
Net Income Attributable to Non-controlling Interests	-	-	-	-	-
Comprehensive Income Attributable to Owners of the Parent	65,692	65,842	148,122	8,064	100,269
Comprehensive Income Attributable to Non-controlling Interests	-	-	-	-	-
Earnings per Share	0.17	0.27	0.65	0.47	0.15

(II) Name of CPAs and Audit Opinions for the Last Five Years

Year	CPA	Audit Opinion	Cause of replacement of CPA
2019	CHENG CHIN-TSUNG, CHAO YUNG-HSIANG	Unmodified opinion	Note
2020	CHENG CHIN-TSUNG, CHAO YUNG-HSIANG	Unmodified opinion	
2021	HSIEH TUNG-JU, CHAO YUNG-HSIANG	Unmodified opinion	Note
2022	HSIEH TUNG-JU, LIU, MING-HSIEN	Unmodified opinion	Note
2023	HSIEH TUNG-JU, MA, WEI-CHUN	Unmodified opinion	Note

Note: Internal job rotation of Deloitte & Touche.

II. Financial Analyses for the Past Five Fiscal Years

Financial Analysis - IFRS

Analysis Item	Year (Reviewed by CPA)	2019	2020	2021	2022	2023
Financial structure (%)	Debt ratio	32.28	29.36	30.17	30.45	30.23
	Cheng chintsunglong-term fund to property, plant and equipment ratio	230.12	240.85	252.55	245.69	252.62
Solvency (%)	Current ratio	150.93	178.89	183.54	167.27	169.00
	Quick ratio	77.56	95.19	107.38	91.30	102.63
	Interest coverage ratio (Times)	3.79	10.58	27.89	19.84	3.08
Operating ability	Accounts receivable turnover rate (Times)	14.65	15.31	15.72	18.96	18.26
	Average days for cash receipts	24.91	23.84	23.21	19.25	19.98
	Inventory turnover rate (Times)	1.35	1.14	1.21	1.01	1.05
	Accounts payable turnover rate (Times)	16.49	12.71	9.97	8.73	11.56
	Average days for sale of goods	270.37	320.17	301.65	361.38	347.61
	Property, plant and equipment turnover (Times)	0.48	0.43	0.52	0.45	0.37
	Total assets turnover rate (Times)	0.17	0.16	0.18	0.15	0.13
Profitability	Return on total assets (%)	0.99	1.42	3.27	2.42	0.96
	Return on equity (%)	1.18	1.88	4.50	3.30	1.05
	Ratio of pre-tax income to paid-in capital (%)	1.33	2.84	7.23	5.66	1.21
	Net profit margin (%)	4.60	8.34	17.60	15.15	5.80
	Earnings Per Share (NT$)	0.17	0.27	0.65	0.47	0.15
Cash flow (%)	Cash flow ratio (%)	0.00	27.19	32.06	20.62	8.60
	Cash flow adequacy ratio (%)	30.11	62.51	68.95	95.67	103.26
	Cash reinvestment ratio (%)	(0.97)	1.08	3.48	0.44	(0.26)
Leverage	Operating leverage	(2.66)	(17.67)	3.31	4.05	(5.10)
	Financial leverage	-	-	1.06	1.09	-
Explanations for changes in financial ratios in the most recent two years. (Not explained if the variation is less than 20%)						

1. Decrease in interest coverage ratio: Mainly due to the decrease in profit for the current year compared to the previous year.
2. Increase in accounts payable turnover ratio: Mainly due to the decrease in order volume this year, resulting in a reduction in purchases and a decrease in accounts payable compared to the previous year.
3. Decrease in return on assets: Mainly due to decrease in profit caused by the reduction of orders for the year.
4. Decrease in return on equity: Mainly due to the decrease in profit of the year.
5. Decrease in ratio of income before tax to paid-in capital: Mainly due to the decrease in profit of the year.
6. Decrease in net profit margin: Mainly due to the decrease in order volume for the current year.
7. Decrease in earnings per share: Mainly due to the decrease in profit of the year.
8. Decrease in cash flow ratio: Mainly due to the decrease in net cash inflow from operating activities due to the decrease in profit this year.
9. Decrease in cash reinvestment ratio: Mainly due to the decrease in net cash inflow from operating activities due to the decrease in profit for the year.
10. Decrease in operating leverage ratio: Mainly due to the decrease in order volume this year led to a decrease in operating profit.

Note: The calculation formulas adopted are as follows:

1. Financial structure
   (1) Debt ratio = Total liabilities/Total assets.
   (2) Ratio of long-term capital to property, plant, and equipment = (Total equity + Non-current liabilities)/Net value of property, plant, and equipment.
2. Solvency
   (1) Current ratio = Current assets/Current liabilities.
   (2) Quick ratio = (Current assets - Inventories - Prepaid expenses)/Current liabilities.
   (3) Interest coverage ratio = Income before tax and interest expenses/Interest expenses.
3. Operating ability
   (1) Accounts receivable (including accounts receivable and notes receivable generated from operations) turnover rate = Net sales/Average balance of accounts receivable (including accounts receivable and notes receivable generated from operations) for each period.
   (2) Average days for cash receipts = 365/Accounts receivable turnover rate.
   (3) Inventory turnover rate = Cost of goods sold/Average inventories.
   (4) Accounts payable (including accounts payable and notes payable generated from operations) turnover rate = Cost of goods sold/Average balance of accounts payable (including accounts payable and notes payable generated from operations) for each period.
   (5) Average days for sale of goods = 365/Inventory turnover rate.
   (6) Real estate, plants and equipment turnover rate=Net sales/Average real estate, plants and equipment, net.
   (7) Total assets turnover rate = Net sales/Average total assets.
4. Profitability
   (1) Return on assets = [Income after tax + Interest expenses x (1 - tax rate)]/Average total assets.
   (2) Return on equity = Income after tax/Average total equity.
   (3) Net profit margin = Income after tax/Net sales.
   (4) Earnings per share = (Income attributable to owners of the parent - preferred stock dividends)/Weighted average number of shares issued.
5. Cash flows
   (1) Cash flow ratio = Net cash flows generated from operating activities/Current liabilities.
   (2) Cash flow adequacy ratio = Five-year sum of net cash flows generated from operating activities/Five-year sum of capital expenditure, inventory additions and cash dividends).
   (3) Cash reinvestment ratio = (Net cash flows from operating - cash dividends)/(Gross amount of property, plant, and equipment + Long term investment + Other non-current assets + Working capital).
6. Leverage:
   (1) Operating leverage ratio = (Net operating revenue - Variable operating costs and expenses) / Operating income.
   (2) Financial leverage = Operating income/(Operating income - Interest expenses).

III. Audit Committee Review Report on 2023 Financial Statements

TUNG HO TEXTILE CO., LTD.

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2023 Annual Business Report, financial statements, and proposal for distribution of earnings. The financial statements have been audited by Deloitte & Touche, who have issued an audit report.

The above Business Report, Financial Statements and proposal for distribution of earnings have been examined by the Audit Committee and found to be consistent. According to relevant provisions of the Securities and Exchange Act and the Company Act, we hereby submit this report.

To

2024 Annual Shareholders' Meeting of Tung Ho Textile Co., Ltd.

Convener of the Audit Committee: Chen, Cheng-Keng

May 2, 2024

IV. 2023 Audit Report of CPAs

INDEPENDENT AUDITORS' REPORT

To Tung Ho Textile Co., Ltd.:

Opinion

We have audited the financial statements of Tung Ho Textile Co., Ltd.("the Company"), which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, the statements of changes in equity, and the statements of cash flows from January 1 to December 31, 2023 and 2022, and the notes to the financial statements, including a summary of significant 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 and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission.

Basis for Opinion

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Tung Ho Textile Co., Ltd. in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China ("the Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Parent Company Only Financial Statements of Tung Ho Textile Co., Ltd. for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Parent Company Only Financial Statements of Tung Ho Textile Co., Ltd. for the year ended December 31, 2023 are stated as follows:

Inventories Losses

The inventory balance of Tung Ho Textile Co., Ltd. as of December 31, 2023 was NT$442,709 thousand. Due to the fluctuation of raw material prices and fierce market competition in the textile industry, the risk of inventory evaluation losses may be too high. Since the net realizable value used often involves subjective judgments and has a high degree of estimation uncertainty, considering that Tung Ho's inventory and its allowance evaluation losses have a significant impact on the financial statements, the accountant believes that the reasonableness of Tung Ho Textile Co., Ltd.'s inventory loss assessment is a key audit item identified in this year.

The accountant's explanation for testing the reasonableness of the aforementioned inventory loss assessment is as follows:

1. To understand the internal control related to the inventory depreciation loss, evaluate the effectiveness of the internal control of Tung Ho Textile Co., Ltd.'s inventory depreciation loss.

2. Acquire the inventory net realizable value evaluation report, understand its calculation logic, and sample the correctness and completeness of the net realizable value.

3. Participate in inventory at the end of the year and evaluate the inventory status during inventory to assess the appropriateness of the provision of outdated and damaged inventories for the loss of inventory depreciation.

Please refer to Notes 4, 5, and 10 of the Financial Report for the uncertainty estimates and relevant disclosures of accounting policies, accounting estimates, and assumptions related to the impairment assessment of inventories.

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

It is the management's responsibility to fairly present the Consolidated Financial Statements in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," as well as International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission, and to maintain internal controls which are necessary for the preparation of the Financial Statements so as to avoid material misstatements due to fraud or errors therein.

In preparing the financial statements, management is responsible for assessing Tung Ho Textile Co., Ltd.'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 Tung Ho Textile Co., Ltd. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing Tung Ho Textile Co., Ltd.'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 auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. 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, it is considered material.

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

1. Identify and evaluate the risk of material misstatements due to fraud or error in the Consolidated Financial Statements; design and carry out appropriate countermeasures for the evaluated risk; and obtain sufficient and appropriate evidence as the basis for their audit 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 Tung Ho Textile Co., Ltd's internal control.

3. Assess the appropriateness of the accounting policies adopted by the management, as well as the reasonableness of their accounting estimates and relevant disclosures.

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 Tung Ho Textile Co., Ltd. to cease to continue as a going concern.

5. Evaluate the overall expression, structure and contents of the Financial Statements (including relevant Notes), and whether the Financial Statements fairly present relevant transactions and items.

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 2023 financial statements of Tung Ho Textile Co., Ltd. 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 audits resulting in this independent auditors' report are CPA Hsieh, Tung-Ju and CPA Ma,Wei-Chun.

Deloitte & Touche
Taipei, Taiwan
Republic of China
March 8, 2024

Notice to Reader

for the convenience of readers, this report has been translated into English from the original Chinese version. the English version has not been audited or reviewed by independent auditors. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

TUNG HO TEXTILE CO., LTD.

BALANCE SHEETS

December 31, 2023 and 2022

Unit: in Thousands of New Taiwan Dollars

		December 31, 2023		December 31, 2022	
Code	**Assets**	**Amount**	**%**	**Amount**	**%**
	Current assets				
1100	Cash and cash equivalents (Notes 4, 6)	$ 163,125	3	$ 202,677	5
1110	Financial assets at fair value through profit or loss - current (Notes 4, 7)	119,629	3	55,536	1
1120	Financial assets at fair value through other comprehensive profit or loss - current (Notes 4, 8)	356,904	8	313,037	7
1150	Notes receivable (Notes 4, 9)	2,147	-	2,795	-
1170	Accounts receivable (Notes 4, 9)	34,125	1	22,985	1
1200	Other receivables (Note 4)	7,308	-	12,285	-
1220	Current income tax (Notes 4, 19)	10,372	-	-	-
130X	Inventories (Notes 4, 5, 10)	442,709	10	503,983	11
1410	Prepayments	5,891	-	6,824	-
1470	Other current assets	72	-	4,613	-
11XX	Total current assets	1,142,282	25	1,124,735	25
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8)	36,896	1	40,005	1
1600	Real estate, plant and equipment (Notes 4, 11, 25)	1,510,248	34	1,542,513	35
1760	Investment properties (Notes 4, 13, 25)	1,738,213	39	1,699,158	38
1780	Intangible assets (Note 4)	-	-	53	-
1840	Deferred income tax assets (Notes 4, 19)	53,383	1	46,637	1
1990	Other non-current assets	10,124	-	9,125	-
15XX	Total non-current assets	3,348,864	75	3,337,491	75
1XXX	Total assets	$ 4,491,146	100	$ 4,462,226	100
Code	**Liabilities and Equity**				
	Current liabilities				
2100	Short-term borrowings (Notes 14, 25)	$ 594,500	13	$ 567,500	13
2130	Contract liabilities - current (Note 17)	27,133	1	16,379	-
2170	Accounts payable	3,592	-	7,697	-
2219	Other payables	49,832	1	60,842	1
2230	Current tax liabilities (Notes 4, 19)	-	-	19,004	1
2399	Other current liabilities	848	-	973	-
21XX	Total current liabilities	675,905	15	672,395	15
	Non-current liabilities				
2570	Deferred income tax liabilities (Notes 4, 19)	635,038	14	634,838	14
2610	Long-term payables	-	-	415	-
2640	Net defined benefit liabilities - non-current (Notes 4, 15)	2,176	-	6,370	-
2645	Guarantee deposits received (Notes 13, 24, 26)	44,762	1	44,812	1
25XX	Total non-current liabilities	681,976	15	686,435	15
2XXX	Total liabilities	1,357,881	30	1,358,830	30
	Equity (Note 16)				
	Share capital				
3110	Common shares	2,200,000	49	2,200,000	49
	Retained earnings				
3310	Legal reserve	102,540	2	92,585	2
3320	Special reserve	793,158	18	793,158	18
3350	Unappropriated retained earnings	169,607	4	209,872	5
3300	Total retained earnings	1,065,305	24	1,095,615	25
3400	Other equity interest	(132,040)	(3)	(192,219)	(4)
3XXX	Total equity	3,133,265	70	3,103,396	70
	Total liabilities and equity	$ 4,491,146	100	$ 4,462,226	100

The accompanying notes are an integral part of the Financial Statements.

Chairman: Tsai, Sui-Ying General Manager: Chang, Chia-Heng Accounting Manager: Kuo, Yen-Liang

TUNG HO TEXTILE CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2023 and 2022

Unit: in Thousands of New Taiwan Dollars, Except Earnings per Share

Code		2023 Amount	2023 %	2022 Amount	2022 %
	Operating revenue (Notes 4, 17, 24, 29)				
4100	Sales revenue	$ 437,934	77	$ 561,132	81
4300	Rental revenue	128,726	23	127,811	19
4000	Total operating revenue	566,660	100	688,943	100
	Operating cost				
5110	Cost of sales (Notes 10, 18)	(503,232)	(89)	(500,393)	(73)
5300	Lease cost	(22,735)	(4)	(22,751)	(3)
5000	Total operating cost	(525,967)	(93)	(523,144)	(76)
5900	Gross profit	40,693	7	165,799	24
	Operating expenses (Notes 18, 24)				
6100	Selling expenses	(15,153)	(3)	(17,434)	(2)
6200	General and administrative expenses	(47,784)	(8)	(55,496)	(8)
6300	Research and development expenses	(15,048)	(2)	(12,010)	(2)
6000	Total operating expenses	(77,985)	(13)	(84,940)	(12)
6900	Operating net (loss) profit	(37,292)	(6)	80,859	12
	Non-operating income and expenses (Notes 18, 21)				
7100	Interest revenue	2,820	-	871	-
7010	Other revenue	46,968	8	42,580	6
7020	Other profits and losses	26,940	5	6,821	1
7050	Finance costs	(12,797)	(2)	(6,611)	(1)
7000	Total non-operating income and expenses	63,931	11	43,661	6
7900	Profit before income tax	$ 26,639	5	$ 124,520	18
7950	Income tax benefit (expense) (Notes 4, 19)	6,210	1	(20,158)	(3)
8200	Net income	32,849	6	104,362	15
	Other comprehensive income				
	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Remeasurement of defined benefit plans (Note 15)	3,823	1	4,970	1
8316	Unrealized gain (loss) on valuation of equity instruments at fair value through profit or loss	64,362	11	(100,274)	(15)
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 19)	(765)	-	(994)	-
8300	Other comprehensive income/(loss) for the year (net of income tax)	67,420	12	(96,298)	(14)
8500	Total comprehensive income for the year.	$ 100,269	18	$ 8,064	1
	Earnings per share (Note 20)				
9710	Basic earnings per share	$ 0.15		$ 0.47	
9810	Diluted earnings per share	$ 0.15		$ 0.47	

The accompanying notes are an integral part of the Financial Statements.

Chairman: Tsai, Sui-Ying　　General Manager: Chang, Chia-Heng　　Accounting Manager: Kuo, Yen-Liang

TUNG HO TEXTILE CO., LTD.

STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2023 and 2022

Unit: in Thousands of New Taiwan Dollars

Code		Share Capital	Retained Earnings: Legal Reserve	Retained Earnings: Special Reserve	Retained Earnings: Unappropriated Retained Earnings	Other Equity Items: Unrealized Profits and Losses of Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
A1	Balance as of January 1, 2022	$ 2,200,000	$ 77,247	$ 793,264	$ 244,024	($ 100,843)	$ 3,213,692
B17	Legal reversal of first-time adoption of IFRSs-related special reserve	-	-	(106)	106	-	-
	Distribution of earnings for 2021						
B1	Legal reserve	-	15,338	-	(15,338)	-	-
B5	Cash dividends distributed by the Company	-	-	-	(118,360)	-	(118,360)
D1	Net income in 2022	-	-	-	104,362	-	104,362
D3	Other comprehensive income after tax in 2022	-	-	-	3,976	(100,274)	(96,298)
D5	Total comprehensive income in 2022	-	-	-	108,338	(100,274)	8,064
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	(8,898)	8,898	-
Z1	Balance as of December 31, 2022	2,200,000	92,585	793,158	209,872	(192,219)	3,103,396
	Distribution of earnings for 2022						
B1	Legal reserve	-	9,955	-	(9,955)	-	-
B5	Cash dividends distributed by the Company	-	-	-	(70,400)	-	(70,400)
D1	Net income in 2023	-	-	-	32,849	-	32,849
D3	Other comprehensive income after tax in 2023	-	-	-	3,058	64,362	67,420
D5	Total comprehensive income in 2023	-	-	-	35,907	64,362	100,269
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	4,183	(4,183)	-
Z1	Balance as of December 31, 2023	2,200,000	102,540	793,158	169,607	(132,040)	3,133,265

The accompanying notes are an integral part of the Financial Statements.

Chairman: Tsai, Sui-Ying General Manager: Chang, Chia-Heng Accounting Manager: Kuo, Yen-Liang

TUNG HO TEXTILE CO., LTD.

STATEMENT OF CASH FLOWS

For the Years Ended December 31, 2023 and 2022

Unit: in Thousands of New Taiwan Dollars

Code		2023	2022
	Cash Flows from Operating Activities		
A10000	Income before income tax	$ 26,639	$ 124,520
A20010	Adjustments to reconcile profit (loss)		
A20100	Depreciation	47,266	55,900
A20200	Amortization expense	53	214
A20400	Net gain on financial assets measured at fair value through profit or loss	(17,510)	10,377
A20900	Finance costs	12,797	6,611
A21200	Interest revenue	(2,820)	(871)
A21200	Rental income	(12,055)	(15,476)
A21300	Dividend income	(43,793)	(38,239)
A22500	Disposal of interests in real estate, plant, and equipment	-	(280)
A23700	Inventory loss from market price decline and for loss on obsolete and slow-moving inventories	28,152	4,462
A30000	Net changes in operating assets and liabilities		
A31115	Financial assets at fair value through profit or loss	(11,743)	(3,029)
A31130	Notes receivable	648	7,794
A31150	Accounts receivable	(11,140)	13,303
A31180	Other receivables	4,977	4,354
A31200	Inventories	33,122	2,070
A31230	Prepayments	933	6,343
A31240	Other current assets	4,541	(4,513)
A32125	Contract liabilities	10,754	(37,795)
A32150	Accounts payable	(4,105)	891
A32180	Other payables	(10,952)	(9,400)
A32220	Other current liabilities	(125)	23
A32240	Net defined benefit liabilities - Non-current	(371)	(3,465)
A32990	Long-term payables	(415)	(6,217)
A33000	Cash generated from operations	54,853	117,577
A33100	Interest received	2,820	871
A33200	Dividends received	43,793	38,239
A33300	Interest paid	(12,855)	(6,451)
A33500	Income tax paid	(30,477)	(11,595)
AAAA	Net cash inflows from operating activities	58,134	138,641
	Cash Flows from Investing Activities		
B00010	Purchase of financial assets measured at fair value through other comprehensive income	($ 609,960)	($ 396,479)
B00020	Proceeds from sale of financial assets measured at fair value through other comprehensive income	598,718	320,659
B00030	Refund of capital reduction of financial assets measured at fair value through other comprehensive profit	6	1,429
B02700	Acquisition of property, plant, and equipment	(5,608)	(14,894)
B02800	Proceeds from disposal of real estate, plant, and equipment	-	382
B05400	Acquisition of investment properties	(28,799)	-
B07100	Increase in prepayments for equipment	(8,593)	(25,630)
BBBB	Net cash flows used in investing activities	(54,236)	(114,533)
	Cash Flows from Financing Activities		
C00200	Increase in short-term borrowings	27,000	23,000
C03100	Decrease in guarantee deposits received	(50)	(1,948)
C04500	Payment of dividends to the Company’s owners	(70,400)	(118,360)
CCCC	Net cash flows used in financing activities	(43,450)	(97,308)
EEEE	Net decrease in cash and cash equivalents	(39,552)	(73,200)
E00100	Cash and cash equivalents at beginning of year	202,677	275,877
E00200	Cash and cash equivalents at end of year	$ 163,125	$ 202,677

The accompanying notes are an integral part of the Financial Statements.

Chairman: Tsai, sui-ying　　General Manager: Chang, chia-heng　　Accounting Manager: Kuo, yen-liang

TUNG HO TEXTILE CO., LTD.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2023 and 2022

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

1. Company History

Tung Ho Textile Co., Ltd. (hereinafter referred to as “the Company”) is established in September 1959 in accordance with the Company Act. the main business items are textile, processing, spinning, man-made fiber trading of natural fibers and polyester cotton, and commissioning of construction companies to build national housing rental and sales.

The Company’s main production and operation address is No. 227, Gongye Rd., Madou Dist., Tainan City, Taiwan (R.O.C.), and the address of management and operations research is 13F., No. 376, Sec. 4, Ren’ai Rd., Da’an Dist., Taipei City, Taiwan (R.O.C.).

The Company’s shares have been listed on the Taiwan Stock Exchange since February 1976.

The Financial Statements are presented in the New Taiwan dollar, the Company’s functional currency.

2. Date of Authorization for Issuance of the Parent Company Only Financial Statements and Procedures for Authorization

The Financial Statements have been approved by the Board of Directors on March 8, 2024.

3. Application of New and Amended Standards and Interpretations

(1) Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC), and Standard Interpretations Committee (SIC) (the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (the “FSC”).

The application of the IFRSs endorsed and issued into effect by the FSC in 2023 did not result in significant changes in the accounting policies of the Company.

(2) IFRSs Recognized by the FSC Are Applicable From 2023 Onward

New/Revised/Amended Standards and Interpretations	Effective Date of Issuance by the IASB(Note1)
Amendment to IFRS 16 “Lease Liabilities in Sale and Leaseback”	January 01, 2024 (Note2)
Amendments to IAS 1 “Classify Liabilities as Current or Non-current”	January 01, 2024
Amendments to IAS 1 “Non-current Liabilities with contractual Terms”	January 01, 2024
Amendments to IAS7 and IFRS7 “Supplier Finance Arrangements”	January 01, 2024 (Note3)

Note 1： Unless otherwise specified, the aforementioned New/Amended/Revised Standards and Interpretations shall be effective for the annual reporting period after the specified dates.

Note 2： the Seller and Lessee shall retroactively apply the amendments to IFRS 16 to sale and leaseback transactions concluded after the initial application of IFRS 16.

Note 3： on initial application of the amendment, certain disclosure requirements are exempted.

As of the date of authorization of the Financial Statements, the Company has assessed of the aforesaid amendments to standards and interpretations did not have a significant impact on the financial position and financial performance.

(3) Standards Issued by the IASB but Not Yet Endorsed and Issued into Effect by the FSC

New/Revised/Amended Standards and Interpretations	Effective Date of Issuance by the IASB(Note1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture”	To be determined
IFRS 17 “Insurance Contracts”	January 01, 2023
Amendment of IFRS 17	January 01, 2023
Amendment to IFRS17 “Initial Application of IFRS17 and IFRS 9 — Comparative Information”	January 01, 2023
Amendment of IAS 21 “Lack of Exchangeability”	January 01, 2025 (Note2)

Note 1： Unless otherwise specified, the aforementioned New/Amended/Revised Standards and Interpretations shall be effective for the annual reporting period after the specified dates.

Note 2： Applicable to annual reporting periods beginning on or after January 1, 2025. on initial application of the amendment, the effects will be recognized in retained earnings on the initial application date. When the Company uses a non-functional currency as the presentation currency, the effects will be adjusted to the foreign operation translation reserve under equity on the initial application date.

4. The Company has assessed that the abovementioned IFRS accounting standards issued by the IASB but not yet endorsed and issued into effect by the Financial Supervisory Commission will not have a significant impact on the Company. However, as of the date that the financial report was authorized for issuance, the Company continues to evaluate the impact of amendments to other standards and interpretations on its financial position and financial performance. The relevant impacts will be disclosed when the assessment is completed. Summary of Significant Accounting Policies

(1) Compliance Declaration

The Financial Statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, relevant regulations and the IFRSs endorsed and issued into effect by the FSC.

(2) Preparation Basis

The Financial Statements have been prepared on a historical cost basis, except for financial instruments measured at fair value and defined benefit liabilities recognized at the present value of defined benefit obligations less fair value of plan assets.

The fair value measurement is classified Level 1 to Level 3 based on the observability and importance of related input:

1. Level 1 Quote prices (unadjusted) in active markets for identical assets or liabilities on the measurement date.

2. Level 2 Other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. deduced from prices).

3. Level 3 Unobservable inputs for the asset or liability.

(3) Standards for Assets and Liabilities Classified as Current and Non-Current Current Assets

Current Assets Include:

1. Assets held primarily for trading purposes.

2. Assets expected to be realized within 12 months after the balance sheet date, and

3. Cash or cash equivalents (excluding assets restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date).

Current Liabilities Include:

1. Liabilities held primarily for trading purposes.

2. Liabilities with settlement within 12 months after the balance sheet date.

3. Liabilities with a repayment schedule that cannot be unconditionally deferred till at least 12 months after the publication of the balance sheet.

(4) Assets or liabilities that do not belong to the above mentioned current assets or current liabilities are classified as non-current assets or non-current liabilities. Foreign Currency

In the preparation of financial statements, transactions denominated in a currency other than the Company's functional currency (i.e. foreign currency) are translated into the Company's functional currency by using the exchange rate at the date of the transaction.

Monetary items denominated in foreign currencies are translated at the closing rates on the balance sheet date. Exchange differences arising on the settlement or on translating of monetary items are recognized in profit or loss in this year in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are translated at the exchange rates prevailing at the date when the fair value was determined. the resulting exchange difference is recognized in profit or loss in this year, except for items whose changes in fair value are recognized in other comprehensive income, where the resulting exchange difference is recognized in other comprehensive income.

Non-monetary items measured at historical cost that are denominated in foreign currencies are translated at the rates of exchange prevailing on the transaction dates and are not re-translated.

(5) Inventories

Inventories include raw materials, materials, finished products and work in progress. Inventories are measured at a lower cost and net realizable value. the comparison between costs and net realizable values is based on individual items except for the same type of inventory. the net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale. Cost of inventory is calculated using the weighted-average method.

(6) Real Estate, Plant, and Equipment

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

The depreciation of real estate, plant, and equipment in its useful life is made on a straight-line basis for each major part/component separately. the estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When real estate, plant, and, equipment are derecognized, the difference between the net disposal proceeds and the carrying amount of the asset shall be recognized in profit or loss.

(7) Investment Properties

Investment property is real estate held for rent or capital appreciation or both. Investment properties also include land held for a currently undetermined future use.

Own investment property is initially measured at costs (including transaction costs) and is subsequently measured at costs less accumulated depreciation and accumulated impairment losses.

Depreciation of investment property is recognized on a straight-line basis.

In the event of derecognition of an investment property, the difference between its net disposal proceeds and carrying amount is recognized as gain or loss.

(8) Intangible Assets

1. Individual Acquisition

Individually acquired intangible assets with a limited useful life are initially measured at cost and subsequently measured at cost less accumulated amortization and any accumulated impairment losses. The Company will review the estimated useful life, residual value, and depreciation methods at the end of each year at least once a year to deduce the effect of the changes in accounting estimates.

2. Derecognition

When intangible assets are derecognized, the difference between the net disposal proceeds and the carrying amount of the asset shall be recognized in profit or loss of the current period.

(9) Impairment of Assets Related to Real Estate, Plant, and Equipment, Investment Real Estate, Intangible Assets

On each balance sheet date, the Company reviews the carrying amounts of real estate, plant and equipment, investment property, and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. If it is not possible to determine the recoverable amount for an individual asset, the Company shall estimate the recoverable amount of the asset's cash-generating unit.

The recoverable amount is the fair value minus cost of sales or its value in use, whichever is higher. If the recoverable amount of individual asset or the cash-generating unit is lower than its carrying amount, the carrying amount of the asset or the cash-generating unit shall be reduced to the recoverable amount and the impairment loss shall be recognized in profit or loss.

When the impairment loss is subsequently reversed, the carrying amount of the asset or the cash-generating unit will be reduced to the extent of recoverable amount prior to revision, provided the increased carrying amount does not exceed the carrying amount (minus amortization or depreciation) of the asset or of the cash-generating unit not declared as impairment loss in the previous years. a reversal of an impairment loss is recognized immediately in profit or loss.

(10) Financial Instruments

Financial assets and financial liabilities shall be recognized in the balance sheets when the Company becomes a party of the financial instrument contract.

When showing the original financial assets and liabilities, if their fair value was not assessed based on profit or loss, it is the fair value plus the cost of transaction, that is, of its acquisition or issuance of the financial assets or financial liabilities. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1. Financial Assets

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

(1) Types of Measurement

Financial assets held by the Company are classified as financial assets at fair value through profit or loss, financial assets at amortized cost, and investments in equity instruments at fair value through other comprehensive income.

A. Financial Assets at Fair Value Through Profit or Loss

Financial assets at fair value through profit or loss include financial assets mandatorily measured at fair value through profit or loss. Such assets include investments in equity instruments that are not designated by the combined company to be measured at fair value through other comprehensive income and investments in debt instruments that fail to meet the criteria as to be measured at amortized cost or at fair value through other comprehensive income.

Such assets are measured at fair value, of which any dividends and interest accrued are recognized as other revenue, interest income, and remeasurement profits or losses are recognized in profit or loss. Please refer to Notes 23 for the determination of fair value.

B. Financial Assets at Amortized Cost

When the Company's investments in financial assets match the following two conditions simultaneously, they are classified as financial assets at amortized cost:

a. Financial assets are under a business model whose purpose is to hold financial assets and collecting contractual cash flows; and

b. The terms of the contract generate a cash flow on a specified date that is solely for the payment of interest on the principal and the amount of principal outstanding.

Subsequent to initial recognition, such assets (including cash and cash equivalents, notes receivable and accounts receivable that are measured at amortized cost, other receivables and refundable deposits) are measured at the amortized cost equal to the gross carrying amount as determined using the effective interest method less any impairment loss; any foreign exchange gain or loss arising therefrom is recognized in profit or loss.

Interest revenue is calculated at the value of effective interest rate times the gross carrying amount of financial assets

Cash equivalents include time deposits within three months from the acquisition date and with high liquidity and relatively low price changes convertible to cash any time. They are used for meeting short-term cash commitments.

C. Investments in Equity Instruments at Fair Value Through Other Comprehensive Income

The Company may, at initial recognition, make an irrevocable decision to designate an equity instrument that is neither held for trading nor contingent consideration arising from a business combination to be measured at fair value through other comprehensive income.

Investments in equity instruments at fair value through other comprehensive income are measured at fair value, and any subsequent fair value changes are recognized in other comprehensive income and accumulated in other equity. When the investment is disposed of, the cumulative profit or loss is directly transferred to retained earnings and not reclassified to profit or loss.

Dividends of investments in equity instruments at fair value through other comprehensive income are recognized in profit or loss when the Company's right to receive payment is confirmed unless such dividends clearly represent the recovery of a part of the investment cost.

(2) Impairment of Financial Assets

The impairment loss of financial assets (including accounts receivable) at amortized cost is measured by the Company on the balance sheet date based on the expected credit losses.

Allowances shall be appropriated for accounts receivable for expected credit losses for the duration of their existence. a loss allowance for the 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. a loss allowance for full lifetime expected credit losses is required for a financial asset if its credit risk has increased significantly since initial recognition.

The expected credit loss is the weighted average credit loss determined by the risk of default. the 12-month expected credit losses represent the expected credit losses arising from the possible default of the financial instrument in the 12 months after the balance sheet date, and the expected credit losses during the lifetime represent the expected credit losses arising from all possible defaults of the financial instrument during the expected existence period.

For internal credit risk management purposes, the Company determines that the following situations indicate that a financial asset is in default without taking into account any collateral held by the Company:

D. Internal or external information indicates that the debtor is unlikely to settle its debts. Overdue for more than one year, unless there is reasonable evidence showing that a delayed basis of default is more appropriate.

The impairment loss of all financial assets is reduced based on the allowance account.

(3) Derecognition of Financial Assets

The Company derecognizes financial assets when the contractual rights to the cash inflow from the asset expire or when the Company transfers the financial assets with substantially all the risks and rewards of ownership to other enterprises.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received is recognized in profit or loss. When the equity instrument investment measured at fair value through other comprehensive profits and losses is delisted as a whole, the cumulative profit or loss is directly transferred to retained earnings and not reclassified to profit or loss.

(4) Equity Instruments

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

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

Repurchase of the Company's own equity instruments is recognized in and deducted directly from equity, and their carrying amount are calculated on a weighted average of stock classes. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2. Financial Liabilities

A. Subsequent Measurement

Financial liabilities held by the Company are assessed at amortized cost using the effective interest method.

B. Derecognition of Financial Liabilities

When financial liabilities are derecognized, the difference between their carrying amount and the paid consideration (including any transferred non-cash assets or liabilities assumed) shall be recognized in profit or loss.

(11) Revenue Recognition

After the Company identifies its performance obligations in contracts with customers, it shall allocate the transaction costs to each obligation in the contract and recognize revenue upon satisfaction of performance obligations.

Sales revenue comes from the manufacturing and sales of yarn products. Since the sales and delivery of general yarn and special yarn meet the sales conditions agreed with the customer, and the customer already has the right to set the price and use of the product and bears the main responsibility for resale, and bears the risk of obsolescence and obsolescence of the product, the Company has recognized revenue and account receivables since then.

(12) Lease

The Company assesses whether the contract is (or includes) a lease on the date of its establishment.

1. Where the Company Is a Lessor

Leases in which the lessee assumes substantially all of the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

Under operating leases, lease payments after deducting lease incentives are recognized as revenue on a straight-line basis over the relevant lease term. the initial direct costs arising from acquisition of operating leases is added to the carrying amount of the underlying assets; and an expense is recognized for the lease on a straight line basis over the lease term.

When a lease includes both land and building elements, the Company assesses the classification of each element separately as a financial or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. Minimum lease payments shall be apportioned to land and buildings in proportion to the fair value of land and building lease rights on the lease start date.

If lease payments can be allocated reliably between these two elements, then each element is classified under relevant lease. If lease payments cannot be allocated reliably between the two elements, the entire lease is classified under finance lease. If both elements clearly meet the standards of operating leases, the entire lease is classified under operating lease.

2. Where the Company Is a Lessee

Lease payments for low-value target asset leases and short-term leases that are subject to the recognition exemption are recognized as expenses during the lease term on a straight-line basis.

(13) Government Subsidies

A government grant is recognised only when there is reasonable assurance that (a) the Company will comply with any conditions attached to the grant and (b) the grant will be received.

A grant receivable as compensation for costs already incurred or for immediate financial support for the Company, with no future related costs, are recognised as income in the period in which it is receivable.

(14) Employee Benefit

1. Short-Term Employee Benefits

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

2. Retirement Benefits

   Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

   The costs of defined benefits under the defined benefit pension plan (including service cost, net interest, and the remeasurement amount) are calculated based on the projected unit credit method. the cost of services and the net interest of the net defined benefit liability (asset) are recognized as employee benefit expenses as they occur. Remeasurement (comprising actuarial gains and losses, and return on plan assets net of interests) is recognized in other comprehensive income and included in retained earnings, and is not recycled to profit or loss in subsequent periods.

   The net defined benefit liabilities (assets) are the shortfall (surplus) of the appropriation of the defined benefit pension plan. a net defined benefit asset shall not exceed the present value of the contributions to be refunded from the plan, or the reductions in future contributions.

(15) Income Tax

Income tax expenses are the sum of the tax in the current period and deferred income tax.

1. Current Income Tax

   The income tax payable (recoverable) is calculated and based on the income (loss) of the period determined by the Company in accordance with the laws and regulations of each income tax reporting jurisdiction.

   A tax is levied on the unappropriated earnings pursuant to the Income Tax Act and is recorded as an income tax expense in the year when the shareholders' meeting resolves to appropriate the earnings.

   Adjustments to income tax payable from previous years are recognized in the income tax of current period.

2. Deferred Income Tax

Deferred income tax is calculated based on the temporary difference between the carrying amount of the assets and liabilities in the financial statements and the taxable basis of the taxable income.

Deferred income tax liabilities are generally recognized based on all taxable temporary differences. Deferred income tax assets are recognized to the extent that it is probable that there is taxable income to be applied to temporary difference reductions or loss credits.

The carrying amount of the deferred income tax assets is re-examined at each balance sheet date and the carrying amount is reduced for assets that are no longer likely to generate sufficient taxable income to recover all or part of the assets. the carrying amount of items that were not previously recognized as a deferred tax asset is also reviewed at each balance sheet date and is raised when it becomes probable that sufficient taxable profit will be available in the future to recover all or part of the asset.

Deferred income tax assets and liabilities are measured at the tax rate of the period of expected repayment of liabilities or realization of assets. the rate is based on the tax rate and tax laws that have been enacted prior to the balance sheet date or have been substantially legislated. the measurement of deferred income tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

3. Current and Deferred Income Taxes

Current income tax and deferred income tax are recognized in profit or loss, except for the current and deferred income tax related to items recognized in other comprehensive profits and losses or directly included in equity is recognized in other comprehensive profits and losses or directly included in equity respectively.

5. Primary Sources of Uncertainties in Material Accounting Judgments, Estimates, and Assumptions

When the Company adopts accounting policies, the management must make judgments, estimates, and assumptions based on historical experience and other critical factors for related information that are not readily available from other sources. Actual results may differ from these estimates.

The management will review the estimates and basic assumptions on an ongoing basis. If an amendment of estimates only affects the current year, it shall be recognized in the year of amendment; if an amendment of accounting estimates affects the current year and future periods, it shall be recognized in the period of amendment and future periods.

Main Sources of Uncertainty in Estimates and Assumptions Impairment of Inventories

Inventories Losses

The net realizable value of inventories is estimated as the selling price in the ordinary course of business, less the estimated costs necessary to complete and sell the items. These estimates are based on current market conditions and the historical sales experience of similar products. Changes in market conditions could significantly affect these estimated values.

6. Cash and Cash Equivalents

	December 31, 2023	December 31, 2022
Cash on Hand and Working Capital	$ 80	$ 80
Checks and Demand Deposits in Banks	132,032	78,860
Cash Equivalents (Time deposits with original maturities within three months)		
Bank Fixed Deposit	31,013	123,737
	$ 163,125	$ 202,677

The interest rate interval of bank fixed deposits on the Balance Sheet date is as follows:

	December 31, 2023	December 31, 2022
Bank Fixed Deposit	1.90%-5.20%	0.85%-4.10%

7. Financial Instruments at Fair Value through Profit or Loss

	December 31, 2023	December 31, 2022
Financial Assets - Current		
Mandatorily measured at fair value through profit or loss		
Non-derivative financial assets		
- Bond	$ 25,483	$ 6,844
- Gold passbook	-	5,533
- Fund beneficiary certificates	94,146	43,159
	$ 119,629	$ 55,536

8. Financial Assets at Fair Value through Other Comprehensive Income

	December 31, 2023	December 31, 2022
Current		
Investments in equity instruments at fair value through other comprehensive income		
Domestic investment		
Listed companies' shares－Common stock	$ 333,553	$ 300,559
Foreign investment		
Listed companies' shares－Common stock	23,351	12,478
	$ 356,904	$ 313,037
Non-Current		
Investments in equity instruments at fair value through other comprehensive income		
Domestic investment		
Unlisted companies' shares－Common stock	$ 1,283	$ 1,611
Foreign investment		
Listed companies' shares－Common stock	35,613	38,394
	$ 36,896	$ 40,005

The purpose held by the Company is designated as an investment for medium and long-term strategic purposes as measured at fair value through other comprehensive profits and losses.

The Company adjusted its investment positions from January 1 to December 31 2023 and 2022 to diversify the risk, and sold part of the company's common shares at fair values of NT$ 598,718 thousand and NT$ 320,659 thousand, respectively. Other relevant interests - the unrealized benefits (losses) of financial assets measured at fair value through other comprehensive profits and losses of NT$ 4,183 thousand and NT$(8,898) thousand are transferred to retained surplus.

9. Note Receivables and Account Receivables

	December 31, 2023	December 31, 2022
Notes Receivable		
Measured at amortized cost		
Total carrying amount	$ 2,147	$ 2,795
Less: Loss allowance	-	-
	$ 2,147	$ 2,795

	December 31, 2023	December 31, 2022
Accounts Receivable		
Measured at amortized cost		
Total carrying amount	$ 34,216	$ 23,076
Less: Loss allowance	(91)	(91)
	$ 34,125	$ 22,985

The Company's credit period for commodity sales is 60 days, and no interest is accrued on accounts receivable.

In order to mitigate credit risks, the management of the Company regularly evaluates credit lines and other monitoring procedures to ensure that appropriate actions have been taken in the recovery of overdue receivables. Moreover, the Company will also review recoverable amount of receivable on balance sheet date to ensure unrecoverable receivables are listed in impairment loss. As such, the management concludes that the credit risk of the Company is significantly reduced.

Due to the company's historical experience showing no significant differences in the loss patterns among different customer groups, the provision matrix does not further differentiate between customer categories. Instead, the expected credit loss rate is determined based on the overdue days of accounts receivable. As of December 31, in both 2023 and 2022, the allowance for credit losses for non-overdue accounts receivable is set at 0%, while for overdue accounts, a provision has been made ranging from 0% to 100%. When there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery of the receivables, for example, the counterparty is in liquidation or the debt has been overdue for more than 1 year, the Company shall directly recognize the relevant allowance loss. the Company continues to engage in enforcement activity to attempt to recover the receivables due.

Aging analysis of notes and accounts receivable measured amortization expense is as follows:

	December 31, 2023	December 31, 2022
Not Pass Due	$ 35,718	$ 20,916
Past Due		
1-60 days	-	4,955
61-120 days	616	-
More than 120 days	29	-
Total	$ 36,363	$ 25,871

The above aging analysis is based on the overdue date.

Changes in loss allowances for receivables are as follows:

	2023	2022
Beginning Balance	$ 91	$ 91
Add: Impairment loss in the current period	-	-
Ending Balance	$ 91	$ 91

10. Inventories

	December 31, 2023	December 31, 2022
Raw Materials	$ 247,106	$ 282,603
Work in Process	20,659	8,613
Finished Product	174,944	212,767
	$ 442,709	$ 503,983

The nature of the cost of goods sold is as follows:

	2023	2022
Inventory Cost Sold	$ 474,817	$ 493,463
Undivided Manufacturing Cost	263	2,468
Loss of Inventory Depreciation	28,152	4,462
Total	$ 503,232	$ 500,393

11. Real Estate, Plant, and Equipment

	Self-Owned Land	Buildings	Machinery	Transportation, Office and Other Equipment	Total
Cost					
Balance as of January 1, 2022	$ 1,121,462	$ 569,620	$ 1,919,478	$ 462,345	$ 4,072,905
Addition	-	-	12,566	2,328	14,894
Disposal	-	-	(16,522)	(1,918)	(18,440)
Reclassifications	-	-	29,005	2,393	31,398
Balance as of December 31, 2022	$ 1,121,462	$ 569,620	$ 1,944,527	$ 465,148	$ 4,100,757
Accumulated Depreciation and Impairment					
Balance as of January 1, 2022	$ -	$ 341,558	$ 1,823,078	$ 357,421	$ 2,522,057
Disposal	-	-	(16,422)	(1,916)	(18,338)
Depreciation	-	12,625	32,144	9,756	54,525
Balance as of December 31, 2022	$ -	$ 354,183	$ 1,838,800	$ 365,261	$ 2,558,244
Net as of December 31, 2022	$ 1,121,462	$ 215,437	$ 105,727	$ 99,887	$ 1,542,513

Cost	Self-Owned Land	Buildings	Machinery	Transportation, Office and Other Equipment	Total
Balance as of January 1, 2023	$ 1,121,462	$ 569,620	$ 1,944,527	$ 465,148	$ 4,100,757
Addition	-	-	4,725	883	5,608
Disposal	-	-	-	(13)	(13)
Reclassifications	-	-	6,244	1,350	7,594
Balance as of December 31, 2023	$ 1,121,462	$ 569,620	$ 1,955,496	$ 467,368	$ 4,113,946
Accumulated Depreciation and Impairment					
Balance as of January 1, 2023	$ -	$ 354,183	$ 1,838,800	$ 365,261	$ 2,558,244
Disposal	-	-	-	(13)	(13)
Depreciation	-	12,609	22,503	10,355	45,467
Balance as of December 31, 2023	$ -	$ 366,792	$ 1,861,303	$ 375,603	$ 2,603,698
Net as of December 31, 2023	$ 1,121,462	$ 202,828	$ 94,193	$ 91,765	$ 1,510,248

Depreciation of real estate, plant, and equipment on a straight-line basis is calculated according to the following durable years:

Buildings	
Main Building of the Plant	35-60 years
Mobile Power Equipment	45 years
Engineering Systems	5-20 years
Others	3-15 years
Machinery	1-10 years
Transportation Equipment	5 years
Office Equipment	3-10 years
Other Equipment	1-20 years

For the amount of property, plant, and equipment pledged as collateral for borrowings, please refer to Note 25.

12. Lease Agreements

The operating lease is to lease the investment real estate of the Company, and the lease term is 5-20 years. All tenancy agreements of operating lease contain a provision whereby the lessee, in exercising the right to renew the lease, adjusts the rent in accordance with the prevailing market rent rate. Lessees do not have preferential rights to acquire the real estate at the expiration of the lease period.

Lease arrangements under operating leases for the leasing out of investment properties are set out in Note 13.

The total future minimum lease receivables for non-cancellable operating leases are as follows:

	December 31, 2023	December 31, 2022
Less than 1 year	$ 102,596	$ 108,153
1-5 years	303,207	399,555
Over 5 years	367,111	348,365
	$ 772,914	$ 856,073

13. Investment Properties

	Land and Improvements	Housing and Construction	Total
Cost			
Balance as of January 1, 2022	$ 1,461,736	$ 262,496	$ 1,724,232
Addition	-	15,476	15,476
Balance as of December 31, 2022	$ 1,461,736	$ 277,972	$ 1,739,708
Accumulated Depreciation and Impairment			
Balance as of January 1, 2022	$ 5,721	$ 33,454	$ 39,175
Depreciation	-	1,375	1,375
Balance as of December 31, 2022	$ 5,721	$ 34,829	$ 40,550
Net as of December 31, 2022	$ 1,456,015	$ 243,143	$ 1,699,158
Cost			
Balance as of January 1, 2023	$ 1,461,736	$ 277,972	$ 1,739,708
Addition	-	40,854	40,854
Balance as of December 31, 2023	$ 1,461,736	$ 318,826	$ 1,780,562
Accumulated Depreciation and Impairment			
Balance as of January 1, 2023	$ 5,721	$ 34,829	$ 40,550
Depreciation	-	1,799	1,799
Balance as of December 31, 2023	$ 5,721	$ 36,628	$ 42,349
Net as of December 31, 2023	$ 1,456,015	$ 282,198	$ 1,738,213

Investment property is depreciated on a straight-line basis based on the following durable years:

Main Building	25-50 years
Elevator Equipment	15 years
Air Conditioning System	5-8 years

Investment property includes several commercial real estates leased to others. Each lease contract includes the original non-cancellable lease period of approximately 5 to 20 years on average, and the subsequent lease period is negotiated with the lessee, and no contingent rent is collected.

As of December 31, 2023 and 2022, the rental deposit collected from the related lease contracts was NT$ 38,390 thousand, and the account was deposited into the margin account.

The fair value of investment property is evaluated by the management of the Company using evaluation models commonly used by market participants. the evaluation is made with reference to market evidence of similar real estate transaction prices. the important assumptions and fair values of the evaluation are as follows:

	December 31, 2023	December 31, 2022
Fair Value	$ 3,419,881	$ 3,605,109
Discount Rate	3%	3%

The Company held freehold interests in all of its investment properties. for the amount of investment property pledged as collateral, please refer to Notes 25.

14. Short-Term Loans

	December 31, 2023	December 31, 2022
Guaranteed Borrowings (Note 25)		
- Bank Loans	$ 594,500	$ 567,500

The interest rate range of bank loans is as follows :

	December 31, 2023	December 31, 2022
Secured Loans	1.73%-2.00%	1.701%-2.15%

15. Benefit Plan After Retirement

(1) Defined Contribution Plans

The Company adopts a pension plan under the “Labor Pension Act”, which is a state-managed defined contribution plan. According to the “Labor Pension Act”, the Company makes monthly contributions to employees’ individual pension accounts at 6% of their monthly salaries.

(2) Defined Benefit Plans

The pension system adopted by the Company under the "Labor Standards Act" is a state-managed defined benefit plan. The payment of the employee's pension is based on the period of service and the average salary of 6 months before the approved retirement date. the combined company contributes monthly an amount equal to 15% of the employees' monthly salaries and wages to a retirement fund that is deposited with Bank of Taiwan under the name of the Supervisory Committee of Workers' Retirement Fund. Before the end of year, if the balance at the retirement fund is not sufficient to pay employees who will meet the retirement criteria next year, a lump-sum deposit for the shortfall should be made before the end of March of the following year. The Bureau of Labor Funds, Ministry of Labor administers the account. The Company has no right over its investment and administration strategies.

The amounts of defined benefit plans included in the balance sheets are as follows:

	December 31, 2023	December 31, 2022
Present Value of Defined Benefit Obligation	$ 35,324	$ 39,677
Fair Value of Plan Assets	(33,148)	(33,307)
Net Defined Benefit Liabilities	$ 2,176	$ 6,370

Changes in net defined benefit liabilities are as follows:

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities
Balance as of January 1, 2022	$ 53,217	($ 38,412)	$ 14,805
Service cost			
Service cost for the current period	287	-	287
Interest expenses (income)	372	(269)	103
Recognized in profit or loss	659	(269)	390
Remeasurements			
Return on planned assets (excluding amounts included in net interest)	-	(2,967)	(2,967)
Actuarial gains - changes in financial assumptions	(1,901)	-	(1,901)
Actuarial losses - experience adjustments	(102)	-	(102)
Recognized in other comprehensive income	(2,003)	(2,967)	(4,970)
contribution by the employer	-	(2,438)	(2,438)
Direct payment	(1,417)	-	(1,417)
Benefit payment	(10,779)	10,779	-
Balance as of December 31, 2022	39,677	(33,307)	6,370
Service cost			
Service cost for the current period	190	-	190
Interest expenses (income)	516	(433)	83
Recognized in profit or loss	706	(433)	273

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities
Remeasurements			
Return on planned assets (excluding amounts included in net interest)	-	(202)	(202)
Actuarial gains - changes in financial assumptions	247	-	247
Actuarial losses - experience adjustments	(3,868)	-	(3,868)
Recognized in other comprehensive income	(3,621)	(202)	(3,823)
Contribution by the employer	-	(644)	(644)
Benefit payment	(1,438)	1,438	-
Balance as of December 31, 2023	$ 35,324	($ 33,148)	$ 2,176

The amounts recognized in profit or loss for the defined benefit plans are summarized by function as follows:

	2023	2022
Operating Cost	$ 243	$ 336
Operating Expenses	30	54
	$ 273	$ 390

The Company has the following risks owing to the implementation of the pension system under the "Labor Standards Act":

1. Investment Risks: the Bureau of Labor Funds, Ministry of Labor invests the labor pension fund in equity securities, debt securities, and bank deposits in domestic (foreign) banks through independent implementation and commissioned operations. However, the distributed amount from the plan assets received by the Company shall not be lower than interest on a two-year time deposit at a local bank.

2. Interest Rate Risk: the decrease in the interest rate will increase the present value of defined benefit obligations, but the yield on debt investment of plan assets will also increase accordingly, which will partially offset the impact on net defined benefit liabilities.

3. Salary Risk: the present value of defined benefit obligations is calculated with reference to future salaries of plan members. Therefore, the salary increase of plan members will increase the present value of the defined benefit obligation.

The present value of the Company's defined benefit obligations is calculated by certified actuaries and the major assumptions on the assessment date are as follows:

	December 31, 2023	December 31, 2022
Discount Rate	1.2%	1.3%
Expected Salary Increase Rate	2.5%	2.5%

If changes occur in major actuarial assumptions with other assumptions unchanged, the present value of defined benefit obligations will increase (decrease) as follows:

	December 31, 2023	December 31, 2022
Discount Rate		
Increase by 0.25%	($ 614)	($ 752)
Decrease by 0.25%	$ 632	$ 775
Expected Salary Increase Rate		
Increase by 0.25%	$ 535	$ 666
Decrease by 0.25%	($ 523)	($ 650)

As actuarial assumptions may be related to one another, the likelihood of fluctuation in a single assumption is not high. Therefore, the aforementioned sensitivity analysis may not reflect the actual fluctuations of the present value of defined benefit obligations.

	December 31, 2023	December 31, 2022
Expected amount of contribution within 1 year	$ 633	$ 720
Average duration of defined benefit obligations	7 years	8 years

16. Equity

(1) Share Capital

Common Shares

	December 31, 2023	December 31, 2022
Number of shares authorized (in thousands)	360,000	360,000
Share capital authorized	$ 3,600,000	$ 3,600,000
Number of shares issued and fully paid(in thousands)	220,000	220,000
Share capital issued	$ 2,200,000	$ 2,200,000

Fully paid ordinary shares, which have a par value of $10, carry one vote per share and a right to dividends.

(2) Retained Earnings and Dividend Policy

The shareholders' meeting of the Company has passed an amendment to its articles of Association by resolution on June 17, 2022, providing that the Company shall authorize the Board of Directors to make a special resolution that dividends and dividends shall be distributed in the form of cash and shall be reported to the shareholders' meeting.

According to the Earning Distribution Policy of the Company's Articles of Incorporation after the amendment, if the Company has a net profit for the current year, it shall first use the profit to pay income taxes and make up for any accumulated losses, and then set aside

10% as a legal capital reserve, and the rest shall be set aside or reversed as special surplus reserve according to the law. If there is still a balance, combined with the accumulated unappropriated earnings, the Company authorizes the Board of Directors, with the attendance of two-thirds or more of the directors and the resolution of more than half of the attending directors, to distribute dividends and bonuses in cash, and report to the shareholders' meeting. When the distribution is to be made through the issuance of new shares, the board of directors shall prepare a profit distribution proposal and submit it to the shareholders' meeting for a resolution on the distribution of shareholder dividends.

According to the Earning Distribution Policy of the Company's Articles of Incorporation before the amendment, if the Company has a net profit for the current year, it shall first use the profit to pay income taxes and make up for any accumulated losses, and then set aside 10% as a legal capital reserve, and the rest shall be set aside or reversed as special surplus reserve according to the law. If there is still a balance and accumulated undistributed surplus, the board of directors shall prepare a proposal for the distribution of surplus and submit it to the shareholders' meeting for a resolution on the distribution of shareholders' dividends.

For the policies on the distribution of employees' compensation and remuneration of directors before and after amendment, please refer to employee's compensation and remuneration of directors in Note 18(7).

In order to maintain a stable balance of operating needs and annual dividends, the distribution of dividends shall not exceed 60% of the remaining distributable surplus.

The Company shall set aside a legal reserve until its balance reaches the total amount of the Company's paid-in capital. the legal reserve may be used to make up for losses. When the Company has no loss, the portion of the legal reserve exceeding 25% of the total paid-in capital may be appropriated in the form of cash, in addition to being transferred to share capital.

The Company appropriates or reserves special reserve in accordance with the FSC No. 1090150022 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs." Any subsequent reversal of the net decrease in other stockholders' equity is recognized as an appropriation of the reversed portion of earnings.

The shareholders' meetings approved the distribution of earnings for 2022 and 2021 on June 12, 2023 and June 17, 2022 are as follows:

	2022	2021
Legal Reserve	$ 9,955	$ 15,338
Cash Dividends	70,400	118,360
Cash Dividend per Share (NT$)	0.32	0.538

The cash dividend in respect of the distribution of earnings for 2022 has been distributed by the resolution of the Board of Directors on March 15, 2023, and the remaining earnings distribution is subject to the resolution of the shareholders' regular meeting scheduled for June 12, 2023.

The board of directors of the company approved the distribution of earnings for 2023 on March 8, 2024 are as follows:

	2023
Legal Reserve	$ 4,008
Cash Dividends	$ 55,000
Cash Dividend per Share (NT$)	$ 0.25

Regarding the distribution of earnings for the year 2023, the cash dividends were approved for distribution by the Board of Directors on March 8, 2024.

(3) Unrealized Appraisal Profits and Losses of Financial Assets at Fair Value Through Other Comprehensive Profits and Losses

	2023	2022
Beginning Balance	($ 192,219)	($ 100,843)
Incurred This Year		
Unrealized Profits (Losses) Equity Instruments		
Equity Instruments	64,362	(100,274)
Accumulated Gains (Losses) on Disposal of Equity Instruments Transferred to Retained Earnings	(4,183)	8,898
Ending Balance	($ 132,040)	($ 192,219)

17. Revenue

The Company's customer contract revenue is classified as 'product sales revenue' in accordance with IFRS 15.

	2023	2022
Revenue from Contracts with Customers		
Sales Revenue of Commodities	$ 437,934	$ 561,132
Rental Income		
Investment Properties	128,726	127,811
	$ 566,660	$ 688,943

The balances of contract liabilities from the sale of goods of the Company as of December 31, 2023 and 2022 were NT$26,105 thousand and NT$15,352 thousand, respectively. the changes in contract liabilities are primarily due to the timing difference between satisfying performance obligations and receiving customer payments.

18. Net Income

(1) Interest Income

	2023	2022
Interest Income		
Bank Deposits	$ 2,820	$ 871

(2) Other Income

	2023	2022
Dividend Income		
Investments in Equity Instruments at Fair Value Through Profit and Loss	$ 41,589	$ 564
Investments in Equity Instruments at Fair Value Through Other Comprehensive Income	2,204	37,675
Subtotal	43,793	38,239
Others		
Government Subsidy Income (Note 21)	550	1,618
Other Income	2,625	2,723
Subtotal	3,175	4,341
Total Other Income	$ 46,968	$ 42,580

(3) Other Profits and Losses

	2023	2022
Net Foreign Currency Exchange Profit or Loss	$ 2,741	$ 6,881
Net Gain on Financial Assets Measured at Fair Value Through Profit or Loss	17,510	(10,377)
Disposal of Interests in Real Estate, Plant, And Equipment	-	280
Others	6,689	10,037
	$ 26,940	$ 6,821

(4) Finance Costs

	2023	2022
Bank Loans	$ 12,797	$ 6,611

(5) Depreciation and Amortization Expenses

	2023	2022
Depreciation Expenses by Function		
Operating Cost	$ 36,245	$ 45,327
Operating Expenses	4,576	4,128
Other Losses	6,445	6,445
	$ 47,266	$ 55,900
Amortization Expenses by Function		
Operating Expenses	$ 53	$ 214

(6) Employee Benefit Expenses

	2023	2022
Short-Term Employee Benefits	$ 116,372	$ 138,299
Retirement Benefits (Note 15)		
Defined Contribution Plans	4,411	4,443
Defined Benefit Plans	273	390
Other Employee Benefits	7,971	9,057
Total Employee Benefit Expenses	$ 129,027	$ 152,189
By Function		
Operating Cost	$ 92,699	$ 106,440
Operating Expenses	36,328	45,749
	$ 129,027	$ 152,189

(7) Compensation to Directors and Employees

According to the provisions of the Articles of Incorporation, the Company shall set aside 1% to 5% and no more than 5% of the income before tax as the distribution of employees and directors' remuneration for the current year. the Company's estimated employee and directors' compensation in 2023 and 2022 are as follows:

Estimated Column Ratio

	2023	2022
Employee Compensation	2.5%	3.5%
Director Remuneration	3.5%	2.5%

Amount

	2023	2022
	Cash	Cash
Employee compensation	$ 708	$ 4,636
Director remuneration	$ 992	$ 3,312

If there is still any change in the amount after the annual financial statements are authorized for issue, the differences shall be treated as a change in accounting estimates in the following year.

The resolutions of the Board of Directors on March 15, 2023 and April 29, 2022 regarding the distribution of employee compensation and director compensation for 2022 and 2021 are as follows:

	2022	2021
	Cash	Cash
Employee compensation	$ 4,636	$ 4,188
Director remuneration	3,312	4,188

The amounts of employee compensation distributed for the years ended December 31, 2022 and 2021 and those recognized in the financial statements for 2022 and 2021 are consistent.

For information on the Company's remunerations for employee and Directors as resolved by the Board of Directors, please visit the "Market Observation Post System" of Taiwan Stock Exchange.

19. Income Tax

(1) Income Tax Recognized in Profit or Loss

	2023	2022
Current Income Tax		
Accrued this year	$ 162	$ 22,869
Unappropriated retained earnings plus levy	960	-
Adjustments from previous years	(21)	(962)
	1,101	21,907
Deferred Income Tax		
Accrued this year	(7,311)	(1,749)
Income Tax Expenses Recognized in Profit Or Loss	($ 6,210)	$ 20,158

Reconciliation between accounting income and current income tax expenses is as follows:

	2023	2022
Profit Before Income Tax	$ 26,639	$ 124,520
Income Tax Expenses Calculated at the Statutory Rate (20%)	$ 5,328	$ 24,904
Fees That Cannot Be Deducted from Taxes	8	555
Tax-Exempted Income	(12,485)	(4,339)
Unappropriated Retained Earnings Plus Levy	960	-
Adjustments From Previous Years	(21)	(962)
Income Tax Expenses Recognized in Profit or Loss	($ 6,210)	$ 20,158

(2) Recognized in Profit or Loss

	2023	2022
Current Income Tax		
Remeasurements of defined benefit plans	$ 765	$ 994

(3) Current Income Tax Assets and Liabilities

	December 31, 2023	December 31, 2022
Current Income Tax Assets		
Income tax refund receivable	$ 10,372	$ -
Current Income Tax Liabilities		
Income tax payable	$ -	$ 19,004

(4) Deferred Income Tax Assets and Liabilities

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

2023

Deferred Income Tax Assets	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
Temporary differences				
Real estate, plant, and equipment	$ 41,192	$ 2,099	$ -	$ 43,291
Allowance for inventory loss from market price decline and for loss on obsolete and slow-moving inventories	2,935	5,505	-	8,440
Defined benefit plans for retirement	1,274	(74)	(765)	435
Others	1,236	(19)	-	1,217
	$ 46,637	$ 7,511	($ 765)	$ 53,383

Deferred Income Tax Liabilities	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
Temporary differences				
Land value increment tax	($ 634,752)	$ -	$ -	($ 634,752)
Unrealized exchange profits	(86)	(200)	-	(286)
	($ 634,838)	($ 200)	$ -	($ 635,038)

2022

Deferred Income Tax Assets	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
Temporary differences				
Real estate, plant, and equipment	$ 39,093	$ 2,099	$ -	$ 41,192
Allowance for inventory loss from market price decline and for loss on obsolete and slow-moving inventories	2,043	892	-	2,935
Defined benefit plans for retirement	2,960	(692)	(994)	1,274
Unrealized exchange losses	436	(436)	-	-
Others	1,264	(28)	-	1,236
	$ 45,796	$ 1,835	($ 994)	$ 46,637

Deferred Income Tax Liabilities	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
Temporary differences				
Land value increment tax	($ 634,752)	$ -	$ -	($ 634,752)
Unrealized exchange profits	-	(86)	-	(86)
	($ 634,752)	($ 86)	$ -	($ 634,838)

(5) Income Tax Assessment

The annual income tax returns of a profit-seeking enterprise through 2021 have been assessed by the tax authorities.

20. Earnings per Share

	2023	2022
Basic Earnings per Share	$ 0.15	$ 0.47
Diluted Earnings per Share	$ 0.15	$ 0.47

Net income and weighted average number of common shares used for calculation of earnings per share are as follows:

	2023	2022
Net Income	$ 32,849	$ 104,362

Shares

Unit: Share in thousands

	2023	2022
Weighted average number of common shares used for calculation of basic earnings per share	220,000	220,000
Effect of potentially dilutive common shares:		
Employee compensation	115	503
Weighted average number of common shares used for calculation of diluted earnings per share	220,115	220,503

If the Company chooses to offer employee compensation or share profits in the form of cash or stock, while calculating diluted earnings per share, and assuming that the compensation is paid in the form of stock, the dilutive potential common shares will be included in the weighted average number of outstanding shares to calculate diluted earnings per share. the dilutive effect of such potential common shares shall continue to be considered when calculating diluted earnings per share before the number of shares to be distributed as employee compensation is approved in the following year.

21. Government Subsidies

Except as disclosed in other notes, the government subsidies obtained by the Company are as follows:

(1) The Company participated in the Stable Employment Program implemented by the Workforce Development Agency of the Ministry of Labor and obtained government subsidies amounting to NT$518 thousand and NT$68 thousand in 2023 and 2022, respectively. These subsidies have been recognized as other revenue.

(2) The Company implemented the Safe Employment Scheme implemented by the Labor Development Department of the Ministry of Labor and received a government subsidy of NT$ 32 thousand in 2023, which has been recognized as other revenue.

(3) The Company implemented the Ministry of Economy assists in the development of traditional industrial technologies and received a government subsidy of NT$ 1,550 thousand in 2022, which has been recognized as other revenue.

22. Capital Risk Management

The Company manages capital management under the precondition for sustainable development to ensure that it is able to maximize the benefit for its shareholders by optimizing debt and equity. There are no major changes in the Company's overall strategy.

The capital structure of the merging company is composed of net liabilities (loans less cash and cash equivalents) and equities attributable to the owners of the Company (capital, capital reserve, retained earnings, and other equity items).

The Company is not subject to any other external capital requirements.

23. Financial Instruments

(1) Information on Fair Value - Financial Instruments Not Measured at Fair Value

for financial assets and liabilities not measured at fair value, the Company's management believes that the carrying amounts and fair values are not materially different.

(2) Information on Fair Value - Financial Instruments Measured at Fair Value on a Recurring Basis

1. Fair Value Level

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or Loss				
Bond	$ 25,483	$ -	$ -	$ 25,483
Fund beneficiary certificates	94,146	-	-	94,146
	$ 119,629	$ -	$ -	$ 119,629
Financial Assets at Fair Value Through Other Comprehensive Income				
Investments in equity instruments				
- Domestically listed stocks	$ 333,553	$ -	$ -	$ 333,553
- Internationally listed stocks	58,964	-	-	58,964
- Domestically non-listed stocks	-	-	1,283	1,283
	$ 392,517	$ -	$ 1,283	$ 393,800

December 31, 2022

Financial Assets at Fair Value Through Profit or Loss	Level 1	Level 2	Level 3	Total
Gold Passbook	$ 5,533	$ -	$ -	$ 5,533
Bond	6,844	-	-	6,844
Fund beneficiary certificates	43,159	-	-	43,159
	$ 55,536	$ -	$ -	$ 55,536
Financial Assets at Fair Value Through Other Comprehensive Income				
Investments in equity instruments				
- Domestically listed stocks	$ 300,559	$ -	$ -	$ 300,559
- Internationally listed stocks	50,872	-	-	50,872
- Domestically non-listed stocks	-	-	1,611	1,611
	$ 351,431	$ -	$ 1,611	$ 353,042

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

2. Reconciliation of Financial Instruments at Level 3 Fair Value Measurement

December 31, 2023

Financial Assets	Financial Assets at Fair Value through Other Comprehensive Income Equity Instruments
Beginning balance	$ 1,611
Recognized in other comprehensive income	(328)
Ending balance	$ 1,283

December 31, 2022

Financial Assets	Financial Assets at Fair Value through Other Comprehensive Income Equity Instruments
Beginning balance	$ 1,869
Recognized in other comprehensive income	(258)
Ending balance	$ 1,611

3. Valuation Techniques and Inputs of Level 3 Fair Value Measurement

Domestically non-listed equity investment adopts the asset approach and calculates the present value of the expected income from holding this investment at the fair value of the net assets.

(3) Category of Financial Instruments

		December 31, 2023		December 31, 2022
Financial Assets				
Measured at fair value through profit or loss				
Mandatorily measured at fair value through profit or loss	$	119,629	$	55,536
Financial assets at amortized cost (Note 1)		206,817		240,854
Financial assets at fair value through other comprehensive income				
Investments in equity instruments		393,800		353,042
Financial Liabilities				
Measured at amortized cost (Note 2)		627,931		606,351

Note 1： the balance includes financial assets measured at amortized cost, such as cash and cash equivalents, debt instrument investments, note receivables, account receivables, other receivables, and refundable deposits.

Note 2： the balance includes financial liabilities measured at amortized cost such as short-term borrowings, accounts payables, some other payables and some deposits on margin.

(4) Financial Risk Management Objectives and Policies

The main financial instruments of the Company include equity instrument investments, notes and account receivables, account payables, and loans. the financial management department of the Company provides services for the business units, coordinates the operation of the domestic financial market, and supervises and manages financial risks related to the operation of the Company by analyzing the internal risk reports of the risks according to the level and scope of risks. Such risks include market risk (foreign exchange risk, interest rate risk, and other price risk), credit risk, and liquidity risk.

The Corporation avoids risk exposure through derivative financial instruments, to ease the influence. the utilization of derivative financial instruments is regulated by policies passed by the Board meeting of the Corporation, which serve as the written principle for utilization of exchange rate risk, interest rate risk, credit risk, derivative financial instruments and non-derivative financial instruments as well as investment of remaining working capital. Internal audit staff will continuously review the conformity to policies and risk exposure limits. the Company did not perform any financial instruments (including derivative financial instruments) transaction for speculative purposes.

1. Market Risk

The main financial risks that the Company’s operating activities make the Company bear are the risk of changes in foreign currency exchange rates (refer to (1) below) and the risk of changes in interest rates (refer to (2) below).

(1) Foreign Exchange Risk

The Company's exchange rate risk arising from the purchase or sale of non-functional currency denominated goods, which is within the scope of policy permission, and forward foreign exchange contracts are used to manage the risk.

For the monetary assets and liabilities of the Company denominated in non-functional currencies on the balance sheet date, refer to Note 27.

Sensitivity Analysis

The Company is mainly exposed to USD fluctuations.

The following table details the sensitivity analysis of the Company when the exchange rate of NT$ (functional currency) to each relevant foreign currency increases and decreases by 5%. a sensitivity rate of 5% is used internally when foreign exchange risk is reported to the management. It also represents the management's assessment on the reasonably possible scope of foreign exchange rates. Sensitivity analysis only includes monetary items in foreign currencies in circulation and forward foreign exchange contracts designated as cash flow hedging, and the conversion at the end of the period is adjusted with a change in exchange rate of 5%. the positive numbers in the following table indicate the amount that will reduce the net profit before tax when NT$ appreciates 5% relative to each relevant currency; when NT$ depreciates 5% relative to each relevant foreign currency, impact on net profit before tax will be the negative of the same amount. the positive numbers in the following table indicate the amount that will reduce the net profit before tax when NT$ appreciates 5% relative to each relevant currency; when NT$ depreciates 5% relative to each relevant foreign currency, impact on net profit before tax will be the negative of the same amount.

	2023	2022
Profit or Loss		
USD	$ 1,499	$ 4,545

(2) Interest Rate Risk

The interest rate risk insurance was incurred because of borrowed funds at floating interest rates by the Company.

The carrying amounts of financial assets and financial liabilities of the Company exposed to interest rate risk on the balance sheet date are as follows:

	December 31, 2023	December 31, 2022
Fair Value Interest Rate Risk		
- Financial assets	$ 31,013	$ 123,737
Cash Flow Interest Rate Risk		
- Financial assets	131,719	78,513
- Financial liabilities	594,500	567,500

Sensitivity Analysis

The sensitivity analysis below is prepared based on the risk exposure of derivative and non-derivative instruments to the interest rates at balance sheet date. for liabilities at floating interest rates, the analysis assumes that the amount of liabilities out of circulation on the balance sheet date is in circulation throughout the year. the rate of change used when reporting interest rates within the Group to key management is a 50 basis point increase or decrease in interest rates, which also represents management's assessment of the reasonably possible range of changes in interest rates.

If interest rates increase/decrease by 50 basis points and all other variables remain unchanged, the Company's pre-tax net profit for 2023 and 2022 will decrease/increase by NT$ 2,314 thousand and NT$ 2,445 thousand mainly due to the Company's variable interest rate borrowings.

(3) Other price risk

The company's portfolio and equity securities due to the benefits of investment arising from the value of vouchers and equity risk. The company benefit voucher and equity price risk concentrated on the financial instruments and equity instruments at the Taiwan exchange.

Sensitivity Analysis

The sensitivity analysis below is carried out based on the exposure to equity price risk on the balance sheet date.

If the equity price increases/decreases by 10%, pre-tax profit and loss of the Company for 2023 and 2022 will increase/decrease by NT$ 9,415 thousand and NT$ 4,316 thousand respectively due to the increase/decrease in the fair value of financial assets measured at fair value through profit or loss. Other comprehensive profit or loss before tax of the Company for 2023 and 2022 will increase/decrease by NT$ 39,380 thousand and NT$ 35,304 thousand, respectively, due to the increase/decrease in the fair value of financial assets measured at fair value through other comprehensive profits or losses.

The Company's sensitivity to equity securities investment has not changed significantly compared to the previous year.

2. Credit Risk

Credit risk refers to risk that causes the financial loss of the Company due to a counterparty's delay in performing contractual obligations. As of the balance sheet date, the largest credit risk exposure of the Company that may cause financial losses due to the counterparty's failure to perform its obligations is mainly derived from the book value of financial assets recognized on the balance sheet.

In accordance with the internally specified credit policy, the Company shall conduct management and credit risk analysis on each of its new customers before setting the payment conditions. the internal risk control assesses customers' credit quality by taking into account their financial position, historical experience, and other factors.

The Company's credit risk is mainly concentrated on the Company's top ten customers. As of December 31, 2023 and 2022, the ratio of total accounts receivable from the aforementioned customers was 79% and 74%, respectively.

3. Liquidity Risk

The Company supports the operations and reduces the impact of fluctuating cash flows by managing and maintaining sufficient cash and cash equivalents.

The Company relies on bank borrowings as a significant source of liquidity, please refer to the following description.

	December 31, 2023	December 31, 2022
Unsecured Bank Loan Facilities		
- Amount utilized	$ -	$ -
- Amount not utilized	50,000	50,000
	$ 50,000	$ 50,000
Secured Bank Loan Facilities		
- Amount utilized	$ 594,500	$ 567,500
- Amount not utilized	1,180,500	1,207,500
	$ 1,775,000	$ 1,775,000

Table of Liquidity of Non-Derivative Financial Liabilities and Interest Risk

The remaining contract maturity analysis of non-derivative financial liabilities is compiled based on the undiscounted cash flow of financial liabilities based on the earliest possible repayment date of the Company. Specifically, the Company's bank borrowings with repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights immediately. the analysis of maturity dates for other non-derivative financial liabilities is based on the agreed repayment dates.

The amount of undiscounted interests relating to cash flow paid from floating rate payments is extrapolated based on the interest rate yield curve at the end of the reporting period.

December 31, 2023

Non-Derivative Financial Liabilities	Payment on Sight or Within 1 Month	1-3 Month(s)	3-12 Months	1-5 Years	Over 5 Years
Zero-interest-bearing liabilities	$ 27,094	$ 13,654	$ 12,676	$ -	$ -
Guarantee deposits received	-	-	-	6,372	38,390
Variable-rate instruments	-	-	594,500	-	-
	$ 27,094	$ 13,654	$ 607,176	$ 6,372	$ 38,390

December 31, 2022

Non-Derivative Financial Liabilities	Payment on Sight or Within 1 Month	1-3 Month(s)	3-12 Months	1-5 Years	Over 5 Years
Zero-interest-bearing liabilities	$ 32,640	$ 12,950	$ 22,949	$ -	$ -
Guarantee deposits received	-	-	-	6,422	38,390
Variable-rate instruments	356	2,715	575,645	-	-
	$ 32,996	$ 15,665	$ 598,594	$ 6,422	$ 38,390

24. Related Party Transactions

In addition to those disclosed in other notes, the transactions between the Company and other related parties are as follows:

(1) Names and Relations of Related Parties

Related Party	Relationship with the Company
Fengtar Fuli Industry Co., Ltd.	Other related parties - the same person as the chairman
All directors and general managers	the Company’s main management

(2) Rewards for the Main Management

	2023	2022
Short-Term Employee Benefits	$ 7,328	$ 6,185
Retirement Benefits	177	203
	$ 7,505	$ 6,388

The remuneration to directors and the management is determined by the Remuneration Committee based on personal performances and market trends.

The Company provided an undiscounted balance of NT$ 247 thousand (cost of NT$ 3,820 thousand deduct accumulated depreciation of NT$ 3,573 thousand) for the use of the major management.

(3) Other Related Parties Transactions

The Company leases part of the office building and parking space to Fengtar Fuli Industrial Co., Ltd. the details are as follows:

	2023	2022
Rental Income	$ 405	$ 413

The above rental income accounts for the rental income under the operating income of the income statement. As of December 31, 2023 and 2022, the rental deposits collected is NT$ 106 thousand an which were recognized as the margin account.

25. Pledged Assets

The following assets of the Company have been provided as guarantees for bank loans:

	December 31, 2023	December 31, 2022
Real Estate, Plant, and Equipment	$ 801,297	$ 813,287
Investment Properties	995,603	979,647
	$ 1,796,900	$ 1,792,934

26. Significant Contingent Liabilities and Unrecognized Contract Commitments

Except for those disclosed in other notes, significant commitments and contingencies of the Company on the balance sheet date are as follows:

(1) Significant Commitments

As of December 31, 2023 and 2022, the amount of unused letters of credit issued by the Company for the purchase of raw materials are as follows:

Type of currency	December 31, 2023	December 31, 2022
USD	$ -	$ 1,399

(2) The Company leases 15 pieces of land in the Kanjiao Section of Rende District, Tainan City after being developed and set up as a warehouse and wholesale area. Each lease agreement stipulates that the construction price of the leased property on the land shall be paid by the lessee. However, with our company as the initiator, if there are non-lessee factors during the lease period, such as the Company's desire to sell land, the leased land cannot be used due to government expropriation or changes in-laws, or the Company violates the contract, the lease must be terminated early, the Company shall return the

deposits collected without interest or accrued interest, the unexpired rents received and the construction price of the unexpired ground leases have not been amortized on schedule, which is the balance of the rent received in advance. As of December 31, 2023 and 2022, the unamortized advance rental balances of these land lease prices were NT$ 66,608 thousand and NT$ 104,409 thousand, respectively.

27. Information on Foreign Currency-denominated Assets and Liabilities of Significant Influence

Information on financial assets and liabilities of the Company which are denominated in foreign currencies with significant influence is as follows:

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
Financial Assets			
Monetary Items			
USD	$ 980	30.705(USD: NT)	$ 30,095

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
Financial Assets			
Monetary Items			
USD	$ 2,964	30.710(USD: NT)	$ 91,021

The Company mostly undertakes exchange rate risk in US Dollars. the following information is summarized and expressed in terms of the functional currencies of the entities holding foreign currencies. the exchange rates disclosed refer to the exchange rates of these functional currencies into the expressed currency. the foreign currency exchange profits or losses (realized and unrealized) that have a significant impact are as follows:

	2023		2022	
Functional Currency	**Functional Currency: Express Currency**	**Net Foreign Currency Exchange Profit or Loss**	**Functional Currency: Express Currency**	**Net Foreign Currency Exchange Profit or Loss**
NTD	1 (NTD: NTD)	$ 2,741	1 (NTD: NTD)	$ 6,881

28. Supplementary Disclosures

(1) Information on Significant Transactions, and

(2) Information on Invested Companies

1. Loans Provided for Others: None.

2. Endorsement/Guarantee for Others: None.

3. Marketable Securities Holding at the End of the Period: Table 1

4. Marketable Securities Acquired and Disposed of Amounting to NT$300 Million or 20% of the Paid-in Capital or More: None.

5. Acquisition of Property Amounting to NT$300 Million or 20% of Paid-in Capital or More: None.

6. Disposal of Property Amounting to NT$300 Million or 20% of Paid-in Capital or More: None.

7. Purchases from or Sales to Related Parties Amounting to NT$100 Million or 20% of the Paid-in Capital or More: None.

8. Receivables from Related Parties Amounting to NT$100 Million or 20% of Paid-Up Capital or More: None.

9. Engaging in Derivatives Trading: None.

10. Others: Business relationship and important transaction status and amount between parent and subsidiary companies and between subsidiaries: None.

11. Information of the Investee Company: None.

(3) Reinvestment in Mainland China: None.

(4) Information on Major Shareholders: the name of major shareholders, number of shares and percentage of ownership for those who holds 5% or more of ownership. (Table 2)

29. Segment Information

The information is provided to the main business decision-makers to allocate resources and to evaluate the performance of each segment, focusing on the category of product or service delivered or provided. the Company's reportable segments are as follows:

Spinning Segment:	It is engaged in the manufacture and sale of various spinning products.
Headquarters:	It is engaged in the business of entrusting construction companies to build, lease and sell national residences.

(1) Segment Revenue and Operating Results

The income and operating results of the Company are analyzed by the reporting segment as follows:

2023

	Spinning Segment	Headquarters	Total
Segment income	$ 437,934	$ 128,726	$ 566,660
Segment profit or loss	($ 123,381)	$ 86,089	($ 37,292)
Interest revenue			2,820
Other revenue			46,968
Other profits and losses			26,940
Finance costs			(12,797)
Profit before income tax			$ 26,639

2022

	Spinning Segment	Headquarters	Total
Segment income	$ 561,132	$ 127,811	$ 688,943
Segment profit or loss	$ 2,650	$ 78,209	$ 80,859
Interest revenue			871
Other revenue			42,580
Other profits and losses			6,821
Finance costs			(6,611)
Profit before income tax			$ 124,520

Departmental profits and losses refer to the profits earned by each segment, excluding interest income, disposition of real estate, plant and equipment, profit or losses on disposal of investments, foreign currency exchange net (profit) losses, financial instrument evaluation profits or losses, financial cost, and income tax expenses. the measured amounts are reported to the chief operating decision-maker for the purpose of resource allocation and assessment of segment performance.

The measured amount of segment assets and liabilities is not provided to the business decision-maker, therefore, the measured amount of related assets and liabilities are all zero.

(2) Main Products and Lease Income

The main products and lease income analysis of the Company are as follows:

	2023	2022
General Yarn	$ 123,816	$ 156,246
Special Yarn	312,915	404,737
Others	1,203	149
Rental Income	128,726	127,811
	$ 566,660	$ 688,943

(3) Geographical Information

The Company mainly operates in three regions - Taiwan, Japan and Mainland China.

The Company's revenues made by external customers classified by the location of the business and the non-current assets are as follows:

	Revenue From External Customers		Non-Current Assets	
	2023	2022	December 31, 2023	December 31, 2022
Taiwan	$ 554,476	$ 683,719	$ 3,258,585	$ 3,250,849
Hong Kong	-	72	-	-
Japan	11,251	2,964	-	-
Mainland China	698	2,128	-	-
Others	235	60	-	-
	$ 566,660	$ 688,943	$ 3,258,585	$ 3,250,849

Non-current assets do not include financial instruments and deferred tax assets.

(4) Major Customer Information

Individual customers from whom at least 10% of net revenue of the Company is generated are as follows:

	2023	2022
Customer A	$ 63,537	$ 97,938

TUNG HO TEXTILE CO., LTD.

MARKETABLE SECURITIES HOLDING AT THE END OF THE PERIOD:
December 31, 2023

Table 1

Unit: Thousand shares, NT$, and foreign currency in thousand

Securities Holding Company	Type and Name of Securities	Relationship with Issuer of Securities	Ledger Account	Ending Balance				Note
				Number of Shares	Carrying Amount	Shareholding Ratio (%)	Fair Value	
	Share							
Tung Ho Textile Co., Ltd.	Universal Cement Corporation	—	Financial assets at fair value through other comprehensive profit or loss - Current	31	$ 913	-	$ 913	Note 1
	Sunjuice Holdings Co., Limited	—	Financial assets at fair value through other comprehensive profit or loss - Current	8	1,932	0.02	1,932	Note 1
	UPC Technology Corp.	—	Financial assets at fair value through other comprehensive profit or loss - Current	257	3,906	0.02	3,906	Note 1
	TAH HSIN INDUSTRIAL CORPORATION	—	Financial assets at fair value through other comprehensive profit or loss - Current	88	6,423	0.09	6,423	Note 1
	Universal Incorporation	—	Financial assets at fair value through other comprehensive profit or loss - Current	7	276	0.01	276	Note 1
	Everest Textile Co., Ltd.	—	Financial assets at fair value through other comprehensive profit or loss - Current	2	15	-	15	Note 1
	TECO ELECTRIC & MACHINERY CO., LTD.	—	Financial assets at fair value through other comprehensive profit or loss - Current	20	936	-	936	Note 1
	ALLIS ELECTRIC CO.,LTD.	—	Financial assets at fair value through other comprehensive profit or loss - Current	11	796	-	796	Note 1
	St. Shine Optical Co., Ltd.	—	Financial assets at fair value through other comprehensive profit or loss - Current	30	5,700	0.06	5,700	Note 1
	AEON Motor Co. , Ltd.	—	Financial assets at fair value through other comprehensive profit or loss - Current	16	566	0.02	566	Note 1
	Sampo Corporation	—	Financial assets at fair value through other comprehensive profit or loss - Current	20	582	0.01	582	Note 1
	Namchow Holdings Co., Ltd.	—	Financial assets at fair value through other comprehensive profit or loss - Current	65	3,302	0.02	3,302	Note 1
	FORMOSAN UNION CHEMICAL CORP.	—	Financial assets at fair value through other comprehensive profit or loss - Current	160	3,344	0.03	3,344	Note 1
	Cheng Loong Corporation	—	Financial assets at fair value through other comprehensive profit or loss - Current	10	297	-	297	Note 1
	China Steel Corporation	—	Financial assets at fair value through other comprehensive profit or loss - Current	29	783	-	783	Note 1
	FENG HSIN IRON & STEEL CO., LTD.	—	Financial assets at fair value through other comprehensive profit or loss - Current	22	1,520	-	1,520	Note 1
	Ta Chen Stainless Pipe Co., Ltd.	—	Financial assets at fair value through other comprehensive profit or loss - Current	3	131	-	131	Note 1

Securities Holding Company	Type and Name of Securities	Relationship with Issuer of Securities	Ledger Account	Ending Balance				Note
				Number of Shares	Carrying Amount	Shareholding Ratio (%)	Fair Value	
	YV INOX Co., Ltd.	—	Financial assets at fair value through other comprehensive profit or loss - Current	41	1,121	0.01	1,121	Note 1
	SHEH KAI PRECISION CO.,LTD	—	Financial assets at fair value through other comprehensive profit or loss - Current	257	14,135	0.52	14,135	Note 1
	Sheh Fung Screws Co.,Ltd	—	Financial assets at fair value through other comprehensive profit or loss - Current	32	1,974	0.06	1,974	Note 1
	Sumeeko Industries Co., Ltd.	—	Financial assets at fair value through other comprehensive profit or loss - Current	5	455	0.01	455	Note 1
	Sanyang Motor Co., Ltd.	—	Financial assets at fair value through other comprehensive profit or loss - Current	155	11,067	0.02	11,067	Note 1
	Yulon Nissan Motor Co., Ltd.	—	Financial assets at fair value through other comprehensive profit or loss - Current	140	26,670	0.05	26,670	Note 1
	DELTa ELECTRONICS, INC.	—	Financial assets at fair value through other comprehensive profit or loss - Current	6	1,881	-	1,881	Note 1
	CMC Magnetics Corporation	—	Financial assets at fair value through other comprehensive profit or loss - Current	90	1,035	0.01	1,035	Note 1
	Taiwan Semiconductor Manufacturing Co.,Ltd.	—	Financial assets at fair value through other comprehensive profit or loss - Current	2	1,186	-	1,186	Note 1
	SDI Corporation	—	Financial assets at fair value through other comprehensive profit or loss - Current	5	567	-	567	Note 1
	ASUSTek Computer Inc.	—	Financial assets at fair value through other comprehensive profit or loss - Current	7	3,427	-	3,427	Note 1
	GIGABYTE Technology Co., Ltd.	—	Financial assets at fair value through other comprehensive profit or loss - Current	20	5,320	-	5,320	Note 1
	Micro-Star International Co., Ltd.	—	Financial assets at fair value through other comprehensive profit or loss - Current	20	4,080	-	4,080	Note 1
	Realtek Semiconductor Corp.	—	Financial assets at fair value through other comprehensive profit or loss - Current	10	$ 4,715	-	$ 4,715	Note 1
	Weltrend Semiconductor Inc.	—	Financial assets at fair value through other comprehensive profit or loss - Current	20	1,472	0.01	1,472	Note 1
	SIWARD CRYSTAL TECHNOLOGY CO., LTD	—	Financial assets at fair value through other comprehensive profit or loss - Current	1	33	-	33	Note 1
	KINDOM DEVELOPMENT CO., LTD.	—	Financial assets at fair value through other comprehensive profit or loss - Current	1	19	-	19	Note 1
	HUANG HSIANG CONSTRUCTION CORPORATION	—	Financial assets at fair value through other comprehensive profit or loss - Current	219	9,428	0.07	9,428	Note 1
	HUAKU DEVELOPMENT CO., LTD.	—	Financial assets at fair value through other comprehensive profit or loss - Current	14	1,312	-	1,312	Note 1
	EVERGREEN MARINE CORPORATION (TAIWAN) LTD.	—	Financial assets at fair value through other comprehensive profit or loss - Current	61	8,754	-	8,754	Note 1
	Aerospace Industrial Development Corporation	—	Financial assets at fair value through other comprehensive profit or loss - Current	161	8,630	0.02	8,630	Note 1

Securities Holding Company	Type and Name of Securities	Relationship with Issuer of Securities	Ledger Account	Ending Balance				Note
				Number of Shares	Carrying Amount	Shareholding Ratio (%)	Fair Value	
	T3EX Global Holdings Corp.	—	Financial assets at fair value through other comprehensive profit or loss - Current	105	9,130	0.07	9,130	Note 1
	King's Town Bank	—	Financial assets at fair value through other comprehensive profit or loss - Current	30	1,199	-	1,199	Note 1
	China Development Financial Holding Co., Ltd.	—	Financial assets at fair value through other comprehensive profit or loss - Current	20	251	-	251	Note 1
	Zero One Technology Co. Ltd.	—	Financial assets at fair value through other comprehensive profit or loss - Current	35	2,289	0.02	2,289	Note 1
	COMPUCASE ENTERPRISE CO., LTD.	—	Financial assets at fair value through other comprehensive profit or loss - Current	15	1,029	0.01	1,029	Note 1
	WEIKENG INDUSTRIAL CO., LTD.	—	Financial assets at fair value through other comprehensive profit or loss - Current	70	2,023	0.02	2,023	Note 1
	WT MICROELECTRONICS CO., LTD.	—	Financial assets at fair value through other comprehensive profit or loss - Current	40	4,876	-	4,876	Note 1
	Global View Co. Ltd.	—	Financial assets at fair value through other comprehensive profit or loss - Current	18	540	0.03	540	Note 1
	CHANNEL WELL TECHNOLOGY CO.,LTD	—	Financial assets at fair value through other comprehensive profit or loss - Current	25	2,105	0.01	2,105	Note 1
	Dynapack International Technology Corporation	—	Financial assets at fair value through other comprehensive profit or loss - Current	128	11,507	0.08	11,507	Note 1
	International Games System Co., Ltd.	—	Financial assets at fair value through other comprehensive profit or loss - Current	6	4,344	-	4,344	Note 1
	Radiant Innovation Inc.	—	Financial assets at fair value through other comprehensive profit or loss - Current	70	1,862	0.16	1,862	Note 1
	Utechzone Co., Ltd.	—	Financial assets at fair value through other comprehensive profit or loss - Current	116	8,572	0.19	8,572	Note 1
	Innolux Corporation	—	Financial assets at fair value through other comprehensive profit or loss - Current	11	160	-	160	Note 1
	Universal Microwave Technology,Inc.	—	Financial assets at fair value through other comprehensive profit or loss - Current	7	1,138	0.01	1,138	Note 1
	ALLTOP TECHNOLOGY CO., LTD.	—	Financial assets at fair value through other comprehensive profit or loss - Current	11	2,112	0.02	2,112	Note 1
	FocalTech Systems Co., Ltd.	—	Financial assets at fair value through other comprehensive profit or loss - Current	15	1,687	0.01	1,687	Note 1
	Machvision Inc.	—	Financial assets at fair value through other comprehensive profit or loss - Current	64	13,993	0.11	13,993	Note 1
	Otsuka Information Technology Corp.	—	Financial assets at fair value through other comprehensive profit or loss - Current	20	3,020	0.12	3,020	Note 1
	Nishoku Technology Inc.	—	Financial assets at fair value through other comprehensive profit or loss - Current	48	4,992	0.08	4,992	Note 1
	Gudeng Precision Industrial Co., LTD	—	Financial assets at fair value through other comprehensive profit or loss - Current	5	1,853	0.01	1,853	Note 1

Securities Holding Company	Type and Name of Securities	Relationship with Issuer of Securities	Ledger Account	Ending Balance				Note
				Number of Shares	Carrying Amount	Shareholding Ratio (%)	Fair Value	
	AIC Inc.	—	Financial assets at fair value through other comprehensive profit or loss - Current	10	4,410	0.03	4,410	Note 1
	MiTAC Holdings Corporation	—	Financial assets at fair value through other comprehensive profit or loss - Current	4	178	-	178	Note 1
	Lida Holdings Limited	—	Financial assets at fair value through other comprehensive profit or loss - Current	4	126	-	126	Note 1
	Drewloong Precision, Inc.	—	Financial assets at fair value through other comprehensive profit or loss - Current	26	4,524	0.07	4,524	Note 1
	Value Valves Co., Ltd.	—	Financial assets at fair value through other comprehensive profit or loss - Current	21	1,938	0.05	1,938	Note 1
	Taidoc Technology Corporation	—	Financial assets at fair value through other comprehensive profit or loss - Current	73	12,045	0.08	12,045	Note 1
	Star Comgistic Capital Co., Ltd.	—	Financial assets at fair value through other comprehensive profit or loss - Current	174	5,639	0.22	5,639	Note 1
	ASIa TECH IMAGE INC.	—	Financial assets at fair value through other comprehensive profit or loss - Current	3	$ 200	-	$ 200	Note 1
	ASPEED TECHNOLOGY INC.	—	Financial assets at fair value through other comprehensive profit or loss - Current	-	312	-	312	Note 1
	JPP HOLDING COMPANY LIMITED	—	Financial assets at fair value through other comprehensive profit or loss - Current	75	8,925	0.16	8,925	Note 1
	TAIWAN SEMICONDUCTOR CO., LTD.	—	Financial assets at fair value through other comprehensive profit or loss - Current	20	1,830	0.01	1,830	Note 1
	Yungshin Construction & Development Co., Ltd.	—	Financial assets at fair value through other comprehensive profit or loss - Current	25	2,308	0.01	2,308	Note 1
	Chong Hong Construction Co., Ltd.	—	Financial assets at fair value through other comprehensive profit or loss - Current	14	1,064	-	1,064	Note 1
	Acter Group Corporation Limited	—	Financial assets at fair value through other comprehensive profit or loss - Current	10	1,790	0.01	1,790	Note 1
	DIMERCO EXPRESS CORPORATION	—	Financial assets at fair value through other comprehensive profit or loss - Current	-	29	-	29	Note 1
	Grand Ocean Retail Group Limited	—	Financial assets at fair value through other comprehensive profit or loss - Current	132	1,617	0.07	1,617	Note 1
	CAPITAL SECURITIES CORP.	—	Financial assets at fair value through other comprehensive profit or loss - Current	60	981	-	981	Note 1
	SPORTON INTERNATIONAL INC.	—	Financial assets at fair value through other comprehensive profit or loss - Current	7	1,687	0.01	1,687	Note 1
	Ya HORNG ELECTRONIC CO.,LTD	—	Financial assets at fair value through other comprehensive profit or loss - Current	1	55	-	55	Note 1
	ITEQ CORPORATION	—	Financial assets at fair value through other comprehensive profit or loss - Current	12	1,018	-	1,018	Note 1
	TMP Steel Corporation	—	Financial assets at fair value through other comprehensive profit or loss - Current	120	3,389	0.18	3,389	Note 1

Securities Holding Company	Type and Name of Securities	Relationship with Issuer of Securities	Ledger Account	Ending Balance				Note
				Number of Shares	Carrying Amount	Shareholding Ratio (%)	Fair Value	
	Youngtek Electronics Corporation	—	Financial assets at fair value through other comprehensive profit or loss - Current	49	3,063	0.04	3,063	Note 1
	Flexium Interconnect, Inc.	—	Financial assets at fair value through other comprehensive profit or loss - Current	5	442	-	442	Note 1
	ENNOCONN CORPORATION	—	Financial assets at fair value through other comprehensive profit or loss - Current	17	4,556	0.01	4,556	Note 1
	Egis Technology Inc.	—	Financial assets at fair value through other comprehensive profit or loss - Current	100	11,950	0.13	11,950	Note 1
	Interactive Digital Technologies Inc.	—	Financial assets at fair value through other comprehensive profit or loss - Current	15	1,145	0.03	1,145	Note 1
	GlobalWafers Co., Ltd	—	Financial assets at fair value through other comprehensive profit or loss - Current	12	7,044	-	7,044	Note 1
	Medigen Vaccine Biologics Corporation	—	Financial assets at fair value through other comprehensive profit or loss - Current	1	104	-	104	Note 1
	UP YOUNG CORNERSTONE CORP.	—	Financial assets at fair value through other comprehensive profit or loss - Current	15	2,070	0.07	2,070	Note 1
	Green World FinTech Service Co., Ltd.	—	Financial assets at fair value through other comprehensive profit or loss - Current	10	4,585	0.05	4,585	Note 1
	Brillian Network & Automation Integrated Syst	—	Financial assets at fair value through other comprehensive profit or loss - Current	20	2,580	0.06	2,580	Note 1
	ECOVE Environment Corp.	—	Financial assets at fair value through other comprehensive profit or loss - Current	1	309	-	309	Note 1
	NAN Ya PRINTED CIRCUIT BOARD CORPORATION	—	Financial assets at fair value through other comprehensive profit or loss - Current	2	503	-	503	Note 1
	AMPIRE CO., LTD	—	Financial assets at fair value through other comprehensive profit or loss - Current	1	38	-	38	Note 1
	Supreme Electronics Co., Ltd.	—	Financial assets at fair value through other comprehensive profit or loss - Current	39	2,341	0.01	2,341	Note 1
	NEXCOM International Co., Ltd.	—	Financial assets at fair value through other comprehensive profit or loss - Current	50	2,402	0.04	2,402	Note 1
	TCI Co., Ltd.	—	Financial assets at fair value through other comprehensive profit or loss - Current	5	855	-	855	Note 1
	KWONG LUNG ENTERPRISE CO., LTD.	—	Financial assets at fair value through other comprehensive profit or loss - Current	33	1,878	0.02	1,878	Note 1
	O-Ta Precision Industry Co., Ltd.	—	Financial assets at fair value through other comprehensive profit or loss - Current	120	10,824	0.14	10,824	Note 1
	Xxentria Technology Materials Co.,Ltd	—	Financial assets at fair value through other comprehensive profit or loss - Current	15	1,083	0.01	1,083	Note 1
	KAORI HEAT TREATMENT CO.,LTD	—	Financial assets at fair value through other comprehensive profit or loss - Current	2	446	-	446	Note 1
	HSIN Ba Ba CORPORATION	—	Financial assets at fair value through other comprehensive profit or loss - Current	70	3,878	0.08	3,878	Note 1

Securities Holding Company	Type and Name of Securities	Relationship with Issuer of Securities	Ledger Account	Ending Balance				Note
				Number of Shares	Carrying Amount	Shareholding Ratio (%)	Fair Value	
	ENCER, INC	—	Financial assets at fair value through other comprehensive profit or loss - Current	-	7	-	7	Note 1
	American Airlines Group, Inc.	—	Financial assets at fair value through other comprehensive profit or loss - Current	5	$ 1,984	-	$ 1,984	Note 1
	Advanced Micro Devices, Inc.	—	Financial assets at fair value through other comprehensive profit or loss - Current	1	3,817	-	3,817	Note 1
	Costco Wholsal Corporation	—	Financial assets at fair value through other comprehensive profit or loss - Current	-	710	-	710	Note 1
	Palantir Technologies Inc.	—	Financial assets at fair value through other comprehensive profit or loss - Current	2	1,213	-	1,213	Note 1
	TESLA, INC.	—	Financial assets at fair value through other comprehensive profit or loss - Current	1	4,579	-	4,579	Note 1
	Bilfinger SE	—	Financial assets at fair value through other comprehensive profit or loss - Current	2	1,777	-	1,777	Note 1
	Shin-Etsu Chemical Co., Ltd.	—	Financial assets at fair value through other comprehensive profit or loss - Current	-	385	-	385	Note 1
	Shionogi & Co., Ltd.	—	Financial assets at fair value through other comprehensive profit or loss - Current	1	738	-	738	Note 1
	Sumitomo Corporation	—	Financial assets at fair value through other comprehensive profit or loss - Current	5	3,337	-	3,337	Note 1
	West Japan Railway	—	Financial assets at fair value through other comprehensive profit or loss - Current	1	638	-	638	Note 1
	Kyushu railway	—	Financial assets at fair value through other comprehensive profit or loss - Current	1	742	-	742	Note 1
	Japan Airlines	—	Financial assets at fair value through other comprehensive profit or loss - Current	1	723	-	723	Note 1
	All Nippon Airways	—	Financial assets at fair value through other comprehensive profit or loss - Current	1	797	-	797	Note 1
	SoftBank Group Corp.	—	Financial assets at fair value through other comprehensive profit or loss - Current	1	1,911	-	1,911	Note 1
	Hotung Investment Holdings Ltd	—	Financial assets at fair value through other comprehensive income - Non-current	993	35,613	-	35,613	Note 1
	LI SHI Venture Capital Co., Ltd.	—	Financial assets at fair value through other comprehensive income - Non-current	135	1,283	1.14	1,283	Note 2
	Dongwang Nanotech Co., Ltd.	—	Financial assets at fair value through other comprehensive income - Non-current	597	-	5.97	-	Note 3
	Fund							
	Yuanta Taiwan Dividend Plus ETF	—	Financial assets at fair value through profit or loss - current	56	2,094	-	2,094	Note 1
	Yuanta U.S. Treasury 20+ Year Bond ETF	—	Financial assets at fair value through profit or loss - current	200	6,170	-	6,170	Note 1
	FSITC Taiwan Industry Elite 30 ETF	—	Financial assets at fair value through profit or loss - current	30	850	-	850	Note 1

Securities Holding Company	Type and Name of Securities	Relationship with Issuer of Securities	Ledger Account	Ending Balance				Note
				Number of Shares	Carrying Amount	Shareholding Ratio (%)	Fair Value	
	United Taiwan High Dividend Recovery 30 ETF	—	Financial assets at fair value through profit or loss - current	380	8,394	-	8,394	Note 1
	KGI Taiwan Premium Selection High Dividend 30 ETF	—	Financial assets at fair value through profit or loss - current	210	4,721	-	4,721	Note 1
	Capital Tip Customized Taiwan Select High Dividend Exchange Traded Fund	—	Financial assets at fair value through profit or loss - current	110	2,449	-	2,449	Note 1
	CAPITAL TIP CUSTOMIZED TAIWAN SELECT HIGH DIVIDEND EXCHANGE TRADED FUND	—	Financial assets at fair value through profit or loss - current	50	801	-	801	Note 1
	iShares MSCI Japan ETF	—	Financial assets at fair value through profit or loss - current	1	985	-	985	Note 1
	Roundhill Ball Metaverse ETF	—	Financial assets at fair value through profit or loss - current	4	1,449	-	1,449	Note 1
	ABITL Global High Yield	—	Financial assets at fair value through profit or loss - current	7	3,504	-	3,504	Note 1
	Eastspring Inv Trgt Mlt 3-6Y EM Bd.	—	Financial assets at fair value through profit or loss - current	20	6,595	-	6,595	Note 1
	United 3-6 Y Trigger EMD Term Fund	—	Financial assets at fair value through profit or loss - current	16	3,787	-	3,787	Note 1
	Fuh Hwa Global IoT and Tech Fund	—	Financial assets at fair value through profit or loss - current	721	16,139	-	16,139	Note 1
	Capital Global Biotech Fund	—	Financial assets at fair value through profit or loss - current	543	$ 9,831	-	$ 9,831	Note 1
	FSITC Global AI Robotics and Smart Auto	—	Financial assets at fair value through profit or loss - current	638	11,786	-	11,786	Note 1
	Nomura Taiwan Superior Equity Fund	—	Financial assets at fair value through profit or loss - current	101	12,585	-	12,585	Note 1
	Capital India Medium and Small Cap Equity Fund	—	Financial assets at fair value through profit or loss - current	42	1,195	-	1,195	Note 1
	Jih Sun MIT Mainstream Fund	—	Financial assets at fair value through profit or loss - current	9	410	-	410	Note 1
	Nomura Taiwan High Tech Selection Fund	—	Financial assets at fair value through profit or loss - current	12	401	-	401	Note 1
	Bond	—	Financial assets at fair value through profit or loss - current					
	United States Treasury Note	—	Financial assets at fair value through profit or loss - current	200	6,154	-	6,154	Note 1
	TAISEM 4.375	—	Financial assets at fair value through profit or loss - current	400	12,227	-	12,227	Note 1
	AT&T Global Bond	—	Financial assets at fair value through profit or loss - current	230	7,102	-	7,102	Note 1

Note 1: the market price is calculated based on the closing price of each stock, fund and bond at the end of December 2023 or the net value of the fund or bond.

Note 2: the fair value of domestically non-listed (counter) equity investments is based on the asset method. the fair value of net assets is used to calculate the present value of the investment that is expected to be held.

Note 3: the company has been approved for dissolution on May 22, 2013, and is currently undergoing liquidation procedures.

TUNG HO TEXTILE CO., LTD.

DETAILS OF MAJOR SHAREHOLDERS

December 31, 2023

Table 2 Unit: Number of shares

Name of Major Shareholders	Shareholding	
	Shares Held	**Percentage of Ownership**
Fengtar Fuli Industry Co., Ltd.	37,971,074	17.25%
Yuh Shuen Investment & Development Co., Ltd.	28,000,626	12.72%
LIN, KAO-HUANG	22,234,000	10.10%
Tung Que Industrial Co., Ltd.	16,118,062	7.32%
Shing Ho Construction Co., Ltd.	11,029,723	5.01%

Note: the information on major shareholders listed in this table is based on the information on shareholders holding more than 5% of the ordinary and preference shares that have completed non-physical registration and delivery (including treasury shares) on the last business day of the current quarter as calculated by the Taiwan Depository & Clearing Corporation. the share capital recorded in the Company’s financial statements and the actual number of shares, for which electronic registration and delivery were completed, may not be consistent due to different bases of preparation and calculation.

V. The Company and its Affiliated Enterprises Have Experienced Financial Difficulties in the Most Recent Fiscal Year and up Until the Date of Printing of the Annual Report

None.

Chapter 7 Analysis of Financial Status and Operating Results and Risks

I. Comparative Analysis of Financial Condition

Unit: NT$ thousand

Item \ Year	2022	2023	Difference	
			Amount	%
Current Assets	1,124,735	1,142,282	17,547	1.56%
Real estate, plant, and equipment	1,542,513	1,510,248	(32,265)	(2.09%)
Intangible assets	53	-	(53)	(100.00%)
Other assets	1,794,925	1,838,616	43,691	2.43%
Total Assets	4,462,226	4,491,146	28,920	0.65%
Current liabilities	672,395	675,905	3,510	0.52%
Non-current liabilities	686,435	681,976	(4,459)	(0.65%)
Total Liabilities	1,358,830	1,357,881	(949)	(0.07%)
Share capital	2,200,000	2,200,000	-	0.00%
Retained earnings	1,095,615	1,065,305	(30,310)	(2.77%)
Other equity interest	(192,219)	(132,040)	60,179	31.31%
Total shareholder equity	3,103,396	3,133,265	29,869	0.96%

Note: The above annual financial information has been audited and verified by the CPAs.

Explanations for significant changes: (where the change exceeds 20% and the amount of change exceeds NT$10 million)

The increase in other equity for the year mainly due to: The rebound in fair value of financial assets during the year.

II. Comparative Analysis of Financial Performance

(I) Comparative Analysis of Financial Performance

Unit: NT$ thousand

Item \ Year	2022	2023	Increase (decrease) amount	Change (%)
Net Sales	688,943	566,660	(122,283)	(17.75%)
Minus: Operating costs	523,144	525,967	2,823	0.54%
Net Operating Profit (Loss)	165,799	40,693	(125,106)	(75.46%)
Minus: Operating Expenses	84,940	77,985	(6,955)	(8.19%)
Net Operating Profit (Loss)	80,859	(37,292)	(118,151)	(146.12%)
Non-operating income and expenses	43,661	63,931	20,270	46.43%
Pre-tax net profit (loss) from continuing operations	124,520	26,639	(97,881)	(78.61%)
Income tax expense (benefit)	20,158	(6,210)	(26,368)	(130.81%)
Net profit (loss) from continuing operations	104,362	32,849	(71,513)	(68.52%)
Gain (loss) from discontinued operations	-	-	-	-
Net Income (Loss)	104,362	32,849	(71,513)	(68.52%)

Note: The above annual financial information has been audited and verified by the CPAs.

Explanations for significant changes: (where the change exceeds 20% and the amount of change exceeds NT$10 million)

1. Decrease in gross profit and operating income: Mainly due to decrease in operating revenue caused by the reduction of orders for the year.
2. Increase in non-operating income: This is mostly due to an increase in dividend income and gains from securities investments this year compared to last year.
3. Decrease in net profit before tax and net profit for the year: Mainly due to decrease in profit caused by the reduction of orders for the year.

(II) Operating Gross Profit Change Analysis

Unit: NT$ thousand

Operating Gross Profit	Increment (Decrement) Change in the Earlier and Later Periods	Cause of Difference
General yarn	(70,102)	This is mainly due to the decrease in gross profit caused by market price competition, and the loss on inventory valuation in the current period.
Functional yarn	(56,138)	This is mainly due to the decrease in sales volume.
Lease	931	
Others	203	
Total	(125,106)	

III. Cash Usage Analysis

(I) Cash Flow Change Analysis for the Most Current Two Year

Unit: NT$ thousand

Item \ Year	2022	2023	Increase (Decrease)	
			Amount	%
Operating activities	138,641	58,134	(80,507)	(58.07)
Investment activities	(114,533)	(54,236)	(60,297)	(52.65)
Financing activities	(97,308)	(43,450)	(53,858)	(55.35)
Net cash inflows (outflows)	(73,200)	(39,552)	(33,648)	(45.97)

Notes to increase/decrease:

1. Decrease in net cash inflow from operating activities: Mainly due to decrease in profit caused by the reduction of orders for the year.
2. Net cash outflow from investing activities decreased: Mainly due to the acquisition of investment properties in the previous year.
3. Net cash outflow from financing activities decreased: Mainly due to a decrease in cash dividends paid during the year compared to the previous year.

(II) Improvement Plan for Liquidity Shortage: None.

(III) Cash Liquidity Analysis for the Upcoming Year

Unit: NT$ thousand

Cash Balance Amount at the Beginning of the Year (1)	Net Cash Provided by Operating Activities (2)	Projected Annual Cash Outflow (3)	Projected Cash Surplus (Deficit) Amount (1) + (2) - (3)	Measures for Managing Cash Deficit	
				Investment Plan	Financial Plan
163,125	84,698	65,000	182,823	-	-

Analysis of cash flows for the upcoming year:

1. Operating activities: Net cash inflow is expected for 2024, mainly due to pre-tax net profit for 2024.
2. Investing activities: Net cash outflow is expected for 2024, mainly due to the purchase of equipment.
3. Financial activities: Net cash outflow is expected for 2024, mainly due to the distribution of cash dividends, excluding the maturity amount of NT$594,500,000 for short-term borrowings, as the Company expects to successfully obtain refinancing from financial institutions upon maturity.

IV. Effect on Financial Operations of Any Major Capital Expenditures during the Most Recent Fiscal Year

(I) The f Application of Major Capital Expenditures and Sources of Funds: None.

(II) Effect of Major Capital Expenditure on Financial Business: None.

V. Reinvestment Policy for the Most Recent Fiscal Year, Main Reasons for Profits/Losses Generated Thereby, Plan for Improving Re-investment Profitability, and Investment Plans for the Coming Year

(I) There Has Been no Major Change in Investment Policy in Recent Years.

(II) Investment Plans for the Upcoming Year: None.

VI. Risk Management and Assessment (for the Most Recent Year and Until the Date of Publication of the Annual Report)

(I) Effect on the Profit (Loss) of Interest and Exchange Rate Fluctuations and Changes in the Inflation Rate, and Response Measures to Be Taken in the Future

Unit: NT$ thousand

Item	Interest Expense	Profit on Exchange
2023	12,797	2,741

The Company regularly evaluates lending rate, keeps in close contact with the bank to acquire the preferential lending rates and follows exchange rate of the foreign currency market by strict control and operation strategies.

(II) The Policies Regarding High-Risk, High-Leverage Investments, Lending Funds to Others, Endorsements and Guarantees, and Derivative Transactions, as well as the Main Reasons for Profits or Losses and Future Countermeasures: None.

(III) Future Research and Development Plans and Projected R&D Expenditures

Please refer to V. Operating Highlights for the Business Activities. (page 66)

(IV) The Impact of Changes in Important Policies and Laws at Home and Abroad on the Company's Finance and Business, and the Countermeasures for Such Impact

The Company always pays attention to the changes in important policies and laws at home and abroad, and promptly proposes the countermeasures in an adequate manner. In the most recent year and up to the date of publication of the annual report, the Company's finance and business have not been affected by changes in important policies and laws at home and abroad.

(V) Effect on the Company's finance and business of Developments in Science and Technology (including Cyber Security Risks) and Industrial Change, and Measures to Be Taken in Response

The Company constantly keeps abreast of and analyzes the technology in relevant industries for practical applications. To prevent cyber security incidents, the Company's network architecture adopts a multi-layered network structure, with the deployment of protective software and hardware. We enhance the software and hardware environment and formulate relevant regulations in accordance with the cyber security situation. We also conduct promotional campaigns on the latest developments, convey management directives, and implement cyber security management. No material cyber attacks or events have been or are likely to have a material adverse effect on the Company's finances and business in the most recent year and up to the date of printing of the annual report.

(VI) The Impact of Corporate Image Change on Corporate Crisis Management and Response Measures

The most current year and up to the date of publication of this annual report, the company has not had any changes in corporate image, so no significant impact was caused to the Company.

(VII) Expected Benefits and Possible Risks Associated with Any Mergers and Acquisitions, and Measures to Be Taken in Response: None.

(VIII) Expected Benefits and Possible Risks Associated with Any Plant Expansion, and Measures to Be Taken in Response: None.

(IX) Risks Associated with Any Consolidation of Sales or Purchasing Operations, and Measures to Be Taken in Response:

<u>In Terms of the Procurement</u>

The Company follows the raw material procurement policy of maintaining two or more suppliers and diversifying raw material sources while keeping long-term close partnership with suppliers to ensure the sufficient supply of raw materials.

<u>In Terms of Sales</u>

Although the Company's sales are concentrated in some regions, the Company has established long-term cooperative relationships with its existing customers. On the other hand, the Company will also strive to develop new customers to expand and diversify the distribution channels and strive to reduce the risks concerning sales concentration.

(X) Effect on and Risk to the Company in the Event a Major Quantity of Shares Belonging to a Director or Shareholder Holding Greater than a 10% Stake in the Company Has Been Transferred or Has Otherwise Changed Hands, and Measures to Be Taken in Response:

Conditions of possessing the list of its major shareholders as well as the ultimate owners of those shares, and declaring shareholding of Directors or major shareholders with a shareholding ratio of above 10% as stipulated by the Securities and Exchange Act.

(XI) Impact and Risk Associated With Changes in Management Rights, and Countermeasures: None.

(XII) Disclosure of issues in dispute, monetary amount of claims, filing date, parties involved, and status of any litigation or other legal proceedings within the latest fiscal year and as of the date of the annual report where the Company and/or any of its directors, president, person in charge, shareholders with 10% or more share ownership, or affiliates are involved in a pending litigation, legal proceedings or administrative proceedings, or a final judgment or ruling which may have a material adverse effect on the Company's shareholder equity or price of securities: None.

(XIII) Other Significant Risks and Countermeasures: None.

VII. Other Necessary Supplements

None.

Chapter 8 Special Disclosure

I. Information on Affiliates

(I) Consolidated Operating Report for Affiliated Companies: None.

(II) The Consolidated Financial Statement of Affiliates: None.

(III) Reports on Affiliations: None.

II. Private Placement of Securities during the Most Recent Year and during the Current Year up to the Printing Date of the Annual Report

None.

III. Holding or Disposal of Shares of Subsidiaries during the Most Recent Fiscal Year and up to the Printing Date of the Annual Report

None.

IV. Other Supplementary Information

None.

V. Situations Listed in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act, which Might Materially Affect Shareholders' Equity or the Price of the Securities, Occurring during the Most Recent Year and during the Current Year up to the Printing Date of the Annual Report

None.