

Stock Code: 1315

Tahsin Industrial Corporation

2023 Annual Report

**Prepared by Tahsin Industrial Corp.
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This Annual Report can be found on the website below:
Market Observation Post System: **mops.twse.com.tw**
The Company's website: www.tahsin.com.tw

I. Name, Job Title, and Contact Number of the Company's Spokesperson and Acting Spokesperson

Spokesperson: LAI, KEN-MIN
Job Title: Vice President
TEL: (04)23595511
Email: h1@mail.tahhsin.com.tw

Acting Spokesperson: Chen,Ming-Je
Job Title: Manager
TEL: (04)23595511
Email: h1@mail.tahhsin.com.tw

II. Addresses and Telephone Numbers of Head Office, Taipei Office and Plants

Name	Address	TEL
Taichung Headquarter	No. 51, Industrial 35th Road, Xitun District, Taichung City	(04)23595511
Chung-Kan Plant	No. 336, Zili Road, Wuqi District, Taichung City	(04)26393355
Taipei Office	10th Fl., No. 369, Fuxing North Road, Songshan District, Taipei City	(02)27128311

III. Stock Transfer Handling Agency

Name: Transfer Agency Department,CTBC Bank Co. ,Ltd.
Address: 5F., No.83, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.)
Website:www.ctbcbank.com
TEL:+866-2-6636-5566

IV. The Name of the CPA, the Name, Address, Website Address and the Telephone Number of the Accounting Firm of the Most Recent Annual Financial Report:

CPAs: WANG, WU-CHANG and CHIU, KUEI-LING
Accounting Firm: Crowe Horwath (TW) CPAs
Address: 7th Floor, No. 122, Dunhua North Road, Songshan District, Taipei City
Website:www.crowe.com.tw
TEL:(02)87705181(Operator)

V. Name of Overseas Trade Places for Listed Negotiable Securities: None.

The way to inquire about the overseas securities information: None.

VI. The Company's Website: www.tahhsin.com.tw

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Chapter 1 Letter to Shareholders

I. 2023 Business Report

Dear shareholders, ladies and gentlemen,

We present here the Company's 2023 business performance report. It is as follows:

In 2023, the Company's operating revenue was NT\$2.15719 billion, a reduction of 19.19% compared with that in 2022. The operating profit was NT\$14.34 million, a reduction of NT\$156.09 million compared with that in 2022. The net income before tax was NT\$367.72 million, a reduction of NT\$419.02 million compared with that in 2022. The net income after tax was NT\$350.50 million, a reduction of NT\$360.72 million compared with that in 2022.

The sales analysis of the Group by product and by region in the most recent two fiscal years is as follows:

By Product, Sales						
Product Category	Unit: NT\$ thousand					
	2023		2022		Increased (Decreased) from previous year	
	Amount	%	Amount	%	Amount	%
Rainwear Category	1,103,793	51.17	1,369,587	51.31	(265,794)	(19.41)
Garment Category	481,790	22.33	627,277	23.50	(145,487)	(23.19)
New Products Category	275,433	12.77	343,025	12.85	(67,592)	(19.70)
PP Corrugated Board	237,205	11.00	270,806	10.14	(33,601)	(12.41)
Others	58,972	2.73	58,665	2.20	307	0.52
Total	2,157,193	100.00	2,669,360	100.00	(512,167)	(19.19)

By Region Sales						
Region	Unit: NT\$ thousand					
	2023		2022		Increased (Decreased) from previous year	
	Amount	%	Amount	%	Amount	%
Taiwan	381,818	17.70	410,999	15.40	(29,181)	(7.10)
Americas	324,488	15.04	375,776	14.08	(51,288)	(13.65)

Europe	666,650	30.90	1,014,098	37.99	(347,448)	(34.26)
Japan	369,016	17.11	470,225	17.62	(101,209)	(21.52)
Others	415,221	19.25	398,262	14.91	16,959	4.26
Total	2,157,193	100.00	2,669,360	100.00	(512,167)	(19.19)

Analysis of consolidated operating income, profitability and return on investment for the most recent two years is as follows:

(1) Consolidated Operating Income and Earnings Statement for the Most Recent Two Years

Unit: NT\$ thousand

Items	2023		2022	
	Amount	%	Amount	%
Net operating revenue	2,157,193	100.00	2,669,360	100.00
Operating gross profit	352,259	16.33	505,315	18.93
Operating profit	14,342	0.66	170,433	6.38
Net profit before taxes	367,722	17.05	786,745	29.47
Net Income after Tax	350,507	16.25	711,224	26.64

(2) Profitability

Items			2023	2022
Profitability	Return on total assets (%)		3.08	5.87
	Return on shareholders' equity (%)		3.30	6.40
	As a Percentage in Paid-in Capital (%)	Operating profit	1.45	17.20
		Income before Tax	37.11	79.39
	Net profit rate (%)		16.25	26.64
	Earnings per share (NT\$)		3.66	7.41

(3) Return on Investment

Items	2023	2022
Price-earnings (P/E) Ratio	19.46	10.09
Price-dividend (P/D) Ratio	14.25	12.47
Cash Dividend Yield	7.02%	8.02%

II.2024 Business Plan Overview

(I) Impact from Competition, Legislation and Overall Business Environment

Impact from Competition:

Facing worldwide new changes in 2024, the development upon global industries is being influenced by the green new future and geopolitical factors. Numerous uncertain factors, which include the undeniable climate change, the ongoing Russian-Ukrainian War, the Israel-Hamas conflict in Gaza, and the supply, demand and price changes of energy, and raw material caused by fluctuations in global financial market linked with monetary policies of major economies, continue to affect the speed of global economic recovery.

Legislation Environment:

Promoting sustainability aligning with international standards is undoubtedly the current trend. Alerted with the historic-high hottest year and the global sea-level mean in 2023, as well as the severe floods and fires endangering human lives and livelihoods from climate crisis. Every earth resident people should proceed more proactive sustainability strategies and actions.

In response to the sustainability trend, we continuously promote green power distribution, invest in green and sustainability fields, pay close attention to sustainability-relevant indicators and information, and construct low-carbon business models with manufacturers and clients for co-creating green supply chains.

Internally encouraging whole staff to cherish environment, treasure resources, save energy, reduce carbon emissions via multifaceted lifestyle adjustment from food, clothing, housing to transportation, we hope to implement green living and jointly moving towards sustainability goals.

Impact from Overall Business Environment:

Internationally:

The global economy is severely impacted by geopolitical risks **accompanying with** the Russo-Ukraine war since 2022, the Gaza war and the following Red Sea crisis arising from the Israel-Hamas conflict since 2023, and the Israel-Iran war declaration in 2024, as well as the reelection of leaders of major countries.

Domestically:

Facing a foggy outlook for 2024, the private consumption has appeared steady growth due to post-pandemic returning to normal and the supply chain is benefitted from well destocking inventory clearance, however the overall environment is full of numerous many uncertain factors. Since the COVID-19 pandemic in 2019, natural and man-made disasters have occurred globally and incessantly, **which include** earthquakes, tsunamis, forest fires, the Russia-Ukraine war, the Israel-Hamas war, as well as trade wars and technological battles. In the changing landscape, we have to ensure business sustainability by being reverse thinking, alert to risks, innovating for change, strengthening expertise, and cultivating the future, strengthening field advantages, making right decisions, and cultivating for the future.

(II) Summary of Business Plan of the Year:

1. Operating Strategies:

[Improve staff living standards]

[Innovate Technology, Attaches great importance to the quality]

[Stimulate employees' potential to create profits]

[Serve customers at reasonable prices]

2. Estimated targets for sales:

The sales target for the Company in 2023 was NT\$1.96 billion and NT\$ 2.30 billion for the Group.

We will ensure steady orders, balance production capacity, keep our advantages, acquire new customers to improve our business performance and profits.

The anticipated sales for major products of the Group in **2024** is as follows:

Unit: NT\$1 million

	Anticipated sales for the Company			Anticipated sales for the Group		
Product Category	Domestic Sales	Export Sales	Anticipated sales	Domestic Sales	Export Sales	Anticipated sales
Raincoat	101	859	960	101	1,045	1,146
Garment	113	407	520	113	496	609
Stationery	3	78	81	3	96	99
Binding machine	-	37	37	-	45	45
Laminator	-	140	140	-	172	172
PP Corrugated Board	185	37	222	185	44	229
Total	402	1,558	1,960	402	1,898	2,300

3. Important Production and Marketing Policies:

- ① Domestic sales: Adjust marketing strategy with new environmental-friendly materials, design new models and provide sufficient supply for distributors and end customers.
- ② Export sales: Keep intense communication with clients and use digital hardware and software to improve the timeliness of proofs and quotation, cooperate with the clients in order amount and delivery date, prepare the stock ahead of time and ship to plants overseas, distribute staffs and production capacity effectively, managing delivery date and quality.
- ③ Adjust staff distribution and production capacity overseas to deal with depleting inventory, ensure staffs a safe and healthy workplace and a clean environment.
- ④ Restore shipping after restriction removal, shipping laminators to clients' needs on time, pay attention to the stock and price, maintain product qualities and competitive price.
- ⑤ To follow environmental policies, we introduce and adjust the usage of PP recycled materials, develop reused delivery boxes, encourage the distributors to adapt it and create a green business opportunity together.

(III) Future Development Strategies:

1. To develop new customers and win orders:

Attend important fairs at home and abroad, display our excellent technology in production process and quality, visit old and new clients and develop potential clients, provide satisfying products for them with passionate service, trust-worthy quality, and on-time delivery. Develop new materials and new style for domestic products, take actions on receiving government orders to improve product sales performance.

2. Expand production facilities overseas:

Evaluate garment industry production in countries in The Association of Southeast Asian Nations, expand production facilities overseas, train excellent staffs to serve more clients, so as to grow together.

3. Optimize new equipments:

Constantly replace old equipments with new ones, introduce automatic machines with digital software to improve production precisely and effectively, ensure staff and machine safety with statistical and analytical databases, so as to save energy and maximize production.

4. Solar energy use planning:

The factory area has installed solar panels to generate electricity, produced eco-friendly products with green power, taken real actions to implement energy conservation and emission reduction policies and corporate social responsibility.

5. Original spot price negotiation and inventory management:

Strengthen raw material price negotiations, develop new suppliers, and improve local procurement capabilities, reduce production costs to create profits, and activate inventory to increase product value.

Looking ahead, the global economy confront with variety of challenges and multiple risks including regional conflicts, geopolitics, climate change, and transitions to net-zero emission. Tahsin arranges for sustainable, preserves honest and integrity, deepens business management internally, develop market externally, invest resources, improve professionalism, optimize technology and ensure qualities; We are dedicated to achieving annual sales target and consistently creating better investment benefits for all shareholders.

Chapter 2 Company Profile

I. Date of Establishment

October 24, 1966.

II. Company History

In 1958, the company was established and named Tahsin Rainwear, engaging in the production of raincoat with a registered capital of NT\$ 60,000.

In 1960, the company renamed as Tahsin Plastics Co., added plastic tarp and school bag products.

In 1961, the company renamed as Tahsin Plastics Manufacturing Co., Ltd. Added wardrobe products, established relevant business offices and a domestic sales network.

In 1966, the company renamed as Tahsin Plastics Co., Ltd., re located to a new built plant at Taichung Port Rd., added production equipment, and committed to new product development.

In 1968, Export Sales Division was set up to expand export business.

In 1969, the textile garment production line was established.

In 1970, the company renamed as Tahsin Industrial Corp.

In 1978, the Nantou plant was built.

In 1979, the company founded its associate enterprise Tahsin Shoji Co., Ltd. in Japan and started to establish sales outlet overseas.

In 1982, PU coating products were added to the production line.

In 1983, product lines of plastic folder rings and stapling devices were established.

In 1984, the company issued stocks to the public.

In 1985, the company founded its associate enterprise Tahsin Industrial

Corp., USA, established sales outlet in America.

In 1987, the company invested in West Germany and founded its associate enterprise Pro Rainer Trading GMBH in Germany, established sales outlet in Europe.

In 1992, the total capital amounted to NT\$ 800 million. Company stocks were approved by Taiwan Stock and Exchange Commission for public trading on 9th May 1992. The Chungkan plant was set up to produce PP corrugated cardboards.

In 1993, the headquarter and Taichung plant of the Company were relocated to Taichung Industrial Park, in response to the land re-planning policies of the Taichung City Government. Its business scope has expanded to construction outsourcing, and the lease and sales of commercial properties. Invested capital in Hong Kong Link Fund Co., Ltd. to establish the overseas processing plant Fujian Putian TAH FU Plastic Industry Co., Ltd.

In 1994, the company invested and founded TAH VIET CO., LTD. in Vietnam.

In 1996, the company obtained ISO-9002 certification.

In 1999, laminating film and laminator production lines were added. The company made investment and set up the processing plant Myanmar Tahsin in Myanmar.

In 2001, Dong-Guan Tahsin plant was set up in Guang Dong, Mainland China.

In 2005, the company bought back treasury stocks to reduce capital reduction, with the total paid-in capital of NT\$ 2,295,000,000.

In 2008, the company bought back treasury stocks to reduce capital reduction, with the total paid-in capital of NT\$ 2,200,000,000. Shutting down its Nantou plant due to the industry's moving offshore.

In 2011, the idle land of the Nantou plant (Nanshi Section) was disposed.

In 2012, PRO-RAINER in Germany that the company invested in was dissolved.

In 2013, the idle land of the Nantou plant (Nanxiang Section) was disposed.

In 2014, the company decreased the share value by NT\$ 1 per share in order to increase the rate of return on shareholders' equity and the company's profitability per share. Upon capital reduction, the paid-in capital amounted to NT\$ 1,980,000,000.

In 2017, the production of PU coating products was discontinued in response to environmental policies and partial industrial transformation. In the same year, the company participated in the Formosa Plastics Building Renovation Project.

In 2019, in order to change its operation model and adjust the uncompetitive production line, the company ceased the investment in its subsidiary in Mainland China, Dong-Guan Tahsin Plant. In order to activate and increase the benefit of real estate, the company has disposed of its land at Huilaicuo Section, Xitun District, Taichung City.

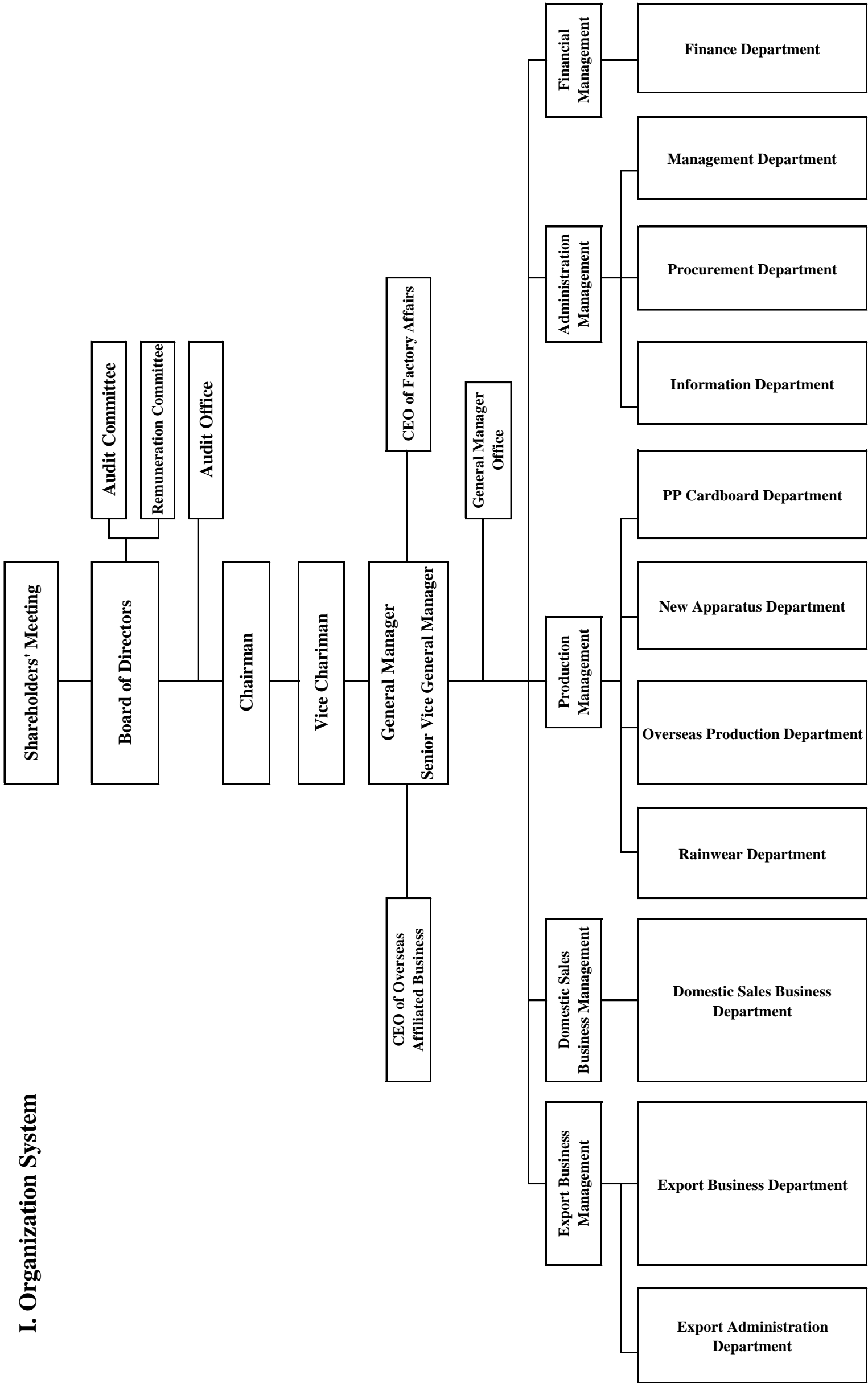
In 2020, In order to activate and increase the benefit of real estate, the company has disposed of its land at Huilaicuo Section, Xitun District, Taichung City. The company decreased the share value by NT\$ 3 per share so as to adjust the capital structure and improve the return on shareholders' equity and profit per share. Upon capital reduction, the paid-in capital amounted to NT\$ 1,386,000,000.

In 2021, the company decreased the share value by NT\$ 2.85 per share so as to adjust the capital structure and improve the return on shareholders' equity and profit per share. After capital reduction, the capitals amounted to NT\$ 990,990,000.

In 2023, the company invested and established a processing plant "Tahsin New Machinery Co., Ltd." in Vietnam.

Chapter 3 Corporate Governance Report

I. Organization System



Business Activities of Main Divisions

Units		Business Scope
Board of Directors	Audit Committee	Supporting Board of Directors to oversee the Company and ensure that the power granted by Company Act, Securities and Exchange Act, and other related laws and regulations are effectively exercised.
	Remuneration Committee	Establish and periodically review the performance evaluation and remuneration policy, system, standards and structure for the Board of Directors and managerial officers, and regularly evaluate and define the remuneration of directors and managerial officers.
Audit Office		To audit the internal regulations and system operations of the group, and to propose suggestions for improvements.
General Manager Office		To set out the operational targets of the group, coordinate the execution of the overall business, and to instruct and supervise the businesses of each department.
Export Business Management	Export Administration Department	Operations of Administration and General Affairs in Taipei.
	Export Business Department	Responsible for the promotion and development of overseas sales business.
Domestic Business Management	Domestic Sales Business Department	Responsible for the promotion and development of domestic sales business.
Production Management	Rainwear Department	Responsible for production operations such as production management and technical control and the development of new products.
	Overseas Production Department	Responsible for the production of apparel such as rainwear, new apparatus, leisure wear, work and professional outfits, etc..
	New Apparatus Department	Responsible for research and development, design OF new products, and production of new apparatus.
	PP Corrugated Department	Production of PP corrugated cardboards.
Administration Management	Information Department	Responsible for information related business.
	Procurement Department	Procuring all sorts of raw materials.
	Management Department	Responsible for operations in administration, GA, personnel affairs and finished products.
Financial Management	Finance Department	Responsible for accounts, costs, finance, tax affairs, stock affairs, etc.

II. Information About Directors, General Manager, Deputy General Managers, Assistant Deputy General Managers, and Heads of Departments and Branches

1. Directors (I)

April 23, 2024

Title (Note 1)	Nationality or Place of Registration	Name	Gender	Age Note 2	Date elected	Terms	First Elected Date (Note 3)	Shares held when being elected		Shares currently held		Shares currently held by spouse, or minor children		Shares Held in the Name of Other Persons	
								Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio
Chairman	Taiwan	Tah Quan Investment Co., Ltd. (representative) WU, ZI-CONG	Male	72	06.16.2023	three years	05.20.2005	9,500,000	9.59%	9,500,000	9.59%	388,294	0.39%	0	0
Vice Chairman	Taiwan	HU, PO-YI	Male	63	06.16.2023	three years	06.22.1999	1,700,961	1.72%	1,700,961	1.72%	748,454	0.76%	0	0
Director	Taiwan	Daxinchang Investment Co., Ltd. (representative) HU, PEI-TUAN	Male	71	06.16.2023	three years	06.20.2014	2,546,694	2.57%	2,546,694	2.57%	0	0	0	0
Director	Taiwan	Ping Fang Investment Co., Ltd. (representative) LIU, WAN-CHENG	Male	74	06.16.2023	three years	06.05.2020	1,901,500	1.92%	1,901,500	1.92%	470,322	0.47%	1,901,500	1.92%
Director	Taiwan	HU, BOR-CHON	Male	65	06.16.2023	three years	06.06.2008	1,500	0	1,500	0	4,504	0	0	0
Director	Taiwan	Tah Cheng Investment Co., Ltd. (representative) LAI, KEN-MIN	Male	66	06.16.2023	three years	05.20.2005	4,000,000	4.04%	4,000,000	4.04%	34,534	0.03%	0	0
Independent Director	Taiwan	LIN, KO-WU	Male	73	06.16.2023	three years	06.23.2017	0	0	0	0	0	0	0	0
Independent Director	Taiwan	YANG, TE-WANG	Male	72	06.16.2023	three years	06.23.2017	9	0	9	0	0	0	0	0
Independent Director	Taiwan	YANG, KUO-SHU	Male	74	06.16.2023	three years	06.05.2020	0	0	0	0	0	0	0	0

Title (Note 1)	Name	Major Education and Work Experience (Note 4)	Position(s) Held Concurrently in the company and/or in Any Other Company	Other Managers, Directors and Supervisors Roles Held by Spouse or Second-degree Relations			Note (5)
				Title	Name	Relationships	
Chairman	Tah Quan Investment Co., Ltd. (representative) WU, ZI-CONG	Director, Tahsin Industrial Corp.	Chief Executive Officer and General Manager of the Company, and Chairman of the Board, Tahsin Shoji Co., Ltd.	Director	HU, PO-YI HU, PAO-TSE	Brother-In-Law	
Vice Chairman	HU, PO-YI	Director, Tahsin Industrial Corp.	Vice Chairman of the Board of the company, Chairman of the Board of Tah Quan Investment Co., Ltd., Tah Fa Investment Co. Ltd. and T.H. USA	Director Chairman	HU, PAO-TSE WU, ZI-CONG	Brothers In-Law	None
Director	Daxinchang Investment Co., Ltd. (representative) HU, PEL-TUAN	Director, Tahsin Industrial Corp.	Chairman of Good Harvest Machinery Industrial Co., Ltd.	Director	LIU, WAN-CHENG	Brother-In-Law	None
Director	Ping Fang Investment Co., Ltd. (representative) LIU, WAN-CHENG	General Manager, Tahsin Industrial Corp. Director, Tahsin Industrial Corp.	Chairman of Ping Cheng Investment Co. Ltd.	Director	HU, PEL-TUAN	Brother-In-Law	None
Director	HU, BOR-CHON	Director, Tahsin Industrial Corp.	Chief Executive Office, Tahsin Industrial Corp. and Chairman of the Board, Chang Cai Co., Ltd.	None	None	None	None
Director	Tah Cheng Investment Co., Ltd. (representative) LAI, KEN-MIN	Senior Deputy General Manager, Tahsin Industrial Corp. Director, Tahsin Industrial Corp.	Senior Deputy General Manager, Tahsin Industrial Corp.	None	None	None	None
Independent Director	LIN, KO-WU	Partner, First Horwath & Company CPAs	Convenor of the Remuneration Committee and the Audit Committee Independent director of Landis and Zig Sheng Industrial	None	None	None	None
Independent Director	YANG, TE-WANG	Division Chief	Member of the Remuneration Committee and the Audit Committee	None	None	None	None
Independent Director	YANG, KUO-SHU	Deputy Division Chief	Member of the Remuneration Committee and the Audit Committee	None	None	None	None

Note 1: For juristic person shareholders, their names and representatives shall be stated (for representatives, the names of juristic person shareholders they represent shall be indicated respectively), and filled in Table 1.

Note 2: Please list the actual age and express it in a range, such as 41 ~ 50 years old or 51 ~ 60 years old.

Note 3: Any disruption of duty as a Director or Supervisor after he/she is elected for the first time shall be included in a separate note.

Note 4: Work experiences of anyone in the table above that are related to their current roles, such as previous employment at CPA firms or employment in affiliated companies, shall be disclosed along with job titles and responsibilities.

Note 5: Where the Chairman of the Board of Directors and the General Manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, the measures adopted in response thereto and relevant information.

Description: For implementing the principles of corporate governance and division of Labor in function, the Chairman and General Manager WU, ZI-CONG resigned from the position of General Manager on June 26, 2023. The Deputy General Manager of the Company, CHEN, YI-QIAN, has been promoted to the position of General Manager, which the appointment was approved by the Board of Directors on June 26, 2023.

Table 1: Major Shareholders of the Corporate Shareholders**April 23, 2024**

Name of corporate shareholders	Major Shareholders of the Corporate Shareholders and their Shareholding Ratio (Note)
Tah Quan Investment Co., LTD.	<ol style="list-style-type: none"> 1. Tah Fa Investment Co., Ltd. (44.39%) 2. WU, ZI-CONG (13.90%) 3. HU, PO-YI (30.61%) 4. CHEN, RUI-ZHEN (11.10%)
Daxinchang Investment Co., Ltd.	<ol style="list-style-type: none"> 1. HU, PEI-TUAN (87.69%) 2. HU, NAI-YUAN (8.25%) 3. HU, NAI-WEN (4.06%)
Ping Fang Investment Co., Ltd.	<ol style="list-style-type: none"> 1. LIU, WAN-CHENG (49.71%) 2. HU, CHUN-FANG (49.71%) 3. LIU, WEI-PING (0.58%)
Tah Cheng Investment Co., Ltd	<ol style="list-style-type: none"> 1. Tah Fa Investment Co., Ltd. (41.18%) 2. HU, PO-YI (29.41%) 3. CHEN, RUI-ZHEN (29.41%)

Note: Fill in the name of key shareholder of the corporate shareholder and their shareholding ratio.

If the key shareholders are a corporate shareholder, please proceed to fill in more details in Table 2 below.

Table 2: In Case the Major Shareholders in Table 1 are Corporate Shareholders.**April 23, 2024**

Name of corporate shareholders	Major Shareholders of the Corporate Shareholders and their Shareholding Ratio
Tah Fa Investment Co., Ltd.	Tahsin Industrial Corp. (100%)

Information on Directors (II)

I. Disclosure of professional qualifications of directors and independence of independent directors:

<div>Criteria</div> <div>Name</div>	Professional qualifications and experience (Note 1)	Independent status (Note 2)	Number of Other Taiwanese Public Companies Concurrently Serving as an Independent director
Tah Quan Investment Co., Ltd. (representative) WU, ZI-CONG	<ul style="list-style-type: none"> Working experience in business, finance, operation judgment, crisis management and operation management. Chairman of the Company, Chairmen of Tahsin Shoji Co., Ltd., Tah Chi Co., Ltd., and Tai-Ho Co., Ltd., None of any matters under Article 30 of the Company Act. 		None
HU, PO-YI	<ul style="list-style-type: none"> Working experience in business, finance, operation judgment, crisis management and operation management. Vice Chairman of the Board of the Company, and Chairman of the Board of Tah Quan Investment Co., Ltd., Tah Fa Investment Co. Ltd. and T.H. USA. None of any matters under Article 30 of the Company Act. 		None
Daxinchang Investment Co., Ltd. (representative) HU, PEI-TUAN	<ul style="list-style-type: none"> Working experience in business, finance, operation judgment, crisis management and operation management. Chairman of Daxinchang and Good Harvest Machinery Industrial Co., Ltd. None of any matters under Article 30 of the Company Act. 		None
Ping Fang Investment Co., Ltd. LIU, WAN-CHENG	<ul style="list-style-type: none"> Working experience in business, finance, operation judgment, crisis management and operation management. Chairman of Ping Cheng Investment Co. Ltd. None of any matters under Article 30 of the Company Act. 		None
HU, BOR-CHON	<ul style="list-style-type: none"> Working experience in business, finance, operation judgment, crisis management and operation management. Chief Executive Officer of the Company and Chairman of Chang Cai Co., Ltd. None of any matters under Article 30 of the Company Act. 		None
Tah Cheng Investment Co., Ltd. (representative) LAI, KEN-MIN	<ul style="list-style-type: none"> Working experience in business, finance, operation judgment, crisis management and operation management. Senior Deputy General Manager, Tahsin Industrial Corp. None of any matters under Article 30 of the Company Act. 		

Independent Director LIN, KO-WU	<ul style="list-style-type: none"> ● Working experience in accounting, finance, operation judgment, crisis management and operation management and certificate of national examination required for accountant. ● Convenor of the Remuneration Committee and the Audit Committee of the Company. ● Independent director of Landis and Zig Sheng Industrial. ● None of any matters under Article 30 of the Company Act. 	<ul style="list-style-type: none"> ● In accordance with the Company's articles, directors are appointed through a nomination system. The Company has obtained written declarations from each director during the nomination and selection process of board members. ● Independent director and meets the conditions of independence, including but not limited to whether he, his spouse and any of second-degree relatives is not a director, supervisor or employee of the company or its affiliated enterprises. 	2
Independent Director YANG, TE-WANG	<ul style="list-style-type: none"> ● Working experience in business, finance, operation judgment, crisis management and operation management. ● Member of the Remuneration Committee and the Audit Committee of the Company. ● None of any matters under Article 30 of the Company Act. 	<ul style="list-style-type: none"> ● Two of the independent directors are not holding shares of the company, one of them is holding 19 shares. ● Not serving as a director, supervisor or employee of a company with a specific relationship with the company. 	None
Independent Director YANG, KUO-SHU	<ul style="list-style-type: none"> ● Working experience in business, finance, operation judgment, crisis management and operation management. ● Member of the Remuneration Committee and the Audit Committee of the Company. ● None of any matters under Article 30 of the Company Act. 	<ul style="list-style-type: none"> ● No remuneration received for providing business, legal, financial, accounting and other services to the company or its affiliated enterprises in the last two years. ● For implementing corporate governance and strengthen qualification and independence of the independent directors, the qualifications and independence of each independent director are reviewed annually, and a declaration is obtained from each independent director during their tenure. 	None

Note 1: Professional qualifications and experience: State the professional qualifications and experience of individual directors and supervisors. If they are members of the audit committee and have accounting or financial expertise, state their accounting or financial background and work experience, and also state whether there are no circumstances in the paragraphs of Article 30 of the Company Act.

Note 2: An independent director shall describe the independence status, including but not limited to whether he, his spouse and any of second-degree relatives is a director, supervisor or employee of the company or its affiliated enterprises; the number and proportion of shares held by himself, spouse, second-degree relatives (or in the name of others); whether he is a director, supervisor or employee of a company with a specific relationship with the company; the amount of remuneration received for providing business, legal, financial, accounting and other services to the company or its affiliated enterprises in the last two years.

II. Diversity and independence of the board of directors:

The Company respects the diversification policy of directors. In order to strengthen corporate governance and promote the sound development of the composition and structure of the board of directors, the board of directors has passed the Corporate Governance Practice Principles on the March 25, 2022, specifying that diversification should be taken into consideration when it comes to the composition of the members in the board of directors, regardless of gender, race, and nationality. In order to strengthen the functions of the board of directors and achieve the ideal goal of corporate governance, the board of directors should be equipped with capabilities as follows:

- 1. Business judgment ability**
- 2. Accounting and financial analysis ability**
- 3. Operation and management capability**
- 4. Crisis management capability**
- 5. Industrial expertise**
- 6. International market view**
- 7. Leadership**
- 8. Decision-making ability.**

The diversity, independence and implementation of the Company's current board of directors are as follows:

Items Name	Basic composition							Professional background				Professional competence							
	Nationality	Gender	Part-time employee of the Company	Age			Seniority of independent director 3 to 6 years	Industrial experience	Business Management	Financial Economy	Mechanical Engineering	Operational judgment	Accounting and finance	Operation and management	Crisis management	Industrial Expertise	International market view	Leadership	Decision-making ability
				50 to 59 years old	60 to 69 years old	70 to 75 years old													
Tah Quan Investment Co., Ltd. (representative) WU, ZI-CONG	Taiwan	Male	✓			✓		Director, Tahsin Industrial Corp.	✓			✓	O	✓	✓	✓	✓	✓	✓
HU, PO-YI	Taiwan	Male	✓		✓			Director, Tahsin Industrial Corp.	✓			✓	O	✓	✓	✓	✓	✓	✓
Dax-inchang Investment Co., Ltd. (representative) HU, PEI-TUAN	Taiwan	Male				✓		Director, Tahsin Industrial Corp.			✓	✓	O	✓	✓	✓	✓	✓	✓
Ping Fang Investment Co., Ltd. LIU, WAN-CHENG	Taiwan	Male				✓		General Manager, Tahsin Industrial Corp. Director, Tahsin Industrial Corp.	✓			✓	O	✓	✓	✓	✓	✓	✓
HU, BOR-CHON	Taiwan	Male	✓		✓			Director, Tahsin Industrial Corp.	✓			✓	O	✓	✓	✓	✓	✓	✓
Tah Cheng Investment Co., Ltd. (representative) LAI, KEN-MIN	Taiwan	Male	✓		✓			Senior Deputy General Manager, Tahsin Industrial Corp. Director, Tahsin Industrial Corp.	✓			✓	✓	✓	✓	✓	✓	✓	✓

Independent Director LIN, KO-WU	Taiwan	Male				✓	✓	Partner, First Horwath & Company CPAs		✓		✓	✓	✓	✓	✓	✓	✓	✓
Independent Director YANG, T E-WANG	Taiwan	Male				✓	✓	Division Chief	✓			✓	O	✓	✓	✓	✓	✓	✓
Independent Director YANG, KUO-SHU	Taiwan	Male				✓	✓	Deputy Division Chief	✓			✓	O	✓	✓	✓	✓	✓	✓

Note: Professional competence: v refers to having ability, o refers to having partial ability.

The specific goals of diversification policy and its performance are as follows:

Management objectives	Achievement
At least one third of the directors equipped with computer industry, marketing, or technology specialty	Achieved
At least one third of the independent directors equipped with financial accounting, technology, or law specialty	Achieved

1. There are 9 directors of the 20th board of directors of the company, all of whom are from the country. The composition structure is 3 independent directors, 4 directors with employee status, and 0 female director (the percentage of them to the total board members is 33.3%, 44.4%, 0% respectively). Sexual equality will be taken into the future plan and the goal is to have female directors account for 11.11% of the total.
2. The age distribution range of directors is 3 directors in age 60-69, and 6 directors in age 70-75.
3. The seniority distribution range of independent directors: independent directors Lin, Ko-Wu and Yang, Te-Wang have served for 7 years since June 23, 2017, independent director Yang, Kuo-Shu has served for 4 years since June 5, 2020, and all the independent directors have not continued over 3 terms.
4. There are 6 directors respectively equipped with business management, marketing, and mechanical engineering specialties, 3 directors respectively equipped with financial accounting, economy, and business management specialties. Implementing diversification policy helps improve governance efficiency and operating performance.
5. All possess considerable professional skills and hands-on experience, equipped with operation judgement, accounting and finance, business management, crisis management, industrial experience, international market outlook, leadership, decision-making ability, etc.
6. The diversification orientation, independence and implementation of directors include the standards set out in Article 20 of the Company's

"Corporate Governance Best Practice Principles"; in the future, the diversification policy will be revised in due course according to the operation, operation type and development needs of the board of directors, including but not limited to the two major standards of basic conditions and values (gender, age, nationality and culture), professional knowledge and skills (professional background) to ensure that board members should generally have the knowledge, skills and qualities necessary to perform their duties.

- 7. No director has any of the matters under Article 30 of the Company Act.**

2. General Manager, Deputy General Manager, Assistant General Manager, Managerial Officers, and Supervisors of Departments and Branches

On April 23 2024

Title (Note 1)	Nationality	Name	Gender	Tenure date	Shares Held		Shares held by spouse, or minor children		Shares Held in the Name of Other Persons		Major Education and Work Experience (Note 2)	Position(s) Held Concurrently in Any Other Company	Managers who have spousal or second-degree family relationships within the Company			Remarks (Note 3)
					Shares	Shareholding ratio:	Shares	Shareholding ratio:	Shares	Shareholding ratio:			Title	Name	Relationships	
General Manager	Taiwan	CHEN, YI- CHIEN	Male	06.26.2023	0	0.00	0	0.00	0	0.00	Deputy General Manager, Tahsin Industrial Corp.	Invest Supervisor, Tah Fa Investment Co., Ltd.	None	None	None	None
CEO of Factory Affairs	Taiwan	HU, BOR- CHON	Male	04.01.2004	1,500	0.00	4,504	0.00	0	0.00	Director, Tahsin Industrial Corp.	Chairman, Chang Cai Corp., Ltd.	None	None	None	None
CEO of Overseas Affiliated Business	Taiwan	HUANG, CHUN- JIA	Male	06.01.2021	0	0.00	747	0.00	0	0.0	General Manager, Tahsin Industrial Corp.	None	None	None	None	None
Senior Deputy General Manager	Taiwan	LAI, KEN- MIN	Male	08.10.2017	12,162	0.01	34,534	0.03	0	0.00	Director, Tahsin Industrial Corp.	None	None	None	None	None
Assistant General Manager	Taiwan	DAVID CHEN	Male	08.10.2017	0	0.00	0	0.00	0	0.00	Manager, Tahsin Industrial Corp.	Director, Tah Fa Investment Co., Ltd.	None	None	None	None

Note 1: Shall include information regarding General Manager, Deputy General Manager, Assistant General Manager, Supervisors of Departments, and Branch Agencies. Persons who hold positions equivalent to General Manager, Deputy General Manager, or Assistant General Managers shall also be disclosed.

Note 2: Work experiences of anyone in the table above that are related to their current roles, such as previous employment at CPA firms or employment in affiliated companies, shall be disclosed along with job titles and responsibilities.

Note 3: Where the Chairperson of the Board of Directors and the General Manager or person of an equivalent post (the highest level manager) of the Company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (for example, increase the number of independent directors, and there shall be more than half of the directors who do not concurrently serve as employees or managers).

Description: For implementing the principles of corporate governance and division of Labor in function, the Chairman and General Manager WU, ZI-CONG resigned from the position of General Manager on June 26, 2023. The Deputy General Manager of the Company, CHEN, YI-QIAN, has been promoted to the position of General Manager, which the appointment was approved by the Board of Directors on June 26, 2023.

3. Remuneration of Directors (including Independent Director), General Manager, and Deputy General Manager

(1) Remuneration of Directors (including Independent Director)

Unit:NT\$ Thousand December 31, 2023

Title	Name	Remuneration of Directors						Ratio of total remuneration (A+B+C+D) to net income after tax (Note 10)		Remuneration Paid to Part-Time Employees				Ratio of total remuneration (A+B+C+D+E+F+G) to net income after tax % (Note 10)		Remuneration paid to directors from an investor company other than the company's subsidiary (Note 11)	
		Base Remuneration (A) (Note 2)		Retirement Pension (B)		Directors' remuneration (C) (Note 3)		Allowances (D) (Note 4)		Salaries, bonus and special subsidies (E) (Note 5)		Retirement pension (F)		Employees' compensation (G) (Note 6)			
		The company	All companies listed in this financial report (Note 7)	The company	All companies listed in this financial report (Note 7)	The company	All companies listed in this financial report (Note 7)	The company	All companies listed in this financial report (Note 7)	The company	All companies listed in this financial report (Note 7)	The company	All companies listed in this financial report (Note 7)	The company	All companies listed in this financial report (Note 7)		
Chairman	Tah Quan Investment Co., Ltd. (Representative): WU, ZI-CHEN																
Vice Chairman	HU, PO-YI																
Director	Daxinhang Investment Co., Ltd. (representative) HU, PEI-TUAN																
Director	Ping Fang Investment Co., Ltd. (representative) LIU, WAN-CHENG	3,350	3,350	0	0	1,800	1,800	0	0	16,233	21,633	0	0	27	0	27	0
Director	HU, BOR-CHON																
Director	Tah Cheng Investment Co., Ltd. (Representative): LAI, KEN-MIN																
Independent Director	LIN, KO-WU																
Independent Director	YANG, TE-WANG	2,160	2,160	0	0	0	0	14	107	0	0	0	0	0	0	0.65	0.65
Independent Director	YANG, KUO-SHU																None

Table of Remuneration Ranges

Remuneration Ranges for Directors	Name of Director			Total Remuneration for the First Seven Items (A+B+C+D+E+F+G)	
	Total Remuneration for the First Four Items (A+B+C+D)				
	The company (Note 8)	All companies listed in this financial report (Note 9)H	The company (Note 8)	All companies listed in this financial report (Note 9)I	
Less than NT\$ 1,000,000	Tah Quan Investment Co., Ltd. (representative) WU, ZI-CONG, HU, PO-YI Daxinchang Investment Co., Ltd. (representative) HU, PEI-TUAN, HU, BOR-CHON, Ping Fang Investment Co., Ltd. (representative) LIU, WAN-CHENG, Tah Cheng Investment Co., Ltd. (representative) LAI, KEN-MIN, LIN, KO-WU, YANG, TE-WANG YANG, KUO-SHU	Tah Quan Investment Co., Ltd. (representative) WU, ZI-CONG, HU, PO-YI Daxinchang Investment Co., Ltd. (representative) HU, PEI-TUAN, HU, BOR-CHON, Ping Fang Investment Co., Ltd. (representative) LIU, WAN-CHENG, Tah Cheng Investment Co., Ltd. (representative) LAI, KEN-MIN, LIN, KO-WU, YANG, TE-WANG YANG, KUO-SHU	Daxinchang Investment Co., Ltd. (representative) HU, PEI-TUAN, Ping Fang Investment Co., Ltd. (representative) LIU, WAN-CHENG, LIN, KO-WU, YANG, TE-WANG YANG, KUO-SHU	Ping Fang Investment Co., Ltd. (representative) LIU, WAN-CHENG, LIN, KO-WU, YANG, TE-WANG YANG, KUO-SHU	
NT\$1,000,000 (inclusive)~NT\$2,000,000 (exclusive)	None	None	None	None	None
NT\$2,000,000 (inclusive)~NT\$3,500,000 (exclusive)	None	None	None	None	None
NT\$3,500,000 (inclusive)~NT\$5,000,000 (exclusive)			HU, BOR-CHON, Tah Cheng Investment Co., Ltd. (representative) LAI, KEN-MIN	Daxinchang Investment Co., Ltd. (representative) HU, PEI-TUAN, HU, BOR-CHON, Tah Cheng Investment Co., Ltd. (representative) LAI, KEN-MIN	
NT\$ 5,000,000 (inclusive) ~ NT\$ 10,000,000 (exclusive)	None	None	Tah Quan Investment Co., Ltd. (representative) WU, ZI-CONG, HU, PO-YI	Tah Quan Investment Co., Ltd. (representative) WU, ZI-CONG, HU, PO-YI	
NT\$ 10,000,000 (inclusive) ~ NT\$ 15,000,000 (exclusive)	None	None	None	None	None
NT\$ 15,000,000 (inclusive) ~ NT\$ 30,000,000 (exclusive)	None	None	None	None	None
NT\$ 30,000,000 (inclusive) ~ NT\$ 50,000,000 (exclusive)	None	None	None	None	None
NT\$ 50,000,000 (inclusive) ~ NT\$ 100,000,000 (exclusive)	None	None	None	None	None
Over NT\$ 100,000,000	None	None	None	None	None
Total	9 directors	9 directors	9 directors	9 directors	9 directors

Note 1: The name of directors shall be listed separately (for corporate shareholders, the name of corporate shareholders and representatives shall be listed separately), and the payments shall be disclosed collectively. Directors who also serve as General Manager or Deputy General Managers shall be listed separately.

listed in the table and the table below (3).

- Note 2: Remuneration of directors in the most recent year (including salaries, job remuneration, severance, bonuses, and performance fees).
- Note 3: Remuneration paid to directors in the most recent fiscal year upon the approval of the Board of Directors.
- Note 4: Business expenses paid out to directors in the most recent year (including transport, special expenses, various allowances, accommodation, vehicles, and provision of physical goods and services). When expenditures, such as housing, cars, and other transportation, or dedicated personal expenses, the nature and cost of the assets, actual rental fee or assumed rental fee based on fair market rate, petrol cost, and other payout should be disclosed. If a personal driver has been given, please explain in a footnote as to the salary of the driver. Yet the driver's salary will not be included in the remuneration.
- Note 5: Salary, job-related allowances, separation pay, various bonuses, incentives, transportation allowance, special allowance, various allowances, accommodation allowance, and driver allowance received by directors who concurrently serve as employees (including General Manager, Deputy General Managers, other managerial officers, and employees) in the most recent fiscal year. When expenditures, such as housing, cars, and other transportation, or dedicated personal expenses, the nature and cost of the assets, actual rental fee or assumed rental fee based on fair market rate, petrol cost, and other payout should be disclosed. If a personal driver has been given, please explain in a footnote as to the salary of the driver. Yet the driver's salary will not be included in the remuneration. Any compensations recognized under IFRS 2 Share-Based Payment, including issuance of employee option certificates, new restricted employee shares, and cash capital increase by stock subscription shall also be included.
- Note 6: For directors concurrently holding positions in the company in the most recent fiscal year (including the General Manager, Deputy General Managers, other managerial officers, or employees) and receiving the remuneration (including stock and cash), the employees' remuneration paid in the most recent fiscal year upon the approval of the Board of Directors shall be disclosed. If such remuneration cannot be estimated, the remuneration to be distributed in the most fiscal year shall be based on the proportion of the remuneration distributed last year and filled in Schedule 1-3.
- Note 7: Total remuneration in the various items paid out to the Company's directors by all companies (including this Company) listed in the consolidated statement shall be disclosed.
- Note 8: For the total remuneration in various items paid out to the company's directors, the name of each director shall be disclosed in the corresponding range of the remuneration. For the total remuneration in various items paid out to the company's directors, the name of each director shall be disclosed in the corresponding range of the remuneration.
- Note 9: Total remuneration in various items paid to every director of this Company by all companies (including this Company) listed in the consolidated statement shall be disclosed. The name of the director shall also be disclosed in the proper remuneration range.
- Note 10: Net profit refers to the after-tax net income for the most recent fiscal year; for those that have already adopted the IFRS principles, net profit refers to the after-tax net income in individual or consolidated financial reports for the most recent fiscal year.
- Note 11:
- a. The amount of remuneration received from subsidiaries other than investment companies by the company's directors should be stated clearly in this column.
 - b. If the director receives remuneration from investments in other companies that are not subsidiaries of this company, the said remuneration shall be included in Column I in the remuneration range table. The name of the column shall also be changed to "All investments in other companies".
 - c. Remuneration in this case shall refer to compensation, reward, employee bonuses, expenses of business execution, and other related payments received by the company's director for being a director, supervisor, or managerial officer of investment companies other than subsidiaries of the company.
- *The content of compensation disclosed in this table is derived based on a concept different from the concept of income stipulated in the Income Tax Act. The purpose of the table is for the disclosure of information, instead of taxation.

Remuneration to General Manager and Deputy General Manager (Summarized in accordance with the Range of Remuneration disclosed)

Unit: NT\$ thousand December 31, 2023

Title	Name	Salary (A) (Note 2)		Retirement Pension (B)		Bonuses and special expenses (C) (Note 3)		Employees' Remuneration (D) (Note 4)			Ratio of A,B,C,D Total Remuneration to Net Income (%) (Note 8)		Whether or not the person receives remuneration from other non-subsidiary companies listed in this financial report (Note 9)
		The company	All companies listed in this financial report (Note 5)	The company	All companies listed in this financial report (Note 5)	The company	All companies listed in this financial report (Note 5)	The company	Cash amount	Stock amount	The company	All companies listed in this financial report (Note 5)	
General Manager	CHEN, YI-QIAN												
CEO of Factory Affairs	HU, BOR-CHON												
Overseas CEO	HUANG, CHUN-JIA	4,005	5,445	0	0	6,880	6,880	27	0	27	0	3.53	None
Senior Deputy General Manager	LAI, KEN-MIN												

*Regardless of title, any position equivalent to General Manager, Deputy General Manager (e.g., President, CEO, director...) shall be disclosed.

Description: For implementing the principles of corporate governance and division of Labor in function, the Chairman and General Manager WU, ZI-CONG resigned from the position of General Manager on June 26, 2023. The Deputy General Manager of the Company, CHEN, YI-QIAN, has been promoted to the position of General Manager, which the appointment was approved by the Board of Directors on June 26, 2023.

Table of Remuneration Ranges

Ranges of Remuneration paid to General Manager and Deputy General Manager of the Company	Names of General Manager and Deputy General Manager	
	The Company (Note 6)	All companies listed in this financial report (Note 7) E
Less than NT\$ 1,000,000	None	None
NT\$1,000,000 (inclusive)~NT\$2,000,000 (exclusive)	HUANG, CHUN-JIA	HUANG, CHUN-JIA
NT\$2,000,000 (inclusive)~NT\$3,500,000 (exclusive)	CHEN, YI-QIAN, HU, BOR-CHON LAI, KEN-MIN	CHEN, YI-QIAN
NT\$3,500,000 (inclusive)~NT\$5,000,000 (exclusive)	None	HU, BOR-CHON LAI, KEN-MIN
NT\$ 5,000,000 (inclusive) ~ NT\$ 10,000,000 (exclusive)	None	None
NT\$ 10,000,000 (inclusive) ~ NT\$ 15,000,000 (exclusive)	None	None
NT\$ 15,000,000 (inclusive) ~ NT\$ 30,000,000 (exclusive)	None	None
NT\$ 30,000,000 (inclusive) ~ NT\$ 50,000,000 (exclusive)	None	None
NT\$ 50,000,000 (inclusive) ~ NT\$ 100,000,000 (exclusive)	None	None
Over NT\$ 100,000,000	None	None
Total	4 directors	4 directors

- Note 1:** The names of the General Manager and Deputy General Managers shall be listed separately, and the payments shall be disclosed collectively. If a director concurrently serves as a General Manager or Deputy General Manager, his/her name and the amount of remuneration paid to him/her shall be listed in Table (1-1) or (1-2) above.
- Note 2:** General Manager and Deputy General Manager's compensations in the most recent fiscal year (including salary, professional compensation, and severance).
- Note 3:** Cash and non-cash compensations to the General Manager and Deputy General Manager in the most recent year, including bonus, reward, reimbursement of expenses, special allowances, various subsidies, housing, and use of vehicle. When expenditures, such as housing, cars, and other transportation, or dedicated personal expenses, the nature and cost of the assets, actual rental fee or assumed rental fee based on fair market rate, petrol cost, and other payment should be disclosed. If a personal driver has been given, please explain in a footnote as to the salary of the driver. Yet the driver's salary will not be included in the remuneration. Any compensations listed under IFRS 2 Share-Based Payment, including issuance of employee stock options, new restricted employee shares, and cash capital increase by stock subscription shall also be included.
- Note 4:** The amount of employee compensation of General Managers and Deputy General Managers in the most recent fiscal year, which has been approved and assigned by the Board of Directors (including share bonus and cash) If the amount cannot be estimated, the amount for the current fiscal year should be

calculated pro rata, based on the actual amount of the previous fiscal year. Net profit refers to the after-tax net income for the most recent fiscal year; for those that have already adopted the IFRS principles, net profit refers to the after-tax net income in individual or consolidated financial reports for the most recent fiscal year. NIAT refers to the net profit after tax in the most recent year; in cases where international financial reporting standards are adopted, the NIAT represents the net profit after tax of individuals or respective financial statements in the most recent year.

Note 5: Total compensations of various items paid out to this Company's General Managers and Deputy General Managers by all companies (including this Company) listed in the consolidated statement shall be disclosed.

Note 6: Names of the Company's General Managers and Deputy managers shall be disclosed in the range corresponding to the total of compensations paid to them.

Note 7: Total compensation of various items paid to every General Manager and Deputy General Manager of the company by all companies (including the company)

listed in the consolidated statement shall be disclosed. The name of the General Manager and Deputy General Managers shall also be disclosed in the proper compensation range.

Note 8: NIAT refers to the net profit after tax in the most recent year; in cases where international financial reporting standards are adopted, the NIAT represents the net profit after tax of individuals or respective financial statements in the most recent year.

Note 9: The amount of remuneration received from subsidiaries other than investment companies by the Company's General Managers and Deputy General Managers should be stated clearly in this column.

a. If the company's General Managers or Deputy General Managers receive remuneration from investments in other companies that are not subsidiaries of the company, the said remuneration shall be included in column E in the remuneration bracket table. The name of the column shall also be changed to "All investments in other companies".

b. Remuneration in this case shall refer to remuneration, compensation (including remuneration as a company employee, director, or supervisor), business expenses, and other related payments received by the General Managers or Deputy General Managers of this Company for being a director, supervisor, or managerial officer of other non-subsidiary companies that this company has invested in.

The content of compensation disclosed in this table is derived based on a concept different from the concept of income stipulated in the Income Tax Act. The purpose of the table is for the disclosure of information, instead of taxation.

(4) Distribution of Employee Compensation and Names of Distribution Managers

Unit: NT\$ thousand

December 31, 2023

	Title (Note 1)	Name (Note 1)	Stock amount	Cash amount	Total	Total Amount as A Proportion of Net Income After Tax (%)
Managers	General Manager	CHEN, YI- QIAN	0	27	27	0.0077
	CEO of Factory Affairs	HU, BOR- CHON				
	Overseas CEO	HUANG, CHUN-JIA				
	Senior Deputy General Manager	LAI, KEN- MIN				

Note 1: Names and job titles should be disclosed individually, but the earning distributions can be disclosed on an aggregate basis.

Note 2: Remuneration paid to managers in the most recent fiscal year upon the approval of the Board of Directors (including stock dividends and cash). If the amount cannot be estimated, the amount shall be based on the amount paid in the previous year. NIAT refers to the net profit after tax in the most recent year; in cases where international financial reporting standards are adopted, the NIAT represents the net profit after tax of individuals or respective financial statements in the most recent year.

Note 3: Applicability of managers is based on the Ministry of Finance Securities & Futures Commission Letter No. Taiwan-Finance-Securities-(3)-0920001301 issued on March 27, 2003, which is as follows:

(1) General Managers or their equivalents; (2) Deputy General Manager or their equivalents; (3) Assistant General Manager or their equivalents; (4) Chief Financial Officer; (5) Chief Accounting Officer; and (6) other persons authorized to manage affairs and sign documents on behalf of a company

Note 4: If Directors, General Manager, or Deputy General Manager have received employee compensations (including shares and cash), this form shall be filled out in addition to Table 1-2.

4. Separately compare and describe total remuneration, as a percentage of net income, as paid by the Company and by each other company included in the consolidated financial statements during the past 2 fiscal years to Directors, Supervisors, General Manager, and Assistant General Managers, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:

(1) Analysis of the Total Remuneration of Directors, General Managers, Deputy General Managers, and Their Equivalents as a Percentage of the Company's After-Tax Income in the Individual Financial Statement in the Last Two Years:

Unit: NT\$ Thousand

Item Position	The Company				All Companies			
	2022		2023		2022		2023	
	Total	Ratio of Total Amount to NIAT	Total	Ratio of Total Amount to NIAT	Total	Ratio of Total Amount to NIAT	Total	Ratio of Total Amount to NIAT
Directors' Remuneration	20,053	2.83%	21,410	6.13%	24,973	3.53%	26,810	7.67%
General Managers', and Deputy General Managers' Remuneration	16,226	2.29%	12,353	3.54%	17,666	2.49%	13,793	3.95%
NIAT	708,174	-	349,399	-	708,174	-	349,399	-

Description: 1. The total remuneration of directors in 2023 increased compared with that in 2022, which was due to the fact that there were 8 directors in 2022.

The total remuneration of the general manager and deputy general manager decreased com-

pared to 2023, as Chairman and General Manager Wu Zicong resigned from the position of general manager on June 26, 2023 in order to implement principles of corporate governance and division of labor in function, which has resulted in lower bonus payments compared to 2022, and while the Deputy General Manager of the Company, CHEN, YI-QIAN has been promoted to the position of General Manager, and the appointment was approved by the Board of Directors on June 26, 2023.

2. The self-assessment results of the directors, board of directors, and individual functional committees in 2023 were all excellent. The performance of the Company's management team in 2023 met the predetermined target requirements, and the operational evaluations also met the standards.

3. The Remuneration Committee of the Company held three meetings on March 7, October 13, 2023 and March 5, 2024, as of the printing date of the annual report, for reviewing the remuneration structure of Directors and managers, and standards for year-end bonus distribution. The conclusion was submitted to the Board of Directors for discussion and approval.

4. On March 12, 2024, the Board of Directors adopted a resolution to distribute the remuneration of NT\$ 1.9 million for employees and director's remuneration of NT\$ 1.8 million, all of which will be paid in cash.

(2) Description of the policy for payment of remuneration, the standard and combination, the procedures for setting remuneration, and the relationship between business performance and future risks:

1. The Policy for Payment of Remuneration, the Standard and Combination:

- ① The remuneration of Directors (including Independent Directors) of the Company is divided into three categories:
 - i. Fixed monthly remuneration
 - ii. Remuneration paid to directors upon the approval of the Board of Directors
 - iii. The attendance fee of the functional committees
- ② The executive directors' remuneration is determined by the Board of Directors referring to the standard guidance of companies from the same business by the participation and contribution respectively; In accordance with Article 27 of the company's Articles of Incorporation, if the company makes profits in the year, profits distributed as directors and supervisors' compensation shall be no less than 5% of the total profits.
- ③ Independent directors are not in distribution of directors' compensation. The Company evaluates the directors' remuneration regularly with performance assessment rules for the Board of Directors, the assessment and remuneration reasonableness will be reviewed by the Remuneration Committee and the Board of Directors.
- ④ For remuneration of managers, in addition to fixed monthly salary in accordance with corporate standards, year-end bonus and festive bonuses are issued based on the operation of the company. Other related bonus may be paid in accordance with annual business performance, financial situation and individual assessment. In accordance with Article 27 of the company's Articles of Incorporation, if the company makes profits in the year, profits distributed as employees' remuneration shall be no less than 5% of the total profits. The bonus for employees may be evaluated by the day-to-day performance, the references of bonus for managers are categorized into financial and non-financial indicators; distributed by the contribution to the Company's profit in accordance with the financial statement analysis and business management department and the managers' achievement percentage is also taken into considera-

tion; Non-financial indicator is divided into the implementation of core value of the Company and the business management capability, and participation in sustainable management, calculating the remuneration of its business performance, adjusting the remuneration system in the case of actual business situation and related laws, paying reasonable remuneration and find a balance between sustainable business and risk control.

- ⑤ The combination of remuneration paid by the Company is in accordance with the Remuneration Committee Charter, including cash, retire benefit or severance, various subsidies, and other reward systems; the category about directors' and managers' remuneration should coordinate with the published company annual report.

2. The Procedures for Setting Remuneration:

- ① To regularly evaluate the remuneration of Directors and managerial officers, the evaluation is in accordance with the Measures for the Evaluation of the Board of Directors' Performance and the remuneration standard. The directors' and managers' remuneration refers to the companies from the same business and the business performance, and is reviewed by the Board of Directors. The evaluation standard of the Chairman's performance is based on annual operating result relevant to operating, management and finance. The evaluation includes net income before tax and the corporate governance evaluation indicators; The evaluation standard of the General Manager's performance includes various performance goals relevant to operating, finance supervise, income management, safety management, internal control, and quality implement, etc.
- ② The operating evaluation and remuneration reasonableness of directors and managers are annually evaluated and reviewed by the Remuneration Committee and the Board of Directors. In addition to referring to individual achievement percentage and the contribution, the overall operating performance and the future risks and development trend are taken into consideration, adjusting the remuneration system in the case of actual business situation and related laws. The actual remuneration paid out for the Directors and the Managers is reviewed by the Remuneration Committee and determined by the Board of Directors.

3. The Relationship Between Business Performance and Future Risks:

- ① The overall operating is the main consideration regarding the review of the paid remuneration standard and system, referring to the achievement percentage and the contribution to improve the overall team efficiency. To ensure the remuneration for the managerial level is competitive, remuneration standard in the industry is taken into consideration, so as to retain superior management.
- ② The performance goal of Managers is combined with risk control to ensure the possible risks in duty are manageable and preventable, and the result of evaluation on actual performance is connected to human resource and relevant remuneration policy. The important decision made by managerial level should be done after assessing various risk elements. The relevant performance of decision making reflects on the profits of the Company, and the remuneration of managerial level is related to the performance on risk control.

III. Implementation of Corporate Governance:

1. Information on Operation of the Board of Directors

A total of 8 (A) Board meetings were held in the last year. The attendance of the Directors was as follows:

Title	Name (Note 1)	Times of attending in person B	Times of attending by proxy	Rate of Actual Presence (Attendance) [B/A] (Note 2)	Remarks
Chairman	Tah Quan Investment Co., Ltd. (representative): WU, ZI-CONG	8	0	100	Reappointed Re-election Date: June 16, 2023
Vice Chairman	HU, PO-YI	8	0	100	Reappointed Re-election Date: June 16, 2023
Director	HU, BOR-CHON	8	0	100	Reappointed Re-election Date: June 16, 2023
Director	Daxinchang Investment Co., Ltd. (Representative): HU, PEI-TUAN	6	2	75	Reappointed Re-election Date: June 16, 2023
Director	Ping Fang Investment Co., Ltd.: LIU, WAN-CHENG	8	0	100	Reappointed Re-election Date: June 16, 2023
Director	Tah Cheng Investment Co., Ltd. (representative): LAI, KEN-MIN	5	0	100	Newly-elected Election Date: June 16, 2023
Independent Director	LIN, KO-WU	8	0	100	Reappointed Re-election Date: June 16, 2023
Independent Director	YANG, TE-WANG	8	0	100	Reappointed Re-election Date: June 16, 2023
Independent Director	YANG, KUO-SHU	8	0	100	Reappointed Re-election Date: June 16, 2023

Other matters that shall be reported:

I. Where one of the following circumstances apply for the operations of the Board of Director meetings, the date, session, proposal contents, opinions of all Independent Directors, and the company's actions in response to the opinions of the Independent Directors shall be stated:

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

In the fiscal year 2023 and up to the date of publication of the annual report, the company has convened 8 board meetings in total, with the material resolutions as follows: is listed on pages 73-76 of the annual report, 3 independent directors expressed no objection to the matters listed in Article 14-3 of the Securities and Exchange Act and adopted the resolution accordingly.

(2) Except for the aforementioned matters, any other resolutions from the Board of Directors where an independent director has a dissenting or qualified opinion that is on record or stated in a written statement: None.

During the execution process where the Director avoids interested proposal, the name of the Director, the content of the proposal, the reason for the avoidance, and the results of the voting should be stated:

(1) The 20th Board meeting of the 19th Board of Directors: (March 24, 2023)

①**Parties recused: Chairman and General Manager WU, ZI-CONG, Director HU, BOR-CHON, , with Senior Assistant General Manager LAI, KEN-MIN and Financial Accounting Manager CHEN, MIN-TSE in attendance, for a total of 4 persons.**

②**Content of the proposal: Distribution plan of remuneration to managers in 2022.**

③**Reasons for recusal and voting participation:**

Interested party should be recused from discussion and voting due to his managerial position in the Company.

(2) The 2nd Board meeting of the 20th Board of Directors: (June 26, 2023)

①**Parties recused: Independent Directors LIN, KO-WU, YANG, TE-WANG, and YANG, KUO-SHU in attendance, for a total of 3 persons.**

②**Content of the proposal: Re-election of the members of the Remuneration Committee due to the end of term.**

③**Reasons for recusal and voting participation:**

The independent directors should recuse themselves from the discussion and not participate in the vote due to the involvement in the Remuneration Committee duties.

(3) The 2nd Board meeting of the 20th Board of Directors: (June 26, 2023)

① **Parties recused: Assistant General Manager CHEN, YI-QIAN in attendance.**

② **Content of the proposal: The appointment of the new General Manager.**

③ **Reasons for recusal and voting participation:**

Interested party should be recused from discussion and voting due to his managerial position in the Company.

(4) The 4thBoard meeting of the 20th Board of Directors: (November 10, 2023)

① **Parties recused: Chairman WU, ZI-CONG, Vice Chairman HU, PO-YI, Director HU, BOR-CHON, General Manager CHEN, YI-QIAN, Senior Assistant General Manager LAI, KEN-MIN and Financial Accounting Manager CHEN, MIN-TSE in attendance, for a total of 6 persons.**

②**Content of the proposal: Distribution plan of year-end bonus to directors and managers.**

③ **Reasons for recusal and voting participation:**

Interested party should be recused from discussion and voting due to their directorial and managerial duties in the Company.

(5) The 5th Board meeting of the 20th Board of Directors: (March 12, 2024)

- ① **Parties recused:** Director HU, BOR-CHON, General Manager CHEN, YI-QIAN, Senior Assistant General Manager LAI, KEN-MIN and Financial Accounting Manager CHEN, MIN-TSE in attendance, for a total of 4 persons.
- ② **Content of the proposal:** Distribution plan of remuneration to managers in 2023.
- ③ **Reasons for recusal and voting participation:**

Interested party should be recused from discussion and voting due to their managerial duties in the Company.

II. The information of self-evaluation of the board members, the Board of Directors, and the functional committees, such as evaluation cycle, period, scope, method and contents, and the implementation of the evaluation.

(1) Cycle, period, scope, method and contents of the evaluation

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content
Once a year	January 2023~December 2023	Board members	Self-evaluation by board members	<ol style="list-style-type: none"> 1. Alignment of the goals and missions of the company 2. Awareness of the duties of a director. 3. Participation in the operation of the company 4. Management of internal relationship and communication 5. The director's professionalism and continuing education 6. Internal control
		Board of Directors	Internal evaluation	<ol style="list-style-type: none"> 1. Participation in the operation of the company 2. Improvement of the quality of the Board of Directors' decision making 3. Composition and structure of the Board of Directors 4. Election and continuing education of the directors 5. Internal control
		Audit Committee		<ol style="list-style-type: none"> 1. Participation in the operation of the company 2. Awareness of the duties of the audit committee 3. Improvement of quality of decisions made by the audit committee 4. Composition of the audit committee and election of its members 5. Internal control
		Remuneration Committee		<ol style="list-style-type: none"> 1. Participation in the operation of the company 2. Awareness of the duties of the remuneration committee 3. Improvement of quality of decisions made by the remuneration committee 4. Composition of the remuneration committee and election of its members

**(2) The implementation status of the board members' evaluation:
2023**

1. The Company formulated the Measures for the Evaluation of the Board of Directors' Performance, which was adopted by the Board of Directors on November 11, 2016.
2. Conduct the performance evaluation of the board members, the Board of Directors and the functional committees in December of each year.
3. During December 1 to December 31, 2022, the board members, the Board of Directors and the functional committees conducted an internal evaluation. There were 30 self-evaluation indicators for the board members, 47 evaluation indicators for the Board of Directors, 22 evaluation indicators for the audit committee, and 18 evaluation indicators for the remuneration committee. The evaluation results were divided into five grades: excellent, well, good, fair and to be strengthened. The executive unit was responsible for the overall consolidation at the end of December and submitted to the Chairman and the convener of audit and remuneration committee. The evaluation results shall be reported to the latest board meeting in the next year. In accordance with the rules, the results of performance evaluation should be filed to the TWSE before the end of the first quarter of the next year starting from 2020.
4. According to the above measures, the evaluation results of 2023 have been submitted to the Board of Directors and the audit committee on March 12, 2024 and reported by the remuneration committee on March 5, 2024, and the evaluation results were disclosed on the website of that month.
5. According to the law, the performance appraisal results should be reported to the TWSE before the end of the first quarter of the next year starting from 2020. The report has been completed on March 21, 2024. In addition, the implementation is fully disclosed in the annual report and the company's website for reference.

(3) The results of the 2023 annual self-evaluation of the board members, the Board of Directors and functional committees are summarized as follows:

The self-assessment questionnaire was answered by 9 board members of the company. The assessment results are analyzed as follows:

1. Evaluation year: 2023
2. Evaluation period: From January 1 to December 31, 2023
3. Self-evaluation period: from December 1 to December 31, 2023
4. Directors conducted the self-evaluation:
 - ① Chairman: WU, ZI-CONG
 - ② Vice Chairman: HU, PO-YI
 - ③ Director: HU, BOR-CHON, HU, PEI-TUAN, LIU, WAN-CHENG, LAI, KEN-MIN
 - ④ Independent Director LIN, KO-WU, YANG, TE-WANG, YANG, KUO-SHU

5. Evaluation results:

① Board members

There were 9 self-evaluation questionnaires with 30 items. The evaluation results of 2023 were: 95.14 points as "well".

② Board of Directors

Performance evaluation covers five aspects, with 47 items in total. The evaluation results of 2023 were 94.04 points as "well".

③ Audit committee

Performance evaluation covers five aspects, with 22 items in total. The evaluation results of 2023 were 100 points as "excellent".

④ Remuneration committee

Performance evaluation covers four aspects, with 18 items in total. The evaluation results of 2023 were 100 points as "excellent".

6. Chairman's comments:

Continue to uphold the sustainable business philosophy of pragmatic integrity, play the role of directors effectively. During this year, the attendance rate of directors reached 97%; the internal and external interactions are effective and directors' duties are well done.

7. Comments of Independent Director LIN, KO-WU:

Relevant laws and regulations, financial status, risk control, etc. are implemented and managed and properly judged, and the directors in respective functional committees have objectively exercised the functions and powers to do the supervisory duties well.

Note 1: The execution cycle of the Board of Directors' evaluation.

Note 2: The period of the performance evaluation of the Board of Directors.

Note 3: The scope of evaluation covers the performance evaluation of the board, individual directors, and functional committees.

Note 4: Methods of evaluations include the internal evaluation of the board, self-evaluation by individual board members, peer evaluation, and evaluation by appointed external professional institutions, experts, or other appropriate methods.

Note 5: Contents of the evaluation shall cover the following aspects:

(1) Performance evaluations of the Board of Directors:

At least including participation in the operation of the company, decision quality of the Board of Directors, composition and structure of the Board of Directors, election/appointment and continuing education of the directors and internal control.

(2) Performance evaluations of individual board members:

At least including alignment of the goals and mission of the company, awareness of the duties of a director, participation in the operation of the company, management of internal relationships and communication, professionalism and continuing education of the directors, and internal control.

(3) Performance evaluation of the functional committee: Participation in the operation of the company, awareness of the duties of the functional committee, improvement of quality of decisions made by the functional committee, makeup of the functional committee and election of its members and internal control.

IV. Communication between Independent Directors, Supervisor of internal audit and CPA:

1. In accordance with the law, the company established independent directors by the 18th (2017) Board of Directors, with 9 directors (including 2 independent directors) elected through a candidate nomination system; and 9 directors (including 3 independent directors) went through an overall re-election in the 19th (2020) Board of Directors with a setup of audit committee composed by all independent directors in order to enhance the operational efficiency of the Board of Directors, strengthen the independence and management functions of the directors, and establish a good governance system.
2. The 20th term was re-elected on June 16, 2023. The distribution of tenure and seniority of independent directors reads as follows: The dependent directors LIN, KO-WU and YANG,TE-WANG assumed office on June 23, 2017 with 6-year tenure. The dependent director YANG, KUO-SHU assumed office on June 5, 2020 with 3-year tenure of 3 years. All independent directors have served for no more than 3 consecutive terms.
3. The company's internal audit managers and CPAs may directly contact Independent Directors as necessary so as to maintain good mutual communication.
4. The company's internal audit managers should periodically (1.5~2 months depending on the epidemic situation) report to Independent Directors on audit matters to fully express and communicate on audit operation and effectiveness.
5. The company's CPAs should regularly (quarterly) report to Independent Directors as well on results of review of financial statements and internal control audits.
6. Summary of communications between Independent Directors and internal audit managers:

Independent Directors of the Company had a good communication with internal audit managers on implementation and effectiveness of the audits. The attendance rate of the independent directors, convener LIN, KO-WU, member YANG,TE-WANG and YANG, KUO-SHU, reached 100%.

Summary of the significant discussion for the year and the most recent year is as follows:

Date	Method	Communications between internal audit managers	Execution results
2023.01.09	Discussion	Review of the audit and assessment report for November to November 2022.	No comment on communication matters
2023.02.15	Discussion	Review of the audit and assessment report for December 2022 - January 2023.	No comment on communication matters
2023.03.07	Discussion	Review of the audit and assessment report for February 2023.	No comment on communication matters
2023.05.10	Discussion	Review of the audit and assessment report for March-April 2023.	No comment on communication matters
2023.06.16	Discussion	Review of the audit and assessment report for May 2023.	No comment on communication matters
2023.08.11	Discussion	Review of the audit and assessment report for June-July 2023.	No comment on communication matters
2023.09.26	Discussion	Review of the audit and assessment report for August-September 2023.	No comment on communication matters
2023.10.27	Discussion	Review of the audit and assessment report for October 2023.	No comment on communication matters

2023.12.20	Discussion	Review of the audit and assessment report for November 2023.	No comment on communication matters
2024.02.20	Discussion	Review of the audit and assessment report for December 2023.	No comment on communication matters
2024.03.05	Discussion	Review of the audit and assessment report for January 2024.	No comment on communication matters

7. Summary of communications between independent directors and CPAs

The two-way interaction and communication between Independent Directors and CPAs of the Company were in good condition.

Summary of the significant discussion for the year and the most recent year is as follows:

Date	Method	Communication matters with our accountants	Execution results
2023.03.07	Discussion	1. Review of standalone and consolidated financial statements for the 4th quarter of 2022. 2. Internal control audit report.	No comment on communication matters
2023.03.16	Written	Governance matters of financial report audit and planning in 2022.	No comment on communication matters
2023.05.10	Discussion	1. Review of consolidated financial statements for the first quarter of 2023. 2. Internal control audit report.	No comment on communication matters
2023.08.11	Discussion	1. Review of consolidated financial statements for the second quarter of 2023. 2. Internal control audit report.	No comment on communication matters
2023.11.10	Discussion	1. Review of consolidated financial statements for the third quarter of 2023. 2. Internal control audit report.	No comment on communication matters
2023.12.20	Written	Governance matters of financial report audit and planning in 2023.	No comment on communication matters
2024.03.05	Discussion	1. Review of standalone and consolidated financial statements for the 4th quarter of 2023. 2. Internal control audit report.	No comment on communication matters

V. Goals of strengthening the functions of the board of directors in the current year and the latest year

(Establishing a functional committee and enhancing information transparency) and implementation status:

(1) The Company established the Remuneration Committee at the 3rd meeting of the 16th Session of the Board of Directors on December 28, 2011.

1. The Remuneration Committee held meetings on March 07, 2023, June 26, 2023, October 13, 2023, and March 5, 2024, and should hold at least one meeting every half year according to the regulations.

2. During the meetings, salary structure of Directors and managers, and standards for awarding year-end bonuses were reviewed in order to implement corporate governance.

(2) Adopted at the 4th meeting of the 20th Board of Directors on November 10, 2023:

Regular assessment of independence of CPAs to ensure reliability of the company's financial statements.

(3) The 5th meeting of the 20th session of Board of Directors on March 12, 2024 passed:

1. Compiling sustainability reports and ensuring work schedules of the planning and reporting:

In accordance with action plan for sustainable development and international trend regarding sustainability information disclosure, reveal the implementation status of greenhouse-gas inventory verification, as well as the carbon reduction target, strategy, and concrete action plans according to the schedule.

2. The amendment to partial provisions of the company's "Measures of Procedures of the Board of Directors" and "Organizational Rules of the Audit Committee":

In order to meet the needs of legal requirement and practical operation.

(4) The 5th meeting of the 20th session of Board of Directors on March 20, 2024:

1. Actual implementation of information security protection and response measures (quarterly).

2. A summary report on the communication between various categories of stakeholders (quarterly).

3. Actual implementation of accounting of greenhouse gas (quarterly).

4. Performance self-evaluation of the board members, the Board of Directors, the Audit Committee, and the Remuneration Committee in 2023: Evaluation results are “excellent”.

(5) Information on actual operation of the Board of Directors has been published on Tahsin's website. (www.tahhsin.com.tw)

Note 1: Where a director or supervisor is a legal person, the name of the legal person shareholder and the name of its representative shall be disclosed.

Note 2:

(1) Before the end of the year, should any director or supervisor leave the position, departure dates should be indicated in Notes. Actual attendance rate (%) shall be calculated using the number of Directors' Meetings convened and actual presence (attendance) during the term of service.

(2) Before the end of the year, if there is any re-election of director, the newly and previously elected director should both be listed, with the status as to whether they are previously elected, newly elected, or re-elected and the re-election date stated in remarks. Actual presence (attendance) rate (%) shall be calculated using the number of Directors' Meetings convened and actual times of presence (attendance) during the term of service.

2. Audit Committee:

(1) A total of 7 (A) Board meetings were held in the latest year. The attendance of the Independent Directors was as follows:

Title	Name	Attendance in Person (B)	Times of attending by proxy	Attendance in Person) (Note 1, Note 2)	Remarks
Convener	LIN, KO-WU	7	0	100	Date of Establishment: June 16, 2023
Members	YANG,TE-WANG	7	0	100	Date of Establishment: June 16, 2023
Members	YANG, KUO-SHU	7	0	100	Date of Establishment: June 16, 2023

Other matters that shall be reported:

(1) If the Audit Committee operates under any of the following circumstances, it shall state the date, period, content of the proposal, independent directors' objections, qualified opinions or major recommendations, the results of the Audit Committee's resolutions, and the Company's response to the opinions of the Audit Committee: Matters listed in Article 14-5 of the Securities and Exchange Act: In the year 2023 and up to the date of publication of the annual report, the company has convened seven board meetings in total, with the material resolutions listed on page 39-40 of the annual report, three independent directors expressed no objection to the matters listed in Article 14-5 of the Securities and Exchange Act. Approved by the Audit Committee, and submitted to the Board of Directors for approval.

(2) Except for the previous matters, other matters that have not been approved by the Audit Committee and have been approved by more than two thirds of all directors: None.

II. During the execution process where the Independent Director avoids interested proposal, the name of the Independent Director, the content of the proposal, the reason for the avoidance, and the results of the voting should be stated: None.

III. Communication between Independent Directors, Supervisor of inter-

nal audit and CPA:

Matters, methods and results of communication on the company's financial and business status:

- ① **Before the meeting of the board of directors and the audit committee, the audit supervisor will report the results of the internal audit on a selected date. Independent directors can understand and express their opinions at the meeting.**
- ② **Financial statements are sent to independent directors for approval after being audited by CPAs. When opinions are expressed by independent directors during the review of the financial report, a detailed explanation will be given by the accounting officer while further discussion with CPAs can also be held.**
- ③ **The CPAs have been appointed to audit the individual and consolidated financial statements of the company and its subsidiaries for 2023 and the communication with the governance units:
Both parties communicated and confirmed governance items, including the reliability of financial information disclosure of the company and job responsibilities of auditors, and understanding of significant risks the Company faces and risk-reducing measures of the managerial level. The discussion was effective and without objections.**
- ④ **The individual and consolidated financial statements for 2023 were approved by the Audit Committee on March 12, 2024 and submitted to the Board of Directors for approval.**
- ⑤ **For communication matters, see page 35 of the annual report.**

Note 1: Before the end of the year, should any independent director leave the position, departure dates should be indicated in Notes. Actual presence (attendance) rate (%) shall be calculated using the number of meetings of the Audit Committee convened and actual presence (attendance) during the term of service.

Note 2: If any re-election of independent director takes place before the end of the year, the newly- elected and previously-elected independent directors should both be listed with the status of whether they are previously-elected, newly-elected, or re-elected and election date clarified in Notes. His or her attendance rate (%) will be calculated on the basis of the number of Audit Committee meetings held during his or her tenure and the number of such meetings attended.

(2) Annual work summary and operation of the Audit Committee for 2023:

1. The elected 20th Board of Directors establishes an audit committee being composed of all three independent director.

2. Annual work summary:

● Review of financial statements

The 2022 Business Report and Profit Distribution Proposal prepared by the Company's Board of Directors, along with the quarterly review, annual review and the consolidated and individual financial statements audited by Crowe Horwath (TW) CPAs' Wang, Wu-Chang and Chiu, Kuei-Ling have been submitted to the Audit Committee for review and approval without finding any nonconformity.

● Assessment of the effectiveness of the internal control system

The Audit Committee evaluates the effectiveness of the company's internal control system (including finance, operations, risk management, information security, compliance with laws and regulations), and reviews the company's audit department and the periodic reports of visa accountants.

● Establishment of the Chief Information Security Officer

In accordance with the Regulations Governing Establishment of Internal Control Systems by Public Companies, establishment of the Chief Information Security Officer was approved by the Committee on March 24, 2023 and submitted to the board of directors and approved in accordance with the law.

● Establishment of the Chief Governance Officer

In accordance with the governance regulation, listed companies should have Chief Governance Officer according to its size; it should be set up before June 30, 2023. Establishment of the Chief Governance Officer was approved by the Committee on March 24, 2023 and submitted to the board of directors and approved in accordance with the law.

- **Regular annual assessment of the independence and competence of the CPAs**

Evaluations are conducted based on the 'Auditor Independence Statement' and 'Audit Quality Indicators (AQI)' report provided by the CPA, and then the assessment results are submitted to the board of directors. The latest evaluation results were deliberated and approved on November 10, 2023 and then submitted to the board of directors for resolution in accordance with the law.

3. **The main purpose of the operation of this committee is the supervision of the following matters:**
 - (I) **The fair expression of the company's financial statements.**
 - (II) **Engagement (dismissal) of the CPA and independence.**
 - (III) **Effective implementation of the company's internal controls.**
 - (IV) **The company complies with relevant laws and regulations.**
 - (V) **Control of the company's existing or potential risks.**
4. **The Committee assists the Board of Directors in carrying out its supervisory duties, and its functions and powers are as follows:**
 - (I) **The internal control system shall be established or amended in accordance with the provisions of Article 14-1 of the Securities and Communications Law.**
 - (II) **Assessment of the effectiveness of the internal control system.**
 - (III) **In accordance with the provisions of Article 36 1 of the Securities and Communications Law, the procedures for the acquisition or disposition of assets, the transaction of derivative commodities, the loan of funds to others, the endorsement of others or the provision of guarantees for the processing of major financial business activities.**
 - (IV) **Matters involving the director's own interests.**
 - (V) **Material assets or financial derivatives transactions**
 - (VI) **Material capital loans, endorsements or guarantees.**
 - (VII) **Offering, issuing or private placement of securities with equity nature.**
 - (VIII) **Appointment, dismissal or remuneration of the CPA.**
 - (IX) **Appointment and removal of the head of finance, accounting or internal audit.**

- (X) Annual financial report and semi-annual financial report.**
- (XI) Material matters specified by other companies or competent authorities.**

5. Operation of the Audit Committee in 2023 and up to the date of publication of the annual report:

In the year 2023 and up to the date of publication of the annual report, the company has convened seven board meetings in total, with the material resolutions as follows:

(1) The 14th meeting of the 1st Audit Committee: (March 24, 2023)

- ① Adopted by resolution: The proposal for the company's 2022 business report and financial statements (including consolidated financial statements) have been prepared.**
- ② Approved by resolution: The proposal for the earning distribution of the second half of 2022 has been adopted by resolution.**
- ③ Approved by resolution: The proposal for the statement on self-evaluation of internal control system in 2022 has been adopted by resolution.**
- ④ Approved by resolution: Amend certain provisions of the Company's "Operation Norms for Financial Business Between Affiliated Companies".**
- ⑤ Approved by resolution: Establishment of the Chief Information Security Officer**
- ⑥ Approved by resolution: Establishment of the Chief Governance Officer**

Dealing with the opinion from the Audit Committee:

The members of this case have no opinions and after the approval of this committee, they are submitted to the board of directors of the company for approval in accordance with the law.

(2) The 15th meeting of the 1st Audit Committee: (May 10, 2023)

The consolidated financial statements of the first quarter in 2023 have been composed.

Dealing with the opinion from the Audit Committee:

The members of this case have no opinions and after the approval

of this committee, they are submitted to the board of directors of the company for approval in accordance with the law.

(3) The 1st meeting of the 2nd Audit Committee: (June 16, 2023)

Election result: Upon mutual nomination by the members of the Audit Committee, Lin KO-WU was unanimously approved as the convener of the Audit Committee.

Dealing with the opinion from the Audit Committee:

The members of this case have no opinions and after the approval of this committee, they are submitted to the board of directors of the company for approval in accordance with the law.

(4) The 2nd meeting of the 2nd Audit Committee: (June 26, 2023)

Approved by resolution: The proposal for the change of Audit Supervisor.

Dealing with the opinion from the Audit Committee:

The members of this case have no opinions and after the approval of this committee, they are submitted to the board of directors of the company for approval in accordance with the law.

(5) The 3rd meeting of the 2nd Audit Committee: (August 11, 2023)

① Adopted by resolution: The proposal for the Company's business report and consolidated financial statements for the first half of 2023 have been prepared.

② Adopted by resolution: The proposal for the earning distribution of the first half of 2023.

Dealing with the opinion from the Audit Committee:

The members of this case have no opinions and after the approval of this committee, they are submitted to the board of directors of the company for approval in accordance with the law.

(6) The 4th meeting of the 2nd Audit Committee: (November 10, 2023)

① To submit a report: The proposal that the company's consolidated financial statements for the third quarter of 2023 have been composed.

- ② **Adopted by resolution: The proposal of the company's 2024 Business Plan.**
- ③ **Adopted by resolution: The proposal of the company's 2024 Internal Audit Plan.**
- ④ **Adopted by resolution: Authorization for the ratification of changes in personnel related to derivative trading.**
- ⑤ **Adopted by resolution: Revision of “Standard Operating Procedures for Handling Directors’ Requests”.**
- ⑥ **Adopted by resolution: The proposal of the change of CPA.**
- ⑦ **Adopted by resolution: Regular evaluation of the CPA independence report.**
- ⑧ **Adopted by resolution: The proposal of the capital-increase case of the subsidiary Tai Yueh Co. for purchasing the equity of Daxing Fumei Co.**

Dealing with the opinion from the Audit Committee:

The members of this case have no opinions and after the approval of this committee, they are submitted to the board of directors of the company for approval in accordance with the law.

(7) The 5th meeting of the 2nd Audit Committee: (March 12, 2024)

- ① **Adopted by resolution: The proposal for the Company's 2023 business report and financial statements (including consolidated financial statements) have been prepared.**
- ② **Adopted by resolution: The proposal for the earning distribution of the second half of 2023.**
- ③ **Adopted by resolution: The proposal for the statement on self-evaluation of internal control system in 2023.**
- ④ **Adopted by resolution: The amendment to partial provisions of the Company's "Audit Committee Organization Regulations".**

Dealing with the opinion from the Audit Committee:

The members of this case have no opinions and after the approval of this committee, they are submitted to the board of directors of the company for approval in accordance with the law.

2. State of corporate governance implementation and differences From the Corporate Governance Best-Practice Principles and reasons

Evaluation Items	Operational Situation			and Differences From the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
I. Does the Company set and disclose corporate governance code of practice according to the Corporate Governance Practice Principles?	V		The Company has formulated the Company's "Corporate Governance Practice Principles" with reference to the contents of the "Corporate Governance Practice Principles for TWSE/GTSM-Listed Companies", which was adopted by the Board of Directors on March 25, 2022. It has been disclosed on the Market Observation Post System and the company's website: www.tahhsin.com.tw .	No difference
II. Ownership Structure and Shareholders' Equity				
(I) Has the company set internal operating procedures to deal with shareholder proposals, doubts, disputes and litigation matters, and does it implement these in accordance with its procedures?	V		The Company has built a fully structured spokesperson system, set up a hotline, e-mail address, and a stakeholders' section on its website to deal with related issues. The Company's website: www.tahhsin.com.tw	No difference
(II) Does the Company hold a register of major shareholders and persons exercising ultimate control over those major shareholders?	V		The company, through stock transfer agency of CTBC Bank, manages related matters, gets hold of major shareholders along with persons exercising ultimate control in the register of shareholders, and files changes in internal shareholdings regularly.	No difference
(III) How does the company establish its risk management mechanism and firewalls involving related enterprises?	V		The company, on March 24, 2023, has passed the provisions formulated for the control and management of related operational procedures on financial business between the company and its affiliates, and related party transaction management, endorsements/guarantees, lending funds to others. In addition, Operation Management of Subsidiaries is stipulated in the Guidelines for Internal Control System to implement the risk control mechanism of subsidiaries.	No difference
(IV) Has the Company stipulated internal rules that prohibit company insiders from trading securities using information not yet disclosed to the market?	V		(1) The Board of Directors of the company has passed the updates to the "Company Governance Practice Principles" on March 25, 2022, submitted to the shareholders' meeting on June 17, 2022; This Principle and "Regulations of for the Prevention of Insider Trading" stipulate that all Company personnel shall adhere to the provisions of the laws and regulations, the board members should exercise the functions and powers in highly disciplined manners and with awareness, and may not take advantage of their position and of undisclosed information of which they have learned to engage in insider trading. (2) The Company conducts education and publicity on relevant laws and regulations at least once a year. The directors and managers newly appointed in June 2023 have arranged insider trading prevention education within 3 months of assuming office. (3) In the insider trading prevention course promoted by the company starting since 2023, internal personnel and employees are reminded	No difference

Evaluation Items	Operational Situation			and Differences From the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
			<p>not to trade their stocks during the 30-day blackout period before the announcement of annual fiscal report, and the 15-day blackout period before the quarterly financial report.</p> <p>(4) The Company notified the board of directors, by email On March 5, 2023, of the meeting date and the blackout periods for trading stocks before the announcement of the annual and quarterly financial reports, to prevent directors from violating the regulation inadvertently.</p>	
III. Organization and responsibilities of the Board of Directors (I) Have a policy of diversity and specific management goals been established and implemented for the composition of the Board of Directors?	V		<p>The Company has set a policy and specific management objectives for the diversification of board members, and Article 20 of the Company's Code of Practice on Corporate Governance sets out the capabilities that the Board of Directors as a whole should have, and please refer to pages 17-19 of the Annual Report for implementation.</p>	No difference
(II) In addition to Remuneration Committee and Audit Committee established according to law, has the Company voluntarily formed other functional committees?	V		<p>The company sets up an internal implementation committee:</p> <p>(1) CSR (Corporate Social Responsibility Policy). (2) 5S/TPM (Sort, Set in Order, Shine, Standardize, and Sustain, Total Productive Management) (3) Carbon Accounting Committee</p>	No difference
(III) Has the Company set performance assessment rules and methods for the Board of Directors and does it perform this evaluation every year, report the results of the performance appraisal to the Board of Directors and apply them to the remuneration of individual Directors and their nomination for re-appointment?	V		<p>(1) On November 11, 2016, the Board of Directors of the company passed the "Measures for the Evaluation of the Board of Directors' Performance"</p> <p>(2) The results of the self-evaluation of the board members, the Board of Directors, and the functional committees in 2023 are all well and excellent. It has been provided to the Remuneration Committee for reference on March 5, 2024 and also submitted to the Board of Directors on March 12, 2024 and the declaration has been completed. The results of the evaluation of performance will be used as a reference basis for the renewal or nomination of directors. In addition, the evaluation measures, methods, implementation and evaluation results are simultaneously disclosed on Tahsin's website.</p>	No difference
(IV) Does the company regularly evaluate the independence of the CPA?	V		<p>The Company regularly evaluates the independence of CPAs on an annual basis based on the "Accountant Independence Statement" and the "Audit Quality Indicators (AQI)". The latest evaluation result has been reported to the Board of Directors for deliberation and approval on November 10, 2023.</p> <p>In the annual assessment, CPAs WANG, SHOU-CHANG and CHIU, KUEI-LING of Crowe Horwath (TW), both met standards for independence assessment of the Company (Note 1) and were eligible to serve as CPAs for the Company. The accounting firm also issued statements of independence (Note 2).</p>	
IV. Does the TWSE/TPEX listed	V		The governance officers supervise the corporate gov-	No difference

Evaluation Items	Operational Situation			and Differences From the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
company have a dedicated eligible and appropriate number of personnel for corporate governance and appointed a Supervisor in charge of the company's corporate governance affairs (including but not limited to providing information required for Director/Supervisor's operations, assisting Directors and Supervisors to comply with laws and regulations, convening board/shareholder meetings in compliance with the law, and producing meeting minutes of board/shareholder meetings)?			<p>ernance related affair and share affairs division of the finance department is responsible for the execution:</p> <ol style="list-style-type: none"> (1) Establish the company governance chief approved by the board of directors on March 24, 2023. (2) Handle the meeting related matters of the Board of Directors, the Audit Committee, the Remuneration Committee, and the shareholders' meeting in accordance with the law. (3) Prepare the minutes and annual report. (4) Provide data for directors, Audit Committee and Remuneration Committee to carry out business. (5) Promote the performance evaluation of directors and assist each director to complete the training according to the regulated hours (6 hours). (6) Strengthen the revision of corporate governance-related norms and the establishment of the official website investor zone. (7) Other matters stipulated in the Articles of Incorporation or laws. 	
V. Has the company set up channels of communication for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), appointed a section of the Company's website for stakeholder affairs, and adequately responded to stakeholders' inquiries on significant corporate social responsibility issues?	V		<ol style="list-style-type: none"> (1) The company has kept good communication channels respectively with investors, employees, customers, end users, suppliers, and distributors through Labor Management Meetings, General Affair Department, Procurement Department, Finance Department, and other responsible units. (2) A section of the Company's website is designated and has been working smoothly for stakeholder affairs to directly communicate with the relevant interested parties via the spokesperson, acting spokesperson, or domestic customer-service reception window depending on the nature of the interested-party matters, and to adequately respond to stakeholders' inquiries on significant corporate social responsibility issues. (3) A report on the communication between various categories of stakeholders has been regularly reported to the board of directors on March 24, May 10, August 11, and November 10, 2023 and March 12, 2024. 	No difference
VI. Has the Company commissioned professional shareholder services agency to hold Shareholders' Meeting and other relevant events?	V		The Company not only has set up a dedicated share officer but also commissioned stock transfer agency of CTBC Bank to deal with the affairs of the shareholders.	No difference
VII. Information Disclosure (I) Has the company established a website to disclose information on financial status and corporate governance?	V		Information on financial status and corporate governance has been disclosed in the investor section on the Company's website. Website: www.tahhsin.com.tw	No difference
(II) Has the company adopted other measures (such as English website, a designated person responsible for the	V	V	<ol style="list-style-type: none"> (1) The Company has a spokesperson and an acting spokesperson. (2) Dedicated persons are assigned to gather and disclose related information on the website 	No difference

Evaluation Items	Operational Situation			and Differences From the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
<p>collection and disclosure of information, implementation of the spokesman system, the legal entities announcements uploaded to website, etc.) to disclose information?</p> <p>(III) Does the Company announce and declare its annual financial reports within two months after the end of the fiscal year, and announce and declare the financial reports for the first, second and third quarter and the operation situation of each month earlier than the prescribed period?</p>			<p>in a timely manner.</p> <p>(3) The website also provides business related information in Chinese and English, and the English version of the annual financial information is also disclosed to enhance the transparency of corporate information.</p> <p>The Company shall, in accordance with the law, announce and declare within 75 days after the end of each fiscal year since 2023, and announce and declare within 45 days after the end of the first, second and third quarter of each fiscal year. The declaration of operating conditions of each month shall be completed within the stipulated time limit.</p>	The company has filed the financial reports within the deadlines prescribed by law
<p>VIII. Has the company disclosed other information to facilitate a better understanding of its corporate governance (including but not limited to the rights and interests of employees, employee care, investor relations, supplier relations, rights of stakeholders, professional development of the Directors and Supervisors, implementation of risk management policies and risks assessment, and purchasing liability insurance for the Directors and Supervisors)?</p> <p>VIII. Has the company disclosed other information to facilitate a better understanding of its corporate governance?</p>	V	V	<p>I. Employee Rights:</p> <p>(1) The Company has always attached great importance to the rights and interests of employees. In addition to improving the workplace environment and improving software and hardware facilities, it also handles seminars for new employees from time to time, sets up physical suggestion boxes, designates special personnel to understand and reply, and implements communication channels with employees to express their opinions, so that employees can enjoy a perfect welfare system and feel at ease and happy to work.</p> <p>(2) In response to government's advocating for breastfeeding policy, nursery rooms have been set up for female staff members. The company also provides childcare services for children under compulsory school age of its employees through outsourcing. Designated parking spaces for pregnant women have been provided.</p> <p>(3) Labor Management Meetings are held every quarter to reach consensus, ensuring sustainable development of the company through harmonious labor management relations.</p> <p>II. Employee Care:</p> <p>(1) From November 2020, we provided health consultation channels for employees in accordance with the regulations of the labor inspection, and allocate one doctor and one nurse through a professional consulting company; Nurses enter the company 6 times a month, 2 hours each time, and doctors 6 times a year, 2 hours each time, to assist employees in self health check-up, prevention and precautions.</p> <p>(2) In order to take care of employees' health, the company plans to sign contracts with medical institutions and allocates budget for medical check-up for the staff members every 2 years to help them know their physical conditions better so as to prevent diseases and care themselves.</p> <p>(3) As for catering, designated persons are ap-</p>	<p>No difference</p> <p>No difference</p>

Evaluation Items	Operational Situation			and Differences From the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
VIII. Has the company disclosed other information to facilitate a better understanding of its corporate governance?	V		<p>pointed to control and manage ingredients, water used and environment of the company's cafeterias. Food warming devices were installed to ensure food safety for employees.</p> <p>(4) Smoking is prohibited in factories and dormitories. Furthermore, fire drills are held twice a year to recognize actual workplace surroundings of the employees and conduct exposure assessment of risk factors. Alarm systems have been introduced in appropriate locations and workplace assessments are made regularly, which also forms the basis for workplace improvement plans. Training courses on fire-fighting are offered periodically to enhance awareness of fire safety and improve common understanding of the operation of various fire-fighting equipment, aiming to better employees' response to crisis and ensure the safety of all. The number of trainees in Taiwan was 44 on April 21, 2023 in the first half year and 40 on October 23, 2023 in the second half year; The number of overseas trainees in Myanmar has reached 1,301 on November 28, 2023.</p>	No difference
	V		<p>(5) For staff welfare measures, please refer to Labor Relations section under Chapter 5 Operational Overview of this annual report.</p>	No difference
	V		<p>III. Investor Relations: The Company has set up a spokesperson system, and the website has a "stakeholder" and "investor section" to provide investor contact windows, including financial information disclosure, legal talks, etc., to maintain good interaction with investors, and to provide investors' feedback opinions to the company's senior management and relevant units for reference for improvement and adjustment.</p>	No difference
VIII. Has the company disclosed other information to facilitate a better understanding of its corporate governance?	V		<p>IV. Supplier Relations: The Company has a procurement operation management, has not yet formulated an environmental and social assessment policy for suppliers, but requires major suppliers to operate with integrity and pay attention to the supply chain of environmental protection and energy conservation carbon reduction, to fulfill corporate social responsibility. Supplier contracts shall comply with local laws and regulations, and all suppliers shall comply with relevant local laws and regulations on corporate governance, environmental protection, labor and human rights.</p>	No difference
	V		<p>V. The rights of stakeholders: (1) Through a variety of communication channels and information disclosure, the Company maintains good exchanges and communication with investors, employees, customers, suppliers, consumers, etc. respectively, to understand reasonable expectations and needs of the stakeholders, regardless of economic, social, environmental and ethic questions, appeals, reports or suggestions</p>	No difference

Evaluation Items	Operational Situation			and Differences From the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
VIII. Has the company disclosed other information to facilitate a better understanding of its corporate governance?			<p>and other internal and external issues. The Company will uphold the good faith principle for appropriate treatment or provide improvement plan to achieve effective communication.</p> <p>(2) The website of the Company's stakeholder section www.tahhsin.com.tw</p> <p>VI. Professional development of Directors: (Note 3)</p> <p>VII. Implementation of risk management policies and risk evaluation measures</p> <p>(1) Management mechanism:</p> <ul style="list-style-type: none"> ● Audit Office <p>Auditors examine the effectiveness and suitability of hedging transactions of finance department from time to time and produce audit reports to submit to the Board of Directors while continuing to follow up on improvements. Besides, auditors formulate annual audit plan depending on the risk assessment result in order to duly supervise and control risk management. Internal audit managers, likewise, report to Independent Directors regularly (1.5~2 months) on audit assessments to maintain a good two-way communication. The audit plan for 2024 was reported on December 14, 2023; the audit implementation for 2023 was reported on February 17, 2024 as scheduled.</p> <ul style="list-style-type: none"> ● Finance Department <p>The Company's derivative financial commodity transactions, investment cases, endorsement guarantees, capital loans and bank financing, etc. are all assessed and analyzed by the Finance Department and implemented in accordance with the resolutions of the Board of Directors.</p> <p>(2) Formulation of trading strategies: The President Office of the company is in charge of the development and revision of trading strategies, coordination with relevant department, and verification of budget for foreign exchange activities. The President Office should submit the actual variance and resulted profit and loss to President in written form.</p> <p>(3) Operational strategy: Finance department collects the company's budget, foreign exchange income and expenses, gathers and analyzes domestic and international Financial information, performs short-term and long-term foreign exchange buying and selling in advance, reviews profit and loss occurred, and strictly controls risk positions and effectiveness of risk management through written credit assessment.</p>	No difference
VIII. Does the Company have other important information that help understand the implementation of corporate governance?			<p>VIII. Information security management:</p> <p>(1) The Board of Directors has approved the establishment of Chief Information Security Officer on March 24, 2023, and established information security risk management structure in 2021, with detailed specifications for information security rights and responsibilities, operations, protection and system storage and control man-</p>	No difference

Evaluation Items	Operational Situation			and Differences From the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
			<p>agement of network security management, etc. The information security group is responsible for consolidating the development, implementation, and risk management of related policies.</p> <p>(2) The information security reports were regularly reported to the Board of Directors on March 24, May 10, August 11, November 11 2023 and March 12, 2023.</p> <p>(3) The internal education and training and publicity are conducted irregularly-scheduled twice a year.</p> <p>(4) The Company has not taken out the information security insurance, but it regularly backs up and establishes firewall and network security management, and updates the virus pattern at any time to ensure the Company's information risk is minimized. As the issue of information security risk management is becoming increasingly important, the Company will conduct prudent assessment of the necessity of information security insurance. For details, please refer to the Company's investor section on the official website.</p> <p>IX. Implementation of Customer Policies:</p> <p>(1) Export: Besides making good use of environmental-friendly materials in response to green policy, innovating the technology to ensure product quality and on-time delivery, we strive to provide our customers with stable and reasonable prices.</p> <p>(2) Domestic sales: Promote sustainable business, join eco-friendly recycling supplier association, implement green promotions and application of technology.</p> <p>X. Status of liability insurance purchased for Directors, Supervisors, and persons of important positions by the Company:</p> <p>(1) To reduce the risks associated to directors, key employees and the company and establish a comprehensive corporate governance mechanism, the company submitted the matters related to insurance to the Board of Directors on August 10, 2023.</p> <p>(2) Information regarding the liability insurance purchased, including the amount, period, cover, and premium rate, etc.</p> <p>(3) The insurance amounted to US\$5 million, and is effective from July 1, 2023 until July 1, 2024.</p> <p>(4) The supervisor's insurance liability is proposed to be applied before the 15th day of the month following the policy effective date of the same year.</p>	
IX. Please state the improvements as well as priority enhancements and measures for the unimproved aspects based on the corporate governance evaluation results issued by the Corporate			Corporate governance assessment results in 2023 (10th Session) of the company indicated the improvement status, and measures for matters yet to be improved: (Note 4)	No difference

Evaluation Items	Operational Situation			and Differences From the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
Governance Center of the Taiwan Stock Exchange Co., Ltd. in the most recent year. (Leave blank if your company was not evaluated.)				

Note 1: Evaluation standards for the independence of CPAs.

Evaluation Items	Evaluation Results	Are the standards fulfilled?
1. Do CPAs have direct or significant indirect financial interests with the Company?	No	Yes
2. Are there any financing or guarantee activities between CPAs and Directors of the Company?	No	Yes
3. Have CPAs and members in the audit team held positions of Directors, managers, or posts that impose critical impact on audits currently or in the last two years?	No	Yes
4. Have CPAs provided non-audit services to the Company that may directly affect audits?	No	Yes
5. Do CPAs hold shares issued by the company?	No	Yes
6. Does the CPA act as the defender of the company or on behalf of the company to coordinate conflicts with other third parties?	No	Yes
7. Are CPAs family members or relatives of the Company's Directors, managers, or other individuals in positions that could seriously impact audits?	No	Yes
8. Do CPAs receive any commission related to the business?	No	Yes
9. Has CPAs' tenure lasted for more than seven consecutive years?	No	Yes
10. Are CPAs concurrently employed in regular positions or receiving fixed salaries from the Company or its affiliated companies?	No	Yes
11. Have CPAs involved managerial functions related to decision-making for the Company or its affiliated companies?	No	Yes
12. Have there been any disposals or incidents affecting the principle of independence?	No	Yes



Crowe (TW) CPAs

Floor 19-1, No. 285, Section 2,
Taiwan Boulevard,
West District, Taichung City,
40308, Taiwan
Tel +886 4 23211868
Fax +886 4 23211866
WWW.CrOWe.tW

LETTER OF INDEPENDENCE

Recipient: Tahsin Industrial Corporation

We have been commissioned to audit the FY 2023 financial statement of Tahsin Industrial Corp. We confirm that our firm, affiliated companies, partners of our firm and their relatives, members of the audit engagement team, and their relatives will comply with the independence requirements governed by No. 10 of the Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China.

Crowe Horwath (TW) CPAs

CPA: Wang, Wu-Chang

CPA: Chiu, Kuei-Ling

October 31, 2023

Note 3: Professional development of Directors

Title	Name	Attendance Date	Organizer	Course Title	Hours of Study
Chairman	WU, ZI-CONG	2023.08.18	Taiwan Academy of Banking and Finance	Industrial trends and updates on international taxation	3H
		2023.10.13	Securities and Futures Institute	Publicity meeting 2023 on insider trading prevention	3H
Vice Chairman	HU, PO-YI	2023.03.15	Taiwan Academy of Banking and Finance	Seminar on corporate governance and operation seminar	3H
		2023.05.23	Taiwan Stock Exchange	Publicity meeting on sustainable development action plans for listed companies	3H
Director and CEO	HU, BOR-CHON	2023.09.23	Securities and Futures Institute	Seminar on sustainable development practice	3H
		2023.10.13		Application on carbon rights trading mechanism and enterprise management	3H
Director	HU, PEI-TUAN	2023.09.23	Securities and Futures Institute	Seminar on sustainable development practice	3H
		2023.10.20		Publicity meeting 2023 on insider trading prevention	3H
Director	LIU, WAN-CHENG	2023.10.13	Securities and Futures Institute	Publicity meeting 2023 on insider trading prevention	3H
		2023.11.11		Publicity meeting 2023 on legal compliance regarding internal personnel equity trading	3H
Director	LAI, KEN-MIN	2023.08.18	Taiwan Academy of Banking and Finance	Industrial trends and updates on international taxation	3H
		2023.09.23	Securities and Futures Institute	Seminar on sustainable development practice	3H
		2023.10.20		Publicity meeting 2023 on insider trading prevention	3H
		2023.11.22		Publicity meeting 2023 on legal compliance regarding internal personnel equity trading	3H
Independent Director	LIN, KO-WU	2023.10.04	Securities and Futures Institute	Economic outlook and industry trends for 2024	3H
		2023.10.20		Corporate governance blueprint 3.0 and director responsibilities	3H
Independent Director	YANG, TE-WANG	2023.03.15	Taiwan Academy of Banking and Finance	Seminar on corporate governance and operation seminar	3H
		2023.08.18		Industrial trends and updates on international taxation	3H
Independent Director	YANG, KUO-SHU	2023.07.13	Taiwan Stock Exchange	Publicity meeting on sustainable-development action plan of listed and OTC companies	3H
		2023.09.23	Securities and Futures Institute	Seminar on sustainable development practice	3H

Note 4:		
X.	Please state the improvements as well as priority enhancements and measures for the unimproved aspects based on the corporate governance evaluation results issued by the Corporate Governance Center of the Taiwan Stock Exchange Co., Ltd. in the most recent year.	
1.1	Does the company report to shareholders at the regular shareholders' meeting the remuneration received by directors which includes remuneration policies, individual remuneration details, and amounts?	There is no such intention for now
1.6	Has the company held the regular shareholders' meeting by the end of May?	The status quo will be maintained for now.
1.15	Has the company established and disclosed on its website internal regulations prohibiting internal personnels (directors or employees) from trading securities using undisclosed information in the market? This includes but not limited to the directors that they are not permitted to trade their stocks during the 30-day blackout period before the announcement of annual fiscal report, and the 15-day blackout period before the quarterly financial report, and does the company provide explanations on the implementation status?	The corporate governance practices guidelines have been amended
2.6	Is the company's Board of Directors formed with at least one female Director?	Consider sexual equality and the proportion will be planned in the future.
2.9	Does the company develop succession plans for board members and key management levels and disclose the operation status on the company's website or in its annual report?	The policy will not be established for now.
2.14	Has the company set up functional committees other than statutory committees, and do such functional committees have no less than three members, with at least half of the members being independent directors, and more than one member having the required professional ability, and does the company disclose the organization, responsibility, and operations of such committees?	The sustainable development committee is currently planned.
2.23	Will the company's regulations or procedures of the Board of Directors' performance evaluation specify that an external evaluation should be performed at least once every three years? If there is, will the company disclose the results of the evaluation on the company's website or annual report?	The three-year external evaluation is not planned currently
2.30	Do the company's internal auditors have at least one person with the certificates like testamur as an international internal auditor, an international computer auditor, or a certified public accountant?	The status quo will be maintained for now.
3.4	Does the company announce the annual financial report within two months after the end of the fiscal year?	There is no such intention for now.
3.6	Does the company disclose the interim financial report in English within two months after the reporting period of the Chinese version of the interim financial report?	There is no such intention for now.
3.8	Does the company voluntarily announce the financial forecast report for each quarter?	The report will not be announced for now.
3.13	Has the Company's annual report voluntarily disclosed individual Directors' and Supervisors' remuneration?	There is no such disclosure for now.
3.20	Has the Company been invited (voluntarily) to hold at least two roadshows?	There is no such intention for now.
4.4	Does the company compile and upload the ESG report by the end of September, based on GRI guidelines issued by the Global Sustainability Reporting Institute (GRI), to the MOPS and the company's website?	Already in planning and execution
4.5	Has the ESG report prepared by the company been verified by a third party?	Already in planning and execution
4.6	Does the Company adopt protect human rights policies and relevant management procedures referring to the International Bill of Human Rights and disclose the information on its website or annual report?	In planning.
4.13	Is the company certified by ISO14001, ISO50001 or similar environmental or energy management systems?	There is no such plan for now.

3. Remuneration Committee:

(1) Information on the Members of the Remuneration Committee

Criteria		Professional qualifications and experience (Note 2)	Independent status (Note 3)	Concurrent compensation committee position in other public-listed companies
Name	Identity (Note 1)			
Independent Director (Convener)	LIN, KO-WU	<ul style="list-style-type: none">● Working experience in accounting, finance, operation judgment, crisis management and operation management and certificate of national examination required for accountant.● Convener of the Remuneration Committee and the Audit Committee of the Company.● Independent director of Landis and Zig Sheng Industrial.● None of any matters under Article 30 of the Company Act.	The three independent directors listed, 2 years before elected and during position, have qualified for “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” and qualifications listed in Article 14-2 of the “Securities and Exchange Act.” And the independent directors, in compliance with Article 14-3 of the “Securities and Exchange Act.”, have been granted the power of making decision and expressing opinions, they should maintain independent to execute the duties related to their business. For independent directors, please refer to Page 16 of the annual report.	2
Independent Director	YANG, TE-WANG	<ul style="list-style-type: none">● Working experience in business, finance, operation judgment, crisis management and operation management.● Member of the Remuneration Committee and the Audit Committee of the Company.● None of any matters under Article 30 of the Company Act.		None
Independent Director	YANG, KUO-SHU	<ul style="list-style-type: none">● Working experience in business, finance, operation judgment, crisis management and operation management.● Member of the Remuneration Committee and the Audit Committee of the Company.● None of any matters under Article 30 of the Company Act.		None

Note 1: Please specify the relevant working years, professional qualifications, experience and independence status of the members of the Remuneration Committee in the form. If they are independent directors, please state that the relevant contents of the information of directors and supervisors (I) in Table 1 on page OO. Please fill in the "Title" field as Independent Director, or otherwise (In case of convener, please note).

Note 2: Professional qualifications and experience: Description of the professional qualifications and experience of individual salary and compensation committee members.

Note 3: Independent status : It is stated that the members of the Remuneration Committee

meet the independence status, including but not limited to whether he, his spouse and any of second-degree relatives is a director, supervisor or employee of the company or its affiliated enterprises; the number and proportion of shares held by himself, spouse, second-degree relatives (or in the name of others); whether he is a director, supervisor or employee of a company with a specific relationship with the company; the amount of remuneration received for providing business, legal, financial, accounting and other services to the company or its affiliated enterprises in the last two years.

(2) Operations of the Remuneration Committee

I. There are 3 members in the Company's Remuneration Committee.

II. The Company's Remuneration Committee faithfully performs the following functions and submits its recommendations to the Board of Directors for approval:

- 1. Establish and periodically review the performance evaluation and remuneration policy, system, standards and structure for the directors and managerial officers.**
- 2. Regularly evaluate and define the remuneration and year-end bonuses of executive directors and managerial officers and directors' remuneration.**

III. Current Term: From June 26, 2023, to June 15, 2026.

The Remuneration Committee held three meetings (A) in recent year, the qualifications and attendance of the committee members are shown as follows:

Title	Name	Attendance in Person	Times of Entrust	Actual Presence (%) (Note 1)	Remarks
Convener	LIN, KO-WU	3	0	100	Reappointed The re-election date was on June 26, 2023
Members	YANG, TE-WANG	3	0	100	Reappointed The re-election date was on June 26, 2023
Members	YANG, KUO-SHU	3	0	100	Reappointed The re-election date was on June 26, 2023

Other matters that shall be reported:

- I. If the Board of Directors does not adopt or amend recommendations proposed by the Remuneration Committee, the date, session, proposal contents and resolutions of the Board of Directors, and the company's actions in response to the opinions of the Audit Committee shall be stated (also, where the remuneration approved by the Board of Directors is superior to that recommended by the Remuneration Committee, the differences and reasons shall be stated): None.**
- II. Where resolutions of the Remuneration Committee include dissenting or qualified opinion which is on record or stated in a written statement, the date, session, proposal contents, opinions from every member, and actions in response to the opinions of the members shall be stated: None.**

Note:

- (1) Where members of the Remuneration Committee resign before the end of the year, the date of resignation shall be indicated in the Remarks column. Actual presence rate (%) shall be calculated by the number of Remuneration Committee meetings convened and times of actual presence during the term of service.**
- (2) Before the end of the year, if there is Remuneration Committee member re-selection, the newly elected and previously elected Remuneration Committee members shall be recorded, and an old/new member, or the date of re-appointment and re-selection shall be indicated in the remarks column. His or her attendance rate (%) will be calculated on the basis of the number of Remuneration Committee meetings held during his or her tenure and the number of such meetings attended.**

IV. Important Resolutions of the Remuneration Committee in 2023

and up to the Date of Publication of the Annual Report:

In the year 2023 and up to the date of publication of the annual report, the company has convened three (4) meetings of the Remuneration Committee, with important resolutions as follows:

- (1) The 6th meeting of the 4th Remuneration Committee: (March 7, 2023)**
 - ① To submit a report: The 2022 self-assessment report of the company's Board of Directors and board members has been submitted and approved.**
 - ② Adopted by resolution: Revision of certain provisions of the Company's "Board of Directors Performance Evaluation Methods"**
 - ③ Adopted by resolution: The proposal for the remuneration and payment of directors of the company in 2022 has been adopted by resolution.**
 - ④ Adopted by resolution: The proposal for the remuneration**

distribution of managers of the company in 2022 has been adopted by resolution.

Dealing with the opinion from the Remuneration Committee:

After discussion, the members of the Remuneration Committee agreed to adopt the proposal which was submitted to the Board Meeting for resolution.

(2) The 1st meeting of the 5th Remuneration Committee: (June 26, 2023)

Election Result: LIN, KO-WU was unanimously approved to serve as the convener of the Remuneration Committee through mutual nomination by Committee members..

(3) Adon: The 2nd meeting of the 5th Remuneration Committee: (October 13, 2023)

- ① Adopted by resolution: The distribution plan of year-end bonus to executive directors and managers.**
- ② Adopted by resolution: The proposal of the monthly travel expenses of the Company's directors in 2024.**
- ③ Adopted by resolution: The proposal of assessment of 2024 remuneration payment for the company's executive directors and managerial officers has been adopted by resolution.**

Dealing with the opinion from the Remuneration Committee:

After discussion, the members of the Remuneration Committee agreed to adopt the proposal which was submitted to the Board Meeting for resolution.

(4) The 3rd meeting of the 5th Remuneration Committee: (March 5, 2024)

- ① To submit a report: The 2023 self-assessment report of the company's Board of Directors and board members has been submitted and approved.**
- ② Adopted by resolution: The proposal for the remuneration**

of directors of the company in 2023 has been adopted by resolution.

- ③ **Adopted by resolution: The proposal for the remuneration distribution of managers of the company in 2023 has been adopted by resolution.**

Dealing with the opinion from the Remuneration Committee:
After discussion, the members of the Remuneration Committee agreed to adopt the proposal which was submitted to the Board Meeting for resolution.

5. Promotion of sustainable development and differences from the Code of Practice for Sustainable Development for TWSE/GTSM Listed Companies and reasons:

Promotion items	Status of Implementation			Differences from the Code of Practice for Sustainable Development for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
I. Does the company establish a governance structure to promote sustainable development, and set up a full-time (part-time) unit to promote sustainable development, which is handled by the senior management authorized by the board of directors and supervised by the board of directors?	V		<p>(1) On March 25, 2022, the Board of Directors of the Company adopted the "Code of Sustainable Development Practice", and the Company shall, in accordance with the principle of importance, formulate relevant risk management policies or strategies on environmental, social and corporate governance issues related to the Company's operations.</p> <p>(2) To achieve the Company's sustainable development goals, implement management and execution, as well as align with international trends, the Board of Directors adopted and approved the "Organizational Regulations of the Sustainable Development Committee" on May 10, 2024 in accordance with the Company's "Code of Sustainable Development Practice" and "Code of Corporate Governance Practice".</p> <p>(3) At present, the CSR committee is in charge, with the chairman serving as chairperson, inspecting the core operating capability of the company with superior officers from various fields and developing mid- and long-term sustainable development plans. Through the principles of this code, we promote our operating of integrity, anti-corruption and anti-bribery, the implementation of corporate governance, the development of a sustainable environment, the maintenance of social welfare and the strengthening of corporate sustainable development information disclosure, and always pay attention to the development of relevant standards and environmental changes, review and improve to enhance the effectiveness of promoting sustainable development.</p> <p>The group communicates cross-departmentally, through aperiodical video meeting, create working strategies, response measures, allocating relative budgets, planning and implementing annual programs, and following up on implementation to ensure the sustainable development strategies fully</p>	No difference

Promotion items	Status of Implementation			Differences from the Code of Practice for Sustainable Development for TWSE/GTSM Listed Companies and Reasons						
	Yes	No	Summary							
			practiced in daily operation. (4) The implementation of sustainable development and future working plans were reported to the Board of Directors on November 10, 2023. The content includes green operation, power management, carbon footprint information disclosure, etc, to review and improve the implementation.							
II. Does the company conduct risk evaluation on environmental, social, and corporate governance issues related to the company's operations in accordance with the principle of materiality, and formulate relevant risk management policies or strategies? (The principle of importance refers to environmental, social and corporate governance issues that have a significant impact on corporate investors and other stakeholders)	V		Although no relevant risk management policies or strategies have been formulated at present, the Company complies with relevant business procedures such as "enterprise policies" and various internal regulations (production management, material management, marketing management, administrative management, operation management) in accordance with laws and regulations, and then implements relevant regulations according to this principle, through the "corporate social responsibility"(CSR) implementation committee (including subsidiaries) set up by the company, the risk management policy is regularly evaluated every year, covering environment management, occupation safety, product safety, company governance, organizational structure, attribution and operating procedures, etc. and implemented, so as to control the contingent risks arising from operational activities within an acceptable range.	No difference						
III. Environmental matters (I) Does the company establish proper environmental management systems based on the characteristics of its industries?	V		To implement employees’ safety and health awareness and provide a quality work environment, the Company continues promoting the 5S movement, conducts the greenhouse gas accounting in advance, tracking the emission reduction, responds to energy conservation and carbon reduction ahead of time, which is fully disclosed in the Company’s website. The Company is keen to promote different measures on energy conservation; the PP corrugated board products are made from environmental-friendly materials, and are recyclable and reusable. Through technology development and reuse of recycled PP particles, hazardous waste will not be produced in the process and the products will not cause environmental damage. Percentage of recycled reused particles in the latest two years: <table><tr><td></td><td>Recoverable and reused resource rate</td></tr><tr><td>2022</td><td>7.52%</td></tr><tr><td>2023</td><td>5.74%</td></tr></table> Description: The decrease of recycle rate in 2023 compared to 2022 was due to the 13% decreased profit of PP corrugated board. In the face of climate change and sustainable issue, the company has stopped production of products that produce toxic gases in the production process and cannot be optimized to improve the pollution situation and reduce pollutant emissions so as to reduce the negative image of the company brought by air pollution issues. In cooperation with climate-related policies and other regulations to establish sustainable operation capability and low carbon business model and to create a green industry chain with manufacturers and clients, we protect the		Recoverable and reused resource rate	2022	7.52%	2023	5.74%	No difference
	Recoverable and reused resource rate									
2022	7.52%									
2023	5.74%									
(II) Does the company endeavor to utilize all resources more efficiently and uses renewable materials which have a low impact on the environment?	V		No difference							
(III) Does the company evaluate the present and future potential risks and opportunities of climate change to the company, and taken related measures to respond?	V		No difference							
(IV) Does the company calculate greenhouse gas emissions, water consumption, and total waste weight over the past two years, and formulate policies for energy conservation and carbon emissions reduction, greenhouse gas emissions reduction, water consumption reduction or other waste management?	V		No difference							

Promotion items	Status of Implementation			Differences from the Code of Practice for Sustainable Development for TWSE/GTSM Listed Companies and Reasons						
	Yes	No	Summary							
			<p>environment with efforts to ensure low-carbon homes.</p> <p>I. The company promotes energy conservation and carbon reduction, and implements the reduction strategy, measure, goal and plan:</p> <p>(1) Air-conditioning electricity: New energy-efficient/inverter separate air conditioners have been installed in all factories and offices.</p> <p>(2) Water-saving plan: Adopt water conservation from daily life.</p> <p>(3) Digital system establishment: Make good use of video meeting and cut down on paper usage.</p> <p>(4) Transportation: Appeal to the employees to car-pool and make good use of public transportation</p> <p>(5) Green energy roof: In conjunction with environmental protection planning for renewable energy, solar panels are installed on the roofs of Taichung factory to reduce electricity consumption and carbon emissions. With the AUO Solar Photovoltaic System installation and a roof construction completed from May 26 to December 31, 2022, the total of the system's installed capacity is 904KW, with installation costs of \$45 million. Operation commenced in February 2023 with the currently realized benefits including an annual electricity savings of approximately 1.15 million kilowatt-hours and a decrease in room temperature of factory building by 2-2.5 Celsius degrees.</p> <p>(6) Greening environment: Potted plants are decorated in the office to make the environment green. Green plants are planted in the complex to reduce carbon dioxide and release oxygen to optimize the environment and improve air quality through photosynthesis.</p> <p>(7) Education and promotion: Continue to promote energy conservation and carbon reduction, start from the employees themselves, change daily habits, reduce unnecessary carbon emissions and implement effective energy conservation.</p> <p>(8) Through promotion by administration management, the goal is to cut emission by at least 1% every year.</p> <p>(9) The Group's carbon emissions over the past two years came from manufacturing processes, factory facilities and transportation vehicles, e.g. generators, boilers, air-conditioning equipment, official vehicles and forklifts, etc: The direct emission is categorized in Scope 1: (Ton)</p> <table><tr><td>2023</td><td>2022</td><td>Increase (decrease) ratio</td></tr><tr><td>3,445</td><td>3,441</td><td>0.0012</td></tr></table> <p>(10) The Company's greenhouse-gas carbon emissions, electricity and water consumption over the past two years: The greenhouse-gas emissions from indirect energy are categorized in Scope 2:</p>	2023	2022	Increase (decrease) ratio	3,445	3,441	0.0012	
2023	2022	Increase (decrease) ratio								
3,445	3,441	0.0012								

Promotion items	Status of Implementation			Differences from the Code of Practice for Sustainable Development for TWSE/GTSM Listed Companies and Reasons																								
	Yes	No	Summary																									
			<div>① Greenhouse gas carbon emissions: (Kg)</div> <table><tr><td>2023</td><td>2022</td><td>Increase (decrease) ratio</td></tr><tr><td>2,174,225</td><td>2,690,077</td><td>(0.1918)</td></tr></table> <div>② Electricity consumption: (degree)</div> <table><tr><td>2023</td><td>2022</td><td>Increase (decrease) ratio</td></tr><tr><td>4,331,940</td><td>5,322,990</td><td>(0.1862)</td></tr></table> <div>③ Water consumption: (degree)</div> <table><tr><td>2023</td><td>2022</td><td>Increase (decrease) ratio</td></tr><tr><td>7,517</td><td>8,294</td><td>0.0937</td></tr></table> <div>(11) To achieve carbon emission reductions continuously over the past two years, the Company has conducted the projects for business and employee commuting, which be categorized in other indirect emission of Scope 3, and has proceeded carbon footprint verification tracked and tracked carbon reduction tracking for achieving future carbon neutrality goals.</div> <div>(Ton)</div> <table><tr><td>2023</td><td>202</td><td>Increase (decrease) ratio</td></tr><tr><td>210</td><td>212</td><td>(0.0094)</td></tr></table> <div>II. To achieve reuse of sustainable resources, the Company has established a recycling management system to reduce waste generation, promote material recycling and reusing, reduce environmental load, and established methods for storing, cleaning and selling recycled materials.</div>	2023	2022	Increase (decrease) ratio	2,174,225	2,690,077	(0.1918)	2023	2022	Increase (decrease) ratio	4,331,940	5,322,990	(0.1862)	2023	2022	Increase (decrease) ratio	7,517	8,294	0.0937	2023	202	Increase (decrease) ratio	210	212	(0.0094)	
2023	2022	Increase (decrease) ratio																										
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2023	202	Increase (decrease) ratio																										
210	212	(0.0094)																										
IV. Social matters (I) Has the company developed relevant management policies and procedures based on relevant laws and international human rights instruments?	V		<div>(1) The Company abides by the relevant labor laws and regulations, and has formulated the Correction, Complaint, and Punishment of Sexual Harassment at Workplace to prevent discrimination, bullying and harassment of human rights violations to protect the legitimate rights and interests of employees.</div> <div>(2) The Company established specific management plan of the Work Rules for Labor Safety to provide and maintain a safe, hygienic, and healthy working environment for employees.</div> <div>(3) Evaluations of potential risk of human right have been conduct annually, “Supplier Code of Conduct” and “Commitment of Supplier for Corporate Social Responsibility” have been updates, formulating protocols on issues such as human rights, healthy environment, ethics, etc., and continuing supervising, improving plans and implementation performance.</div>	<div>No difference</div> <div>No difference</div>																								

Promotion items	Status of Implementation			Differences from the Code of Practice for Sustainable Development for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
(II) Does the company establish and implement reasonable employee benefits measures (including remuneration, leave, and other benefits, etc.), and reflect the corporate business performance or achievements appropriately in the employee remuneration?			<ul style="list-style-type: none"> ● Employee remuneration Provisions have been clearly prescribed on all levels of responsibility and salary, year-end bonus assessment, staff promotion, training, reward and punishment system, etc. Employee remuneration is determined according to individual ability, contribution to the company and performance, and is positively related to business performance. If the company makes a profit in the current year, it shall allocate not less than 5% for employee compensation in accordance with the company's articles of association. Employee remuneration includes basic fixed salary, year-end and welfare bonuses, etc.; and the standard of payment, the basic fixed salary is based on the employee's responsibilities at all levels, and the bonus is paid in connection with the company's operating performance. ● Employee benefits The Company implements a sound leave system in accordance with the provisions of the labor law. Special leave will be granted to those who have served in the Company for more than 6 months (inclusive); For more than ten years, one day shall be added to each year until the thirtieth day. 	No difference
	V		<ol style="list-style-type: none"> (1) The retirement system and pension payment are in accordance with the provisions of the Labor Standards Law and the Labor Pension Regulations. For details of the implementation, please refer to P128 of the annual report. (2) Scholarships for employees and employees' children, three-festival gifts, birthday gift, Labor Day gift, travel subsidy, club subsidy, emergency assistance, etc. are provided for employees and their children. (3) Organize sports and recreation activities, movie appreciation, mountain climbing, and hiking from time to time. (4) Provide single dormitory. (5) Cafeterias that cater three meals a day. (6) Medical check-ups for every two years. (7) Coverage under National Labor and National Health Insurance programs. (8) Cash for weddings/ funerals and relief payment for employees. 	No difference
	V		<ul style="list-style-type: none"> ● Workplace diversity and equality The Company abides by "Gender Equity Education Act" and "Labor Standards Act," both males and females have the equal rewarding conditions and chance of promotion. In 2023, 49.7% of the employees and 45% of the managerial level are female. 	No difference
	V		<ul style="list-style-type: none"> ● Reflecting the corporate business performance in the employee remuneration The Company refers to economic trend and market rate salary, take the company operating and individual performance into consideration to adjust salary, ensuring the overall competitive remuneration. In 2023, the average annual raise for mana- 	No difference

Promotion items	Status of Implementation			Differences from the Code of Practice for Sustainable Development for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
(III) Has the company provided employees with a safe and healthy work environment as well as regular classes on health and safety?	V		<p>gerial and non-managerial position is 3.3%.</p> <p>(1) Safety starts from sorting, ends with sorting and reorganizing, in this spirit to continue to promote the 5S movement of all staff, let good habits at ordinary times naturally formed.</p> <p>(2) Newly recruited employees receive pre-employment training, and safety and health knowledge is promoted every year.</p> <p>(3) A work environment test is held every six months; special operators have health checkups annually while general employees receive health checkups every two years.</p> <p>(4) Fire drills are held twice a year, and regular self-defense fire training classes are held on a regular basis.</p> <p>(5) The supervisors take care of employees' mental and physical health in daily life to ensure the safety during work.</p> <p>(6) Continuously promote occupational safety, strengthen the protection management for workers and the prevention of occupational hazards to create a zero harm workplace.</p>	
(IV) Does the company establish effective career development training programs for its employees?			<p>The company establishes a complete talent cultivation system from the perspective of practical and sustainable management:</p> <p>(1) Foreign language awards to enhance professional functions and overall competitiveness.</p> <p>(2) Various internal educational training seminars are organized from time to time to provide employees with rich learning resources and diverse workplace environments. Training courses consist of general and professional courses offered internally and externally as well as welfare courses and legal courses.</p> <p>(3) Through job rotation and overseas experience, employees are assigned important tasks and challenges to expand their horizons and vision for the cultivation of professional and leadership talents.</p>	
(V) Is the company in compliance with relevant laws and regulations as well as international standards when it comes to customer health and safety, customer privacy, marketing and labeling of products and services, and make relevant policies and appeal procedures on the protection of consumer rights and interests?			<p>(1) The company complies with the relevant provisions of government decrees. Process from receiving orders to procurement and production process are all in accordance with the standard operating procedures, handling and managing the value chain of products to ensure the safety of products.</p> <p>(2) With transparent service marketing information, the company has set up its website in Chinese, English, and Japanese, providing consumers with a special section for comments and complaints.</p> <p>(3) The Investor Section of the company's website: www.tahhsin.com.tw</p>	
(VI) Does the Company has established a supplier management policy that requires suppliers to comply with the relevant standards on issues such as environ-			<p>(1) When conducting evaluations of suppliers, the purchasing department shall review in accordance with the evaluation methods in the company regulations. In 2023, there were 334 (98%) suppliers with operational units in Taiwan that were evaluated on re-</p>	

Promotion items	Status of Implementation			Differences from the Code of Practice for Sustainable Development for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
mental protection, occupational safety and health, or labor and human rights? And the implementation status?			<p>spective important issues such as business ethics, environmental protection, and occupational safety.</p> <p>(2) The content of the Company's external contract includes a clause that the parties who signed the contract shall abide by the principle of good faith and that if infidelity is involved, the parties may terminate the contract or rescind terms of the contract at any time.</p> <p>(3) Considering the impact on the social and natural environment, the company promotes CSR to the suppliers annually and requires them to develop eco-friendly materials. With the materials certified by BLUESIGN, the suppliers will be listed as priority collaborators.</p> <p>(4) To implement the established "Supplier Code of Conduct" and "Commitment of Supplier for Corporate Social Responsibility," the company carries out the sustainable concept and aims in daily management.</p> <p>(5) 170 (50.9%) suppliers have signed the Supplier Corporate Social Responsibility Commitment.</p>	
V. Does the company adopt internationally widely recognized standards or guidelines when producing corporate social responsibility report and other reports that disclose non-financial information of the company? Whether assurance or guarantee opinions have been obtained for the aforementioned reports by a third party certification unit?	V		<p>The Company has planned to compile the ESG report since 2023 to disclose the efforts of promoting sustainable development. The report adheres to the SASB (Sustainability Accounting Standards Board) and GRI Standards (Global Reporting Initiative), and the report is written following strategic guidelines such as GRI indicators.</p> <p>(1) The Company is certified with:</p> <ul style="list-style-type: none"> ● GRS: Global Recycled Standard certification ● UL Certification: Product Safety certification/New Machinery <p>(2) The subsidiary Tah Fu Plastic Industry Co., Ltd.:</p> <ul style="list-style-type: none"> ● WRAP: World Responsible Accredited Production ● CQC: Product quality/wafety performance certification <p>(3) The subsidiary DaYueh Co., Ltd.:</p> <ul style="list-style-type: none"> ● GRS: Global Recycled Standard certification ● FWF: Factory audit of Fair Wear Foundation ● SGS: Social Responsibility assessment ● GORE-TEX certification <p>(4) The subsidiary Myanmar Tah Hsin Industrial Co., Ltd.:</p> <ul style="list-style-type: none"> ● GRS: Global Recycled Standard certification ● WRAP: World Responsible Accredited Production ● GORE-TEX certification 	No difference
<p>VI. If the Company makes its own corporate social responsibilities principles according to the Rules of Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies, please state the differences:</p> <p>Description: The Company has drawn up a "Code of Practice for Sustainable Development", which can still be followed in practice.</p>				

Promotion items	Status of Implementation			Differences from the Code of Practice for Sustainable Development for TWSE/GTSM Listed Companies and Reasons																																				
	Yes	No	Summary																																					
VII. Other key information useful for explaining the status of promoting the implementation of sustainable development:																																								
Description: In order to fulfill our corporate social responsibility and enhance our corporate image, the Company continues to strengthen promotion of corporate social responsibility, including environmental protection, power conservation, and society care to give back to the society with real actions.																																								
<div><div>(1) The company introduced the first non-toxic, fully recyclable, and reusable polypropylene plastic corrugated board with the characteristics of pressure resistance, impact resistance, heat resistance, low-temperature resistance, water resistance and corrosion resistance in the domestic market to replace paper, wood, non-eco-friendly plastics, or other similar materials to reduce environmental pollution damage that ends products may cause.</div><div>(2) In conjunction with environmental protection planning for renewable energy, solar panels are installed on the factory roofs to reduce electricity consumption and carbon emissions.</div><div>(3) For ESG implementing, the board passed a resolution on May 10, 2024, to formulate regulations for the Sustainable Development Committee to continuously promote corporate sustainability as well as enhance corporate governance.</div><div>(4) The company responds to charity blood donation activities from time to time every year, which has still been temporarily suspended due to the impact of COVID-19.</div><div>(5) The company continues donating supplies to social welfare organizations to help take care of the vulnerable groups in rural areas.</div></div>																																								
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6. Implementation of climate-related information

Promotion items	Status of Implementation			Differences from the Code of Practice for Sustainable Development for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
I. Describe the supervision and governance of climate-related risks and opportunities by the board of directors and management.	V		<p>(1) The Board of Directors resolved on May 13, 2024 to establish the “Sustainable Development Committee”, comprising 4 board members (including 3 independent directors) appointed by the Board with expertise and capabilities in corporate sustainability, along with a CSO(Chief Sustainability Officer) responsible for driving and executing sustainability-related initiatives.</p> <p>(2) The Committee convenes at least once annually (adjusted according to the actual situation) to formulate the company's sustainable development direction, strategies and goals, and formulate relevant management policies based on a green operation model of "Production efficiency maximization and environmental impact minimization". These plans encompass climate-related issues and capital expenditure, review, track, and revise the execution progress and effectiveness of sustainability initiatives, and report them to the Board of Directors.</p> <p>(3) An execution team under the Sustainability Development Committee has also been set up and composed by the CSO, the team is responsible for evaluating environmental sustainability, improving resource utilization, climate change and other response mechanisms, and keeping an eye on the development in relevant guidelines and environmental changes. Through this execution team, interdepartmental meetings (including virtual ones) are irregularly convened to formulate work policies, corresponding strategies, allocate related budgets, and execute annual plans based on the topics. Simultaneously, it monitors the effectiveness of execution to ensure the full integration of sustainability strategies into the Company's daily operations.</p> <p>(4) The other functional committees are also responsible for the governance of certain climate-related issues, such as the Audit Committee convenes quarterly meetings to discuss relevant issues, regularly listens to work reports on the design and implementation of the internal control system for climate-related risks, and submits them to the Board of Directors for review.</p> <p>(5) The Remuneration Committee convenes twice annually to discuss, evaluate and review managers' remuneration for ESG-related performance (including climate change management), and incorporates climate-related goals and achievements into the performance assessment of senior executives. The connection between the system and the relevant results of climate change management prompts managers at all levels to pursue both for the Company's profitability and the attainment of sustainability goals.</p>	No difference
II. Describe how the identi-	V		The group proactively develops responsive strate-	

Promotion items	Status of Implementation			Differences from the Code of Practice for Sustainable Development for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
<p>fied climate risks and opportunities affect the business, strategies, and finances of the company (in short, medium, and long-term respectively).</p>			<p>gies, aiming to mitigate operational and financial impacts caused by climate change. It defines short-term of 3 years, medium-term of 3 to 5 years, and long-term of 5 years and beyond periods to assess the potential operational and financial effects of relevant climate risks and opportunities on the company. Various actions will be identified based on the discernment of how climate-related risks and opportunities affect the company.</p> <p>Climate-related risks Short-term of 1 to 3 years:</p> <ul style="list-style-type: none"> ● Control of total greenhouse gas emissions and imposition of carbon taxes, energy taxes, air pollution fees, etc. ● Extreme climate change leads to power outages, equipment damage, etc., which indirectly affects operating costs. ● Increased electricity and water consumption required for machinery equipment, air-conditioning and office lighting. <p>Medium-term of 3 to 5 years:</p> <ul style="list-style-type: none"> ● Shifts in consumer demand and preferences. ● Transition to a low-carbon business model. ● Addition of new renewable energy laws and regulations. <p>Long-term of 5 years and beyond:</p> <ul style="list-style-type: none"> ● Trend towards net zero emissions. ● Rising in average temperatures. ● Green barrier threshold for international trade of non-carbon footprint certified products. <p>Climate-related opportunities Short-term of 3 years:</p> <ul style="list-style-type: none"> ● Conduct greenhouse gas inventories to assess the current total emissions of greenhouse gases. ● Analyze and examine the proportion of greenhouse gas emissions at each stage of product manufacturing process, and develop countermeasures to reduce product carbon emissions through the calculation of product carbon footprint,. ● Improve resource utilization efficiency. <p>Medium-term of 3 to 5 years:</p> <ul style="list-style-type: none"> ● Introduce the product development process and pay attention to the use and development of low-carbon raw materials, equipment, and processes. ● Encourage upstream suppliers to conduct greenhouse gas inventory and disclosure, and jointly slow down and reduce the impact of climate change via the Company's own product carbon footprint calculation. <p>Long-term of 5 years and beyond:</p> <ul style="list-style-type: none"> ● Promote awareness among consumers and clients about the impact of climate change, enhance the CSR image as well as the added values of products 	

Promotion items	Status of Implementation			Differences from the Code of Practice for Sustainable Development for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
			<p>through product carbon footprint certification.</p> <p>Coping strategies:</p> <ul style="list-style-type: none"> ● Construct green buildings. ● Use of renewable energy. ● Develop alternative raw materials and strengthen green research and development. ● Purchase energy-saving equipment to improve energy efficiency. ● Continue to implement greenhouse gas reduction actions. ● Strengthen corporate governance, prioritize climate-related issues, take action to enhance sustainability ratings, and build a positive image and customer recognition. 	
III. Describe the financial impact of extreme weather events and transformational actions.	V		<p>Financial Impact of Extreme Weather Events: Through internal discussions, inventories and assessments, the Group identifies potential risks to production or transportation caused by floods, droughts, changes in precipitation patterns and extreme climate changes.</p> <ul style="list-style-type: none"> ● Floods caused by heavy rainfall: Personnel's inability to attend work or casualties will cause the shutdown of operation base and equipment damage and result in temporary inability to ship goods. ● Drought and water shortage: Disruption of normal production line operations occurs. In a water shortage, water conservation measures such as reduced water usage and cross-region water transportation to maintain supply are imperative and result in increased operational costs. ● Precipitation patterns and climate extreme changes: Adversely affect production sites, raw material sourcing, and finished goods transportation, resulting in increased production costs and significant profit reduction. ● Expenditure on compliance with climate-related regulations in various countries and penalties for non-compliance. <p>Financial Impact of Transformational Actions</p> <ul style="list-style-type: none"> ● The transition to a low-carbon economy may entail coping with the costs of complying with climate-related regulations in various countries and penalties for non-compliance, which could increase operating costs or reduce sales. ● The financial impact of carbon pricing on the Group will generate cost increase for the Company's own operations and supply chain. 	No difference
IV. Describe how the processes for identifying, assessing, and managing climate-related risks are integrated into the overall risk	V		The Board of Directors is top of the decision-making unit for risk management within the Group and directly overseeing the group's risk governance framework.	No difference

Promotion items	Status of Implementation			Differences from the Code of Practice for Sustainable Development for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
management system.			To strengthen risk assessment and reinforce management functions, the Board of Directors resolved to establish the Sustainable Development Committee in May 2024, with a CSO (chief sustainability officer) responsible for comprehensively overseeing and implementing sustainability-related initiatives. An execution team is responsible for identifying and managing operational risks, including physical and transitional risks associated with climate change, and leading the planning of corresponding response measures. Risk identification and analysis are conducted for operation, finance, ESG, human resource, and information security domains based on each department's business scope. According to risk identification results, each department carries out strategic planning, integration and management of risks that may affect operations and profits.. The committee submits management execution and risk control reports to the Board of Directors at least once a year, supervises and tracks the implementation of risk management by the management team aiming to strengthen the corporate resilience.	
V. When conducting a scenario analysis to assess resilience in the face of climate change risks, describe the scenarios, parameters, assumptions, analysis factors and main financial impacts involved in the analysis.	V		<p>While scenario analysis cannot predict the future, it allows companies to gain a clearer understanding of how climate change may affect them. Scenario analysis is an important tool for strategic planning, risk management, and assessing the flexibility of company strategies. The Group has been conducting quantitative climate analysis since 2023 to assess its resilience to climate change risks under various external conditions.</p> <p>Parameters, assumptions and analysis factors are as follows:</p> <ul style="list-style-type: none"> ● Transformation risk The transition to a low-carbon economy may confront significant policy and regulatory, technological, and market changes. Within the timeframe analyzed, factors such as greenhouse gas emissions regulation and carbon pricing, renewable energy regulations, as well as shifts in consumer demand and preferences, could potentially increase operating costs or decrease market sales. ● Physical risk Extreme changes in climate patterns lead to increased occurrences of earthquakes, floods, and droughts, resulting in operational disruptions at business locations, leading to decreased revenue or financial losses, as well as supply chain interruptions, and are expected to become more extreme and frequent. Long-term risks are more likely to occur after this century. According to estimates from a UN report, the earth may heat up by 2.7°C by the end of this century, causing significant environmental impacts. The estimated results indicate that the risks faced will all increase. The estimated results indicate that the risks faced will all increase. he estimated results indicate that the risks faced will all increase. Referring to the 2019 IEA Stated Policies Scenario 	No difference

Promotion items	Status of Implementation			Differences from the Code of Practice for Sustainable Development for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
			(STEPS), this scenario encompasses current policy visions and objectives aimed at reflecting the plans of current policymakers and elucidating their outcomes. Under the STEPS scenario, energy demand is projected to increase by 1% annually until 2040. By 2040, over half of global energy supply will come from low-carbon sources, with solar energy predominating and accounting for over 50%, while natural gas accounting for about 35%. The growth rate of oil supply will level off from 2030.	
VI. If there is a transformation plan to manage climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical and transition risks.	V		<p>In order to achieve net zero emissions, the Group has formulated a low-carbon plan, which will target on reducing emissions from direct operations (Scope 1), indirect emissions from energy use (Scope 2), and business and employee commuting in the category of indirect emissions (Scope 3).</p> <p>The implementation includes:</p> <ul style="list-style-type: none"> ● Continue to actively and independently reduce carbon emissions, improve energy productivity and efficiency, and minimize carbon emissions in the manufacturing and product use stages. ● Adopting renewable energy: Significantly increase the proportion of renewable energy use and promote it to the value chain to support low-carbon energy transformation with practical actions. <p>The Group uses the year 2023 as the comparison base period. The indicators and targets of the action items used in the transformation plan to identify greenhouse gas emitting entities and transformation risks are as follows:</p> <p>1. Physical risks:</p> <ul style="list-style-type: none"> ● Flood Prevention: Strengthen waterproof facilities and drainage pipes / complete waterproof facilities and drainage pipes / reduce operational interruption risks and financial impacts. ● Earthquake Damage: Purchase property insurance / complete insurance for all registered assets / reduce property losses. <p>2. Transformation risks:</p> <ul style="list-style-type: none"> ● Energy Conservation: Following internal management procedures / energy intensity / reduce electricity consumption rate by 1% annually compared to the previous year. ● Carbon Reduction: Following internal management procedures / product carbon footprint quantification process / effectively control carbon emission sources for reducing the risk of additional levies in the carbon fee or carbon tax market in the future. ● Green Energy: Solar power generation / Energy generation volume / achieve a 9% annual electricity savings, the Group aims for a 10% reduction. ● Green Production: Increase revenue from sustainable products / recycled PP granules / annual revenue > 3 million. 	No difference
VII. If internal carbon pricing is used as a planning tool, the basis for price determination should be stated.	V		The Company did not use internal carbon pricing as a planning tool in 2024.	No difference

Promotion items	Status of Implementation			Differences from the Code of Practice for Sustainable Development for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
VIII. If climate-related goals are set, information such as the activities covered, greenhouse gas emission scopes, planning timeframe, progress achieved each year, etc., should be stated. If carbon offsetting or Renewable Energy Certificates (RECs) are used to achieve these goals, the source and quantity of the offset carbon emissions or the number of RECs exchanged should be disclosed.	V		<p>The Company submitted greenhouse gas inventory declaration information and verification schedule to the Board of Directors on August 12, 2022, and reports to the Board regularly every quarter, setting carbon reduction targets, strategies, specific action plans, and reporting on the implementation of sustainable development promotion.</p> <p>According to the regulations of the Financial Supervisory Commission, companies with assets of less than 2 billion are required to compile and submit sustainability reports by 2025. The Company plans to prepare a sustainability report in advance by 2024.</p> <p>According to the current plan, the company does not use the purchase of renewable energy certificates as a means of carbon reduction. Priority is given to renewable energy for self-use, and the available space at each operating site is taken into account to gradually build renewable energy power generation equipment.</p> <p>In 2023, the company's self-generated solar energy consumption was 361,078 kWh, with green power accounting for 9.5% of the total power consumption in the factory. The subsidiary Tah Fu's was 582,600 kWh, accounting for 82.5% of the total power consumption in the factory. The Group's total consumption was 943,678 kWh. Accounting for 17.6% of the Group's total electricity consumption.</p>	No difference
IX. Greenhouse gas inventory and assurance, reduction targets, strategies and specific action plans (filled in 1-1 and 1-2 separately).	V		<p>The group officially launched greenhouse gas inventory and verification operations since 2023 to accurately understand the emission of greenhouse gases and carbon emissions generated by its operational activities. Taking 2023 as the base year for the inventory, it is planned to complete the inventory in 2024 and undergo third-party verification in 2025.</p> <p>Reduction goals, strategies, and specific action plans are stated as below.</p>	No difference
<p>1-1 Greenhouse gas inventory information: Describe the emission volume (metric tons CO₂e), intensity (metric tons CO₂e/million yuan) and data coverage of greenhouse gases in the past two years.</p> <p>1-2 Greenhouse gas assurance information:</p>	V		<p>The company, being a company with a paid-up capital of less than TWD 5 billion, follows the phased disclosure schedule for greenhouse gas inventory and verification information in line with the Financial Supervisory Commission's promotion of the "Sustainable Development Roadmap for Listed and OTC Companies."</p> <p>The company and its consolidated reporting subsidiaries should apply the greenhouse gas inventory and verification schedule in the third stage:</p> <p>The Company:</p> <ul style="list-style-type: none"> ● Inventory: Completion by 2026. ● Verification: Completion by 2028. <p>Consolidated subsidiaries:</p> <ul style="list-style-type: none"> ● Inventory: Completion by 2027. ● Verification: Completion by 2029. <p>The group officially commenced greenhouse gas inventory and assurance operations in 2023, Taking</p>	No difference

Promotion items	Status of Implementation			Differences from the Code of Practice for Sustainable Development for TWSE/GTSM Listed Companies and Reasons		
	Yes	No	Summary			
Describe the assurance situation for the last two years as of the publication date of the annual report, including the assurance scope, assurance organization, assurance criteria and assurance opinions. (Please explain in the right column)			2012 as the base year for the inventory, the Company aims to complete the inventory in 2024 and undergo third-party verification in 2025, while the subsidiaries plan to complete inventory and verification in accordance with the timetable specified by laws and regulations.			
			Direct emission (Category 1):			
			(Ton)			
			2023		2022	Increase (decrease) ratio
			3,445		3,441	0.0012
			Indirect energy(Category 2) greenhouse-gas:			
			① Greenhouse gas carbon emissions: (Kg)			
			2023		2022	Increase (decrease) ratio
			2,174,225		2,690,077	(0.1918)
			② Electricity consumption: (degree)			
			2023		2022	Increase (decrease) ratio
			4,331,940		5,322,990	(0.1862)
			③ Water consumption: (degree)			
			2023		2022	Increase (decrease) ratio
			7,517		8,294	0.0937
			Indirect emission (Category 3) including business and employee commuting:			
			(Ton)			
2023	2022	Increase (decrease) ratio				
210	212	(0.0094)				
Regarding green manufacturing, the Company’s PP corrugated board products are made from environmental-friendly materials, and are recyclable and reusable.						
Through technology development and reuse of recycled PP particles, hazardous waste will not be produced in the process and the products will not cause environmental damage.						
Percentage of recycled reused particles in the latest two years:						
	Recoverable and reused resource rate					
2022	7.52%					

Promotion items	Status of Implementation			Differences from the Code of Practice for Sustainable Development for TWSE/GTSM Listed Companies and Reasons		
	Yes	No	Summary			
			<table><tr><td>2023</td><td>5.74%</td></tr></table> <p>Description: The decrease of recycle rate in 2023 compared to 2022 was due to the 13% decreased profit of PP corrugated board.</p>	2023	5.74%	
2023	5.74%					

7. Implementation of Ethical Corporate Management and Any Variance from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance:

Evaluation Items	Operational Situation			Any Variance from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance
	Yes	No	Summary	
III. Formulation of policies and plans for ethical corporate management (I) Has the Company formulated its ethical management policy approved by the Board of Directors, clarified it in its regulations and external documents and the commitment of Board of Directors and senior Managers to active implementation?	V		<p>(1) The Company has formulated the Ethical Corporate Management Best Practices which was adopted by the Board of Directors to take into effect and promulgated to implement on December 28, 2010.</p> <p>(2) Has formulated the Ethical Corporate Management Procedures and Behavior Guidelines which was adopted by the Board of Directors to take into effect and promulgated to implement on December 28, 2011.</p> <p>(3) The company issued a notice that its external contracts shall include the explicitly stated principle of good faith that the parties must abide by on October 5, 2011.</p> <p>(4) On March 16, 2010, in accordance with laws and</p>	No difference

Evaluation Items	Operational Situation			Any Variance from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance
	Yes	No	Summary	
(II) 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		<p>regulations and operational requirements, the Company made amendments to the Ethical Corporate Management Best Practices and the Ethical Corporate Management Procedures and Behavior Guidelines, which to be disclosed on the Market Observation Post System and the Company's website after reporting to the shareholders' meeting, stipulating that directors, supervisors and management shall abide by the rules and regulations in good faith and shall not be involved in any unethical conduct.</p> <p>(1) The company has established the code of conduct of ethical corporate management and code of ethics in relevant rules and regulations, as well as the relevant reward and punishment provisions, specifying that directors, managers, employees or attorney or substantial controller of the company are strictly prohibited to offer, promise, demand or accept any improper benefits directly or indirectly in the process of engaging in business activities, or be involved in any unethical conduct such as breach of integrity, illegal or breach of fiduciary duty, so as to prevent the occurrence of various kinds of malpractices.</p> <p>(2) On March 16, 2020, the Company made amendments to the Ethical Corporate Management Procedures and Behavior Guidelines and the relevant internal regulations of the Company. Standards for the punishment and complaint systems for violations are available and implemented one by one to prevent dishonest conduct during business activities or process of business implementation.</p>	No difference
(III) Has the company in the prevention programs for unethical conduct clearly prescribed the operation procedures, conduct guidelines and disciplinary and appeal system for violations of the ethical corporate management rules and implemented them, and conducted review and amendment on the aforementioned programs on a regular basis?	V		<p>(1) The company has established punishment, appeal, reward and penalty systems for relevant violations to implement prevention of dishonest conduct, and will continuously revise them.</p> <p>(2) Internally, the financial personnel complies with the accounting system and the auditors follows the internal control system; the auditors govern and execute the audits, and the certified public accountants (CPA) conduct external checks.</p>	No difference
II. Implementing integrity operation				
(I) Has the company evaluated its counterparts' ethical records? Does the contract signed by the com-	V		The Company has updated "Commitment of Supplier for Corporate Social Responsibility," and required the suppliers to establish a cooperate culture of integrity, complying with "Supplier Code of Conduct." Before	No difference

Evaluation Items	Operational Situation			Any Variance from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance
	Yes	No	Summary	
pany and its counterparts clearly provide terms on ethical conduct?			conducting business activities, the Company has evaluated its counterparts' necessary ethical records. The external contract between the company and the suppliers shall include clauses that stipulate conformity with ethical business operations as well as clauses regarding the termination or dissolution of the contract if the counterparts are involved in any dishonest behavior.	
(II) 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		<p>(1) The Board of Directors has been established a "Sustainability Development Committee," on May 13, 2024 under which a task force is set up to promote the ethical management, anti-corruption, anti-bribery, and compliance matters within the Group.</p> <p>(2) The Company's audit office is responsible for overseeing the implementation of ethical management policies and prevention plans to prevent dishonest behavior and ensure the implementation of ethical management policies.</p> <p>(3) Report on its implementation at the quarterly meeting of the Board of Directors</p>	No difference
(III) Has the company established and implemented policies preventing a conflict of interest and providing proper channels for suggestions and complaints?	V		<p>(1) The company has established a box and website for complaints as a channel for suggestions and complaints, and required the company's relevant divisions to implement it.</p> <p>(2) Before proposals and discussion at the Board of Directors meetings, the moderator reads the motion and the parties who are involved in a conflict of interest shall leave.</p> <p>(3) The Board of Directors has been convened for 7 times in 2023 in accordance with the "Rules of Procedures for Board Meeting".</p>	No difference
(IV) Has the company established an effective accounting system, internal control system to put ethical corporate management into practice. The internal auditors shall draw up the relevant audit plan to audit the compliance of the prevention programs for unethical conduct according to the risk valuation results of the unethical conduct, or audited by CPAs?	V		<p>(1) The company has established an effective accounting system and audits are following the laws and regulations and internal control system to put integrity operation into practice, systems and implementation efficiency are under review at any time.</p> <p>(2) The internal audit conducted by the audit office and formulate an audit plan according to the aforementioned compliance system, and ensure the effectiveness of internal control systems through self-evaluation operations, which will serve as the basis for issuing an internal control system statement, and submit to the board of directors for approval.</p> <p>(3) The external audit is entrusted to the accountants in the interim and annually.</p>	No difference
(V) Does the company organize internal or external trainings on the ethical	V		(1) The Company promote the operating regulation and working procedures of integrity and the conduct guideline through internal platform a period-	No difference

Evaluation Items	Operational Situation			Any Variance from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance
	Yes	No	Summary	
corporate management regularly?			<p>ically to have the employees fully understood the related regulations to follow during business implementation, to implement business of integrity, and to prevent dishonest conduct.</p> <p>(2) In 2023, there were 74 classes of self-organized or external training courses, with 3,639 personnel being trained for 838.5 training hours. For more information about the implementation of education and training, see P129~130 of the annual report.</p>	
IV. Implementation of the company's whistle-blowing mechanism				
(I) Has the company set specific report and reward system to facilitate the reporting channel and assign appropriate specialist accepting to spot the reported object?	V		<p>(1) The whistle-blower can report complaint in person, through mailbox, e-mail box, Tahsin website investor section and other statement channels, and the dedicated personnel of the responsible unit can properly handle and improve the response mode of each stakeholder, so as to achieve effective communication.</p> <p>(2) The Company has established systems for complaints, whistle-blowing, and rewards and penalties, which are all disclosed on the Company's website.</p> <p>(3) Report regularly to the Board of Directors. Up to the date of publication of the annual report, no complaints have been filed.</p>	No difference
(II) Has the company stipulated standard operating procedures (SOP) and relevant systems of confidentiality for investigating the case being exposed by the whistle-blower?	V		<p>(1) The Company has established systems for complaints, whistle-blowing, rewards and penalties, the process of measure is application, investigation, and remain confidential.</p> <p>(2) Report the establishment of applicable external personnel.</p>	No difference
(III) Has the company taken measures to protect whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing?	V		The company handles reported cases confidentially and strictly prohibits any retaliation against the complainant or whistleblower. It adheres to the principle of human rights protection, the parties involved are not affected with their rights and interests due to reporting.	No difference
IV. Strengthening of information disclosure Does the company disclose the information of implementation and results of integrity management on its website and the MOPS?	V		<p>(1) Internal: The relevant regulations and education training concerning ethical corporate management are launched and implemented through the company's internal network system.</p> <p>(2) External: The Company has disclosed the relevant content of the ethical corporate management best practices and effectiveness of the implementation on the Company's website and MOPS.</p>	No difference
V. Where the company has stipulated its own ethical corporate management best practices according to the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please describe any differences between the prescribed best practices and the actual activities taken by the company:				
Description:				

Evaluation Items	Operational Situation			Any Variance from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance
	Yes	No	Summary	
<p>(1)The Ethical Corporate Management Best Practices established by the Company are in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies issued by the Taiwan Stock Exchange, requiring the relevant divisions of the Company to implement and incorporate the best practices into day-to-day operations and management, and there are no differences between the prescribed best practices and the actual activities taken.</p> <p>(2)The company's subsidiaries have implemented the internal control system and relevant supervision measures based on the company's spirit of ethical corporate management.</p>				
VI. Other important information for better understanding of the ethical management (such as review and amendment of the regulations on ethical management)				
Description:				
<p>(1) On March 16, 2020, the Company made amendments to the Ethical Corporate Management Best Practice Principles and the Procedures for Ethical Management and Guidelines for Conduct.</p> <p>(2) Internally: The company has stipulated that the directors, supervisors, and management shall abide by the regulations in good faith and shall not involve in any unethical conduct, as well as the relevant reward and punishment provisions, specifying that directors, supervisors, managers, employees or attorney or substantial controller of the company are strictly prohibited to offer, promise, demand or accept any improper benefits directly or indirectly in the process of engaging in business activities, utilize company resources for commercial activities outside the company, or be involved in any unethical conduct such as breach of integrity, illegal or breach of fiduciary duty, so as to prevent the occurrence of various kinds of malpractices.</p> <p>(3) Externally: Before establishing a business relationship, the Company has stipulated that contracts shall include clauses that stipulate conformity with ethical business operations as well as clauses regarding the termination or dissolution of the contract if the counterparts are involved in any dishonest behavior. Meanwhile, the division in charge of contract signing is requested to inform the counterparts to comply with the clauses.</p> <p>(4) It has been disclosed on the Market Observation Post System and the company's website after reporting to the shareholders' meeting on June 5, 2020.</p>				

8. If the Corporate Governance Best Practice Principles and relevant regulations are established by the Company, the consulting methods shall be disclosed:

1. The company has established the following rules:

1	Articles of Incorporation
2	Procedures of Acquisition or Disposal of Assets
3	Procedures of Loaning Funds to Others
4	Procedures of Endorsements/Guarantees
5	Rules of Procedures of Shareholders' Meeting
6	Procedures of Election of Directors
7	Rules of Procedures for Board Meeting
8	Measures for the Evaluation of the Board of Directors' Performance
9	Codes of Ethical Conduct for Directors, Supervisors, and Managers
10	Standard Operating Procedures for the Handling of Directors' Requests
11	Ethical Corporate Management Best Practice Principles
12	Ethical Corporate Management Procedures and Guidelines for Conduct
13	Remuneration Committee Charter
14	Audit Committee Charter
15	Procedures for Halt and Resumption Applications
16	Measures for Preventing Insider Trading
17	Code of Ethical Conduct for Employees
18	Whistle-blowing Measures and Reporting Procedures
19	Occupational Safety and Hygiene Management Measures
20	Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises
21	Tahsin Social Responsibility Policies (CSR)
22	Information Security Control Regulations
23	Internal Control System
24	Internal Audit Implementation Rules
25	Corporate Governance Best Practice Principles
26	Sustainable Development Best Practice Principles
27	Process Procedures for Internal Significant Information
28	Organizational Regulations of the Sustainable Development

2. All rules have been disclosed in the Investor Section of the company's website.

(The Company's website: www.tahhsin.com.tw)

9. Other important information to facilitate better understanding of the Company's corporate governance shall be all disclosed:

- (1) The Financial officers, Accounting officers, Auditing officers, and the internal auditing staff also participate in the skill development and training courses in their respective professional areas every year. The training status is as below:**

Job Title	Name	Date of receiving trainings	Training Course Provider	Name of training courses	Hours
Financial & Governance Officer	CHEN, MING-ZHE	2023.03.15	Taiwan Academy of Banking and Finance	Corporate governance forum	3
		2023.03.30	Accounting Research and Development Foundation	Continuing education course for securities exchange accountants of issuers	12
		2023.05.03		Relevant regulations and common deficiencies in the preparation of corporate financial reports	3
		2023.05.18	Securities and Futures Institute	How to correctly understand corporate governance evaluation indicators	3
		2023.09.23	Taiwan Stock Exchange	Seminar on sustainable development practice	3
		2023.10.20	Securities and Futures Institute	Conference on insider trading prevention	3
		2023.11.03		Seminar on gaining insights into derivative financial markets and moving towards corporate sustainability	3
Substitute Staff for the Financial Officer	HO, WEN-DA	2023.11.13	Accounting Research and Development Foundation	Continuing education course for securities exchange accountants of issuers	12
		2023.11.14			
Audit Supervisor	LIU, LI-ZHEN	2023.07.20	Internal Audit Association of the Republic of China	Analysis of illegal cases by audit/finance personnels and responses	6
		2023.10.13		Practices regarding subsidiary audit	6
Auditors	CHEN, YI-ZU	2023.06.27	Internal Audit Association of the Republic of China	Audit practice on manufacturing materials system	6

		2023.09.14		Policy analysis of ' Self-Compilation of Financial Statement ' and 'Sustainability Reporting,' and key discussions on internal audit and control practices	6
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- (2) **The Company has set out the Procedure for the Announcement of Major News for Spokespersons, in order to establish a mechanism for the Company's spokesperson to handle and disclose the Company's major internal news, and to ensure the Company adheres to information consistency and correctness when news is released to the public.**
- (3) **The Company has established the Codes of Ethical Conduct for Directors, Supervisors, and Managers**
Code of Ethical Conduct for Directors and Managers'' of Tahsin Industrial Corp. (Amended by the Board of Directors on March 16, 2020)

Chapter 1 General Provisions

Article 1 For directors and managers of the company (including General Managers, Deputy General Managers, Assistant Deputy General Managers, chief financial and chief accounting officers, and other persons authorized to manage affairs and sign documents on behalf of a company) to conduct business activities based on their authority and to behave in an ethical manner, the guidelines are set to prevent unethical behavior and behaviors that would harm the interests of the company and its shareholders.

Chapter 2 Content of the Codes of Ethical Conduct

Article 2 Article 2: Directors and managers shall treat the company's affairs in disciplined manners which are in honesty, in compliance with laws, and in fairness and justice.

Article 3 Directors and managers shall avoid conflicts of interest when personal interests are involved or may be involved in the company's overall interests, including but not limited to the fact that the officer cannot handle the company's affairs in an objective and efficient manner; or based on their position in the company, to get improper benefits for themselves, their spouses, parents, children or relative within the second-degree of kinship. To prevent conflicts of interest, the

Company's loans of funds, provisions of guarantees, and major asset transactions involving the aforesaid persons or their affiliated enterprise at which a Director, Supervisor, or Managerial Officer works shall be reviewed by the Board of Directors in advance, and if any purchase (or sale) of goods, the best interests of the Company shall be taken into account.

Article 4 When the company is in the face of the opportunity of making profit, Directors and managers shall try their best to maintain the company's legitimate profitability and interest in such situations. The Directors, Supervisors, and Managerial Officers shall not obtain personal gains by using the Company's properties, information or take advantage of their positions in the Company, and unless otherwise permitted in accordance to the Company Act or the Company's Articles of Incorporation, they shall not engage in acts that compete with the Company.

Article 5 The directors and managerial officers of the company shall be bound by the obligation to maintain the confidentiality of any information regarding the company itself or its suppliers and customers, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the Company or customers.

Article 6 Directors and managerial officers shall treat all suppliers and customers, competitors, and employees fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.

Article 7 All directors, and managerial officers have the responsibility to safeguard company assets and to ensure that they can be effectively and lawfully used for official business purposes; any theft, negligence in care, or waste of the assets will all directly impact the company's profitability.

Article 8 Directors and managers shall comply with regulations stipulated in various laws, and the company's rules and systems.

Article 9 Employees of the company shall report to the independent director, direct manager, General Manager's office, and internal audit supervisor, or other appropriate personnel upon discovery of any activity in violation of a law or regulation or the code of ethical conduct with sufficient information. Once the information is confirmed, the company shall reward the whistle-blower according to the personnel management rules. The company shall properly handle the aforementioned reported information in a confidential and responsible manner, and use its best efforts to ensure the safety of informants and protect them from any form of reprisals.

Article 10 Any violation of this Codes by a Director, supervisor, or manager shall be reported to the Board of Directors, in addition to the punishment under the personnel management rules after being ascertained. The person involved in the violation shall subject to all civil, criminal, or administrative liability, and the person's position, name, the date of the violation by the violator, reasons for the violation, the provisions of the code violated, and the disciplinary actions taken shall be disclosed on MOPS without delay.

Chapter 3 Procedures for Exemption

Article 11 Under special circumstances, the code of ethical conduct adopted by a company must require that any exemption for directors or managerial officers from compliance with the code be adopted by a resolution by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, and that information on the position and name of persons to be exempted, the date on which the Board of Directors adopted the resolution for exemption, and the period of, reasons for, and principles behind the application of the exemption be disclosed without delay on the MOPS, in order that the shareholders may evaluate the appropriateness of the board resolution to safeguard the interests of the company.

Chapter 4 Method of Information Disclosure

Article 12 The guidelines shall be disclosed on the company's official website, in the annual report, prospectus, and on the Market Observation Post System (MOPS) website. The same procedure applies to any amendment.

Chapter 5 Supplementary Provisions

Article 13 The Company's code of ethical conduct, and any amendments to it, shall enter into force after it has been adopted by the Board of Directors, delivered to each independent director, and submitted to a shareholders meeting.

10. The following items related to the implementation of internal control systems shall be disclosed:

(1) Internal Control Statement

Tahsin Industrial Corporation Statement of Internal Control System

Date March 12, 2024

Based on the self-assessment findings, the company states the following with regard to its internal control system during the period from January 1 to December 31, 2023:

- I.** The company's Board of Directors and management team understand their responsibilities of developing, implementing, and maintaining the company's internal control system, and such a system has been established. The purpose of establishing the internal control system is to reasonably ensure the achievement of the following aims: (a) The effectiveness and efficiency of business operation (including the aims of profit, achievement, and protection of asset security); (b) The reliability of financial reports; and (c) The compliance of the relevant laws/regulations.
- II.** The internal control system has inherent constraints, and no matter how comprehensive its design may be, an effective internal control system is only capable of providing adequate assurance for achieving the above-mentioned three objectives. Moreover, the effectiveness of the internal control system may be altered as the environment changes and under different situations. Since the company's internal control system is provided with a self-monitoring mechanism, the company will take corrective actions once defects are identified.
- III.** The company assesses the effectiveness of the internal control system's design and practices through the effectiveness of internal control system, as

stated in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as "these Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) Control Environment; (2) Risk Assessment; (3) Control Activities; (4) Information and Communication; and (5) Monitoring Activities. Each factor also includes several items. Please refer to "The Regulations" for the aforementioned categories.

- IV. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria of the internal control system.
- V. The examination result indicated that the company's internal control system (including subsidiary supervision and management) dated December 31, 2023, has effectively assured that the following objectives have been reasonably achieved during the assessing period: (a) The degree that effectiveness and efficiency of business operation; (b) The reliability of financial reports; (c) The compliance of the relevant laws/regulations.
- VI. This Statement will become an integral part of the Annual Report and the Prospectus of the Company, and will be made public. If any of the contents disclosed above is found to be falsehood, concealment, or other illegality will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. The company hereby declares that this statement had been approved by the Board of Directors on March 12, 2024. Among the 9 attending Directors (including proxy), no one raised any objection to the contents of this statement.

Tahsin Industrial Corporation
Chairman: WU, ZI-CONG
President: CHEN, YI-CHIEN

- (2) Where a CPA is entrusted to carry out a special audit of the internal control system, furnish the CPA audit report: None.

11. The company and its internal personnel were punished in accordance with the law in the most recent year and up to the date of publication of the annual report. Punishment, main deficiencies and improvement situations for its internal personnel for violating internal control system regulations: none.

12. In the most recent year and as of the publication date of the annual report, important resolutions of the shareholders' meeting and the board of directors:

1. Material resolutions of the Regular Shareholders' Meeting on June 16, 2023:

Directors attended:

Directors: WU, ZI-CONG, HU, PO-YI, HU, PEI-TUAN, HU, BOR-CHON, LIU, WAN-CHENG, for a total of 5 persons.

Independent Directors: LIN, KO-WU, YANG, TE-WANG, YANG, KUO-SHU, for a total of 3 persons.

Non-voting attendees: LAI, KEN-MIN Deputy General Manager

Crowe Horwath (TW) CPAs: CHANG, FU-LANG, CPA, CHIU, KUEI-LING, CPA

- **The proposal of the company's Business Report and Financial Statements for 2022 has been adopted for ratification.**

- **The proposal of the earnings distribution plan for 2022 has been adopted for ratification.**

- **The proposal of director re-election.**

- **The proposal to lift restrictions on competition agreement for newly appointed directors.**

2. Execution of the resolutions made in the general shareholders' meeting on June 16, 2023, is as follows:

- **The amendment to Rules of Procedures of Board Meeting has been adopted for discussion.**

- ◎ **It was announced on the Company's website on June 16, 2023, and will be processed in accordance with the revised procedures.**

- The proposal of the company's Business Report and Financial Statements for 2022 has been adopted for ratification.
- ◎ The relevant reports and statements have been filed with the competent authority for future reference, disclosure, and declaration pursuant to the relevant laws and regulations.
- The proposal of the earnings distribution plan for 2022, with cash a dividend of NT\$ 6.0 per share has been adopted for ratification.
- ◎ A cash dividend of NT\$ 2.5 per share has been paid on September 30, 2022 in the first half of 2022.
- ◎ A cash dividend of NT\$ 3.5 per share has been paid on May 17, 2023 in the second half of 2022.
- The proposal of election of the 20th Board of Directors (including independent directors) has been adopted for resolution.
- ◎ Elected list of corporate directors' representatives:
 Representative of Tah Quan Investment Co., Ltd.: WU, ZI-CONG
 Representative of Daxinchang Investment Co., Ltd.: HU, PEI-TUAN
 Representative of Ping Fang Investment Co., Ltd.: LIU, WAN-CHENG
 Representative of Tah Cheng Investment Co., Ltd.: LAI, KEN-MIN
- ◎ Elected list of directors: HU, PO-YI, HU, BOR-CHON
- ◎ Elected list of independent directors: LIN, KO-WU, YANG, TE-WANG, YANG, KUO-SHU
- ◎ Announced on June 16, 2023 and published on the company's website.
- ◎ Registration was approved by the Ministry of Economic Affairs on July 10, 2023.

3. Important resolutions of the Board of Directors in 2023 and as of the date of publication of the annual report:

In the year 2023 and up to the date of publication of the annual report, the company has convened eight board meetings in total, with the material resolutions as follows:

(1) The 19th Board meeting of the 19th Board of Directors: (January 09, 2023)

- **Adopted by resolution: In cooperation with operational need of the investee, TAHSIN SHOJI CO., LTD., the credit risk line of derivatives has been planned.**
- **Adopted by resolution: The portfolio variance and rematch of Formosa Plastics Building Renovation Project.**

(2) The 20th Board meeting of the 19th Board of Directors: (March 24, 2023)

- **Information security report and a summary report on the communication between various categories of stakeholders have been submitted and approved.**
- **The progress of greenhouse gas accounting has been submitted and approved.**
- **The 2022 self-assessment report of the company's board member, the Board of Directors, the audit committee, and remuneration committee has been submitted and approved.**
- **Adopted by resolution: The proposal of the company's Business Report and Financial Statements for 2022 (including consolidated financial statements) have been prepared.**
- **Adopted by resolution: A cash dividend of NT\$ 3.5 per share has been paid on in the second half of 2022.**

- **Adopted by resolution:** The proposal to set the ex-dividend base date on April 22, 2023, and payment date on May 17, 2023, for cash dividend of the company's earnings distribution for the second half of 2022 has been adopted by resolution.
- **Adopted by resolution:** The proposal for the statement on self-evaluation of internal control system in 2022 has been adopted by resolution.
- **Adopted by resolution:** The proposal of the maturity extension of the credit risk line of derivatives has been adopted by resolution.
- **Adopted by resolution:** The proposal of changes and ratification of persons who are authorized to carry out derivatives transaction has been adopted by resolution.
- **Adopted by resolution:** The proposal for the Measures for the Evaluation of the Board of Directors' Performance has been adopted by resolution.
- **Adopted by resolution:** The proposal of the amendment to partial provisions of the Company's Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises has been adopted by resolution.
- **Adopted by resolution:** The proposal for the remuneration of directors of the company in 2022 has been adopted by resolution.
- **Adopted by resolution:** The proposal for the remuneration distribution of managers of the company in 2022 has been adopted by resolution.
- **Adopted by resolution:** The proposal for the establishment of the chief information security officer and the corresponding appointment of LIU, JI-HUI the deputy director of the information division.has been adopted by resolution.

- **Adopted by resolution:** The proposal for the establishment of the chief governance officer and the corresponding appointment of CHEN,MING-JE the finance department manager has been adopted by resolution.
- **Adopted by resolution:** The terms of the directors (including independent directors) will end soon, planning to re-elect in the shareholders' meeting this year.
- **Adopted by resolution:** The nomination list of directors (including independent directors) and qualification review of nominated persons have been adopted by resolution.
- **Adopted by resolution:** The proposal for the agreement on derestriction of new directors' non-compete clause.
- **Adopted by resolution:** The proposal of the date, venue, and related Matters for the 2023 annual shareholders' meeting including the right to accept shareholder proposals.

(3) The 21th Board meeting of the 19th Board of Directors: (May 10, 2023)

- **Information security report and a summary report on the communication between various categories of stakeholders have been submitted and approved.**
- **The progress of greenhouse gas accounting has been submitted and approved.**
- **The current independent directors (during their tenure) have been examined for professional qualifications and independence, and they are all in compliance with relevant laws and regulations after being reviewed by the corporate governance officer.**
- **Adopted by resolution:** The proposal that the company's consolidated financial statements for the first quarter of 2023 have been prepared and handled in accordance with

Article 36 of the Securities and Exchange Act has been adopted by reporting.

- **Adopted by resolution: The proposal of extension for the expiring bank credit line.**
- **Adopted by resolution: The proposal of the guarantee transferring of the investee, TAHSIN SHOJI CO., LTD. for its handling over the financing credit line.**

(4) The 1st Board meeting of the 20th Board of Directors: (June 16, 2023) (After the shareholders' meeting)

- **Adopted by resolution: The proposal of nominating director WU, ZI-CONG as Chairman of the Board and director HU, PO-YI as Vice Chairman of the Board.**

(5) The 2nd Board meeting of the 20th Board of Directors: (June 26, 2023)

- **The newly appointed independent directors have been examined for professional qualifications and independence, and they are all in compliance with relevant laws and regulations after being reviewed by the corporate governance officer. Within 10 days after appointment, they will be submitted to the competent authority for inspection in accordance with the law.**
- **Adopted by resolution: The members of the Remuneration Committee were re-elected upon tenure expiration, LIN, KO-WU, YANG, TE-WANG, YANG, KUO-SHU have been appointed as members of the 5th Remuneration Committee.**
- **Adopted by resolution: The position of General Manager was appointed to Deputy General Manager CHEN, YI-CHIEN, the change took effect from June 26, 2023.**

- **Adopted by resolution: Manager LIN, ZHEN-FENG, as the Audit Supervisor, retired at the end of June, and Section Chief LIU, LI-ZHEN was appointed as the new Audit Supervisor.**
- **Adopted by resolution: The proposal of capital increase of the subsidiary Tahsin Industrial Corp., USA.**
- **Adopted by resolution: The proposal of the establishment of Tah Viet New Machinery Plant based on consideration of business expansion.**
- **Adopted by resolution: The proposal of a factory establishment in Bangladesh based on consideration of business expansion.**

(6) The 3rd Board meeting of the 20th Board of Directors: (August 11, 2023)

- **Information security report and a summary report on the communication between various categories of stakeholders have been submitted and approved.**
- **The progress of greenhouse gas accounting has been submitted and approved.**
- **The renewal of the liability insurance of directors and key officers, including the insured amount, coverage scope, insurance rates, etc., has been submitted and approved.**
- **Adopted by resolution: The proposal that the company's consolidated financial statements for the second quarter of 2023 have been prepared and combined with the business report for the first half of 2023.**
- **Adopted by resolution: A cash dividend of NT\$ 2.5 per share has been paid on in the first half of 2023.**
- **Adopted by resolution: The proposal to set the ex-dividend base date on September 6, 2023, and payment date on Sep-**

tember 27, 2023, for cash dividend of the company's earnings distribution for the first half of 2023.

(7) The 4th Board meeting of the 20th Board of Directors: (November 10, 2023)

- **Information security report and a summary report on the communication between various categories of stakeholders have been submitted and approved.**
- **The progress of greenhouse gas accounting and sustainable development promotion has been submitted and approved.**
- **Reiterating compliance with regulatory requirements, and in the interest of implementing effective governance mechanisms, the Taiwan Stock Exchange will review the financial reporting and internal control operation of all companies within the coming five years.**
- **Adopted by resolution: The proposal that the company's consolidated financial statements for the third quarter of 2023 have been prepared and handled in accordance with Article 36 of the Securities and Exchange Act has been adopted by reporting.**
- **Adopted by resolution: The proposal of the Company's 2024 Business Plan.**
- **Adopted by resolution: The proposal of the Company's 2024 Internal Audit Plan.**
- **Adopted by resolution: The proposal of extension for the expiring bank credit line.**
- **Adopted by resolution: The proposal of the maturity extension of the credit risk line of derivatives has been adopted by resolution.**

- **Adopted by resolution: The proposal of changes and ratification of persons who are authorized to carry out derivatives transaction has been adopted by resolution.**
- **Adopted by resolution: The amendment of certain provisions of the "Standard Operating Procedures for Handling Director Requests".**
- **Adopted by resolution: In accordance with the internal work rotation requirements of Crowe Horwath (TW) CPAs, starting from the audit of the financial statements for the fourth quarter 2023, the signing of the financial statement auditing will be carried out by CPAs WANG, SHOU-CHANG and CHIU, KUEI-LING, replacing CPAs CHANG, FU-LANG and CHIU, KUEI-LING.**
- **Adopted by resolution: The proposal for regular evaluation of the independence of external CPAs.**
- **Adopted by resolution: The proposal of the capital increase plan of the subsidiary Tah Viet Co., Ltd.s to purchase equity in Daxin Fumei Co..**
- **Adopted by resolution: The proposal of the director seat changes in the Board of the subsidiary Tai-He Co..**
- **Adopted by resolution: The proposal of the distribution of year-end bonuses to executive directors and managers.**
- **Adopted by resolution: The proposal of the monthly transportation allowance to directors for the 2024.**
- **Adopted by resolution: The proposal of the remuneration assessment to executive directors and managers for the 2024.**

(8) The 5th Board meeting of the 20th Board of Directors: (March 12, 2024)

- **Information security report and a summary report on the communication between various categories of stakeholders have been submitted and approved.**
- **The progress of greenhouse gas accounting has been submitted and approved.**
- **The 2023 self-assessment report of the company's board member, the Board of Directors, the audit committee, and remuneration committee has been submitted and approved.**
- **Adopted by resolution: The proposal of the company's business report and financial statements for 2023 (including consolidated financial statements) have been prepared.**
- **A cash dividend of NT\$ 2.5 per share has been paid on in the second half of 2023.**
- **Adopted by resolution: The proposal to set the ex-dividend base date on April 17, 2024, and payment date on May 10, 2024, for cash dividend of the company's earnings distribution for the second half of 2023 has been adopted by resolution.**
- **Adopted by resolution: The proposal for the statement on self-evaluation of internal control system in 2023 has been adopted by resolution.**
- **Adopted by resolution: The proposal and declaration of the schedule for sustainability report preparations and its assurance procedures.**
- **Adopted by resolution: The proposal of extension for the expiring bank credit line.**
- **Adopted by resolution: The proposal of the maturity extension of the credit risk line of derivatives has been adopted by resolution.**
- **Adopted by resolution: The amendment of certain provisions of the "Board Meeting Regulations".**

- **Adopted by resolution: The amendment of certain provisions of the "Audit Committee Organization Regulations".**
- **Adopted by resolution: The proposal of the remuneration payment to directors for the 2023.**
- **Adopted by resolution: The proposal of the remuneration allocation to managers for the 2023.**
- **Adopted by resolution: The proposal to demolish the old employee dormitories at the Zhong-Gang Plant in Wuqi District, Taichung.**
- **Adopted by resolution: The proposal to develop land and construct office buildings and employee dormitories in the Yong-Xin section, Nantun District, Taichung.**
- **Adopted by resolution: The proposal of the date, venue, and related Matters for the 2024 annual shareholders' meeting including the right to accept shareholder proposals.**

13. Recorded or written statements made by any director or supervisor 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.

14. Summary of employment severance or dismissal of any personnel relevant to the Financial Statement up till the date this statement was published in this fiscal year (including Chairman of Board of Directors, General Manager, Accounting Officers, Financial Officers, Internal Audit Officers, and R&D Officers, etc.): None.

Position	Name	Date of appointment	Date of termination	Reasons for resignation or dismissal
Chairman concurrently serves as General Manager	WU, ZI-CONG	2021.11.15	2023.06.26	Resigned as general manager

Audti Supervisor	LIN, ZHEN-FENG	2021.06.11	2023.06.26	Retire
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15. Whether there are cases when company personnel, whose work is related to transparency of financial information, have obtained relevant professional certification specified by competent authorities: Enacted.

Description: However, internal audit and accounting personnel actively participate in further education and training related to their professional knowledge every year.

Further education and training

16. Whether there are operational procedures set out for the handling of major information up till the date this report is reported in the most recent fiscal year: None.

Description: According to the laws and practical operational needs, the Board of Directors passed the resolution to update the “Procedures for Handling Material Inside Information” on November 11, 2022.

IV. Information on Audit Fees of the CPAs

Name of Accounting Firm	Name of the CPAs	Audit Period	Remarks
Crowe Horwath (TW) CPAs	CHANG, FU-LANG	2023.01.01~2023.09.30	
	WANG, WU-CHANG	2023.10.01~2023.12.31	
	CHIU, KUEI-LING	2023.01.01~2023.12.31	

Unit: NT\$1,000

Audit Period	Audit Fees	Non-Audit Fees	Total	Remarks
2023.01.01~2023.12.31	1,912	6	1,918	Service Contents for Non-Audit Fees: Commercial Registration

Note: Where the company has replaced the CPA or accounting firm in this year, the period of the audit shall be listed respectively and the reason for the replacement shall be stated in the Remarks column. And the information of audit fee and non-audit fee paid to the former and successor CPA or accounting firm shall also be disclosed respectively. The content of its services should be noted for non-audit fees.

1. When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the reduction in the amount of audit fees, reduction percentage, and reasons therefore shall be disclosed: Not applicable.
2. When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 15 percent or more, the reduction in the amount of audit fees, reduction percentage, and reasons therefore shall be disclosed: Not applicable.
3. The CPA is independent:

Based on Article 23 of Certified Public Accountant Act, Article 11 of No. 2 and No. 10 of the Code of Ethics for Professional Accountants, the CPAs appointed by the Company shall maintain independence when conducting auditing tasks and writing reports. In addition, CPAs shall issue Statement of Independence in every fiscal year to ensure that they meet the requirements of independence in practice and by formality. After the Audit Committee evaluated and deliberated based on the 'Accountant's Declaration of Independence' provided by the CPAs and the 'Audit Quality Index (AQI)' report, the evaluation results were submitted to the Board of Directors for approval on November 10, 2023 in accordance with the law.

V. Information on Replacement of CPAs: Not applicable.

VI. Description of whether the Company's Chairman, General Manager, or Managers in Charge of Finance and Accounting Operations Held Positions in the Accounting Firm or Affiliates of Its CPAs in the Most Recent Year: None

VII. Status of Changes in Shareholding and Equity Pledge of Directors, Supervisors, Managers and Shareholders Holding More Than 10% of the Company's Shares in the Most Recent Year and as of the Date of Publication of the Annual Report:

(I) Changes in share pledge of Directors, Managers and Substantial Shareholders

Title	Name	2023		Current Fiscal Year as of April 23	
		Number of held shares increased (decreased)	Number of pledged equities increased (decreased)	Number of held shares increased (decreased)	Number of pledged equities increased (decreased)
Chairman	Tah Quan Investment Co., Ltd. (Representative): WU, ZI-CONG	0	0	0	0
Vice Chairman	HU, PO-YI	0	0	0	0
Director	Ping Fang Investment Co., Ltd. (Representative): LIU, WAN-CHENG	0	0	0	0
Director and CEO	HU, BOR-CHON	0	0	0	0
Director	Da Xinchang Investment Co., Ltd. (Representative): HU, PEI-TUAN	0	0	0	0
Director	Tah Cheng Investment Co., Ltd. (Representative): LAI, KEN-MIN	0	0	0	0
	Date of assumption: 2023/06/16				
Independent Director	LIN, KO-WU	0	0	0	0
Independent Director	YANG, TE-WANG	0	0	0	0
Independent Director	YANG, KUO-SHU	0	0	0	0
General Manager	CHEN, YI-CHIEN	0	0	0	0
	Date of assumption: 2023/01/03 Date of General Manager promotion: 2023/06/26				
CEO of Overseas Business	HUANG, CHUN-JIA	0	0	0	0
Deputy General Manager	LAI, KEN-MIN	0	0	0	0
Financial Accounting Officer and Governance Office	CHEN, MING-ZHE	0	0	0	0
	Date of assumption: 2023/03/24	0	0	0	0
Chief Information Security Officer	LIU, JI-HUI	0	0	0	0
	Date of assumption : 2023/03/24				
Shareholders holding more than 10% of the shares	Tah Chang Investment Co., Ltd.	0	0	0	0
General Manager	WU, ZI-CONG	0	0	0	0
	Date of dismissal: 2023/06/26				

(II) Information on equity pledge of directors, managers and major shareholders: None.

(III) Information on equity transfer of directors, managers and major shareholders: None.

VIII. Information about the top 10 shareholders who are interested parties

April 23 2024

Name (note 1)	Shares held by the shareholder		Shares held by spouse, or minor children		Total shareholding through nominees		Title or name and relationships of the top 10 shareholders where they are related parties, spouses, or relatives within the second degree of kinship (note 3)		Remarks
	Shares	Shareholding percentage (note 2)	Shares	Shareholding percentage (note 2)	Shares	Shareholding percentage (note 2)	Name	Relationships	
Tah Chang Investment Co., Ltd.	10,075,064	10.17	0	0	0	0	None	None	
Tah Quan Investment Co., LTD. Representative: HU, PO-YI	9,500,000 1,700,961	9.59 1.72	0 748,454	0 0.76	0 0	0 0	Tah Cheng Investment Co., Ltd. Tah Fa Investment Co., Ltd. HU, CHUN-JU	The Chairman is the same person. The Chairman is the same person. Sister and brother	
Chang Cai Industry Co., Ltd. Representative: HU, BOR-CHON	9,098,500 1,500	9.18 0	0 4,504	0 0	0 0	0 0	None None	None None	
Tah Cheng Investment Co., Ltd. Representative: HU, PO-YI	4,000,000 1,700,961	4.04 1.72	0 748,454	0 0.76	0 0	0 0	Tah Quan Investment Co., Ltd. Tah Fa Investment Co., Ltd. HU, CHUN-JU	The Chairman is the same person. The Chairman is the same person. Sister and brother	
Tah Fa Investment Co., Ltd. Representative: HU, PO-YI	3,572,068 1,700,961	3.60 1.72	0 748,545	0 0.76	0 0	0 0	Tah Quan Investment Co., Ltd. Tah Cheng Investment Co., Ltd. HU, CHUN-JU	The Chairman is the same person. The Chairman is the same person. Sister and brother	
Daxinchang Investment Co., Ltd. Representative: HU, PEI-TUAN	2,546,694 4,422	2.57 0.00	0	0	0	0	Xin Chang-Hsing Investment Co., Ltd. LIU, WAN-CHENG	The Chairman is the same person. Brother-in-law	
Xin Chang-Hsing Investment Co., Ltd. Representative: HU, PEI-TUAN	2,333,551 4,422	2.35 0.00	0	0	0	0	Daxinchang Investment Co., Ltd. LIU, WAN-CHENG	The Chairman is the same person. Brother-in-law	
HU, CHUN-JU	2,083,147	2.10	3,413	0	0	0	HU, PO-YI	Sister and brother	
Ping Cheng Investment Co., Ltd. Representative: LIU, WAN-CHENG	2,053,652 541,260	2.07 0.55	0 436,322	0 0.44	0 1,901,500	0 1.92	Ping Fang Investment Co., Ltd. HU, PEI-TUAN	The Chairman is the same person. Brother-in-law	
Ping Fang Investment Co., Ltd. Representative: LIU, WAN-CHENG	1,901,500 541,260	1.92 0.55	0 436,322	0 0.44	0 1,901,500	0 1.92	Ping Cheng Investment Co., Ltd. HU, PEI-TUAN	The Chairman is the same person. Brother-in-law	

Note 1: The top 10 shareholders shall all be listed, and the names of corporate shareholders and their respective representatives shall be separately listed, if applicable

Note 2: The calculation of the shareholding ratio is based on the percentage of shares held under the shareholder, his/her spouse, minor children, and others' names.

Note 3: Relationships between the aforementioned shareholders, including juristic person shareholders and natural person shareholders shall be disclosed based on the financial reporting standards used by the issuer.

IX. The Number of Shares Held by the Company, by the Directors and Managers of the Company, and by any Entities either Directly or Indirectly Controlled by the Company in the Same Investee Enterprise, and the Calculation of the Consolidated Shareholding Ratio of the Above Categories

December 31, 2023

Unit: Share; %;

Investments in Other Enterprises (Note)	Investments by the Company		Investment by Directors, Supervisors, Managers, Direct or Indirect Control Groups		Total Investment	
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio
Tahsin Shoji Co., Ltd.	800,000	100.00	—	—	800,000	100.00
Tahsin Industrial Corp., USA	1,000	100.00	—	—	1,000	100.00
Link Fund, Ltd., Hongkong	—	100.00	—	—	—	100.00
Tah Fu Plastic Industry Co., Ltd., China	—	91.26	—	—	—	91.26
Tah Viet Co., Ltd., Vietnam	—	100.00	—	—	—	100.00
Tahsin Industrial Co., Ltd., Myanmar	—	100.00	—	—	—	100.00
Tahsin Innovative Machinery Vina Co., Ltd	—	100.00	—	—	—	100.00
Changjiang Co., Ltd., Vietnam	—	44.17	—	—	—	44.17
Tah Hsin Phu My Joint Stock Co., Vietnam	—	65.00	—	—	—	65.00
Xin Chang Machinery Industry Co., Ltd.	5,000,000	26.51	2,063,356	10.94	7,063,356	37.45
Tah Fa Investment Co., Ltd.	18,000,000	100.00	—	—	—	100.00
Tah Cheng Investment Co., Ltd.	2,100,000	41.18	1,500,000	29.41	3,600,000	70.59
Tah Quan Investment Co., LTD.	8,700,000	44.39	8,725,000	44.51	17,425,000	88.90
Tah Chi Enterprise Co., Ltd.	2,000,000	100.00	—	—	—	100.00

Note: Invested by the Company using the equity method

Chapter 4 Funding Status

I. Capital and Shares

(I) Sources of Capital

Year/Month	Issued price	Authorized capital stock		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increase by Assets Other than Cash	Others
1997.7	10	241,522,710	2,415,227,100	220,000,000	2,200,000,000	Surplus transferred to capital increase of NT\$774,158,100 Capital reserve transferred to capital increase of NT\$369,069,000 (Taiwan finance certificate dated July 2, 1997) (I) No. 52378)	None	1. In 2005, the treasury stocks were cut by NT\$120,227,100 (the Taiwan Stock Exchange Letter No. 09400304271 issued on October 18, 2005 agreed to cancel the capital stock-common). 2. In 2007, the treasury stocks were cut by NT\$95 million (the Taiwan Stock Exchange Letter No. 09700093171 issued on April 16, 2008 agreed to cancel capital stock-common).
2014.10	0	241,522,710	2,415,227,100	198,000,000	1,980,000,000	The cash capital is reduced and the percentage of returning reduced cash amount to shareholders is 10% with NT\$1 returned per share. Cash capital reduction of NT \$220,000,000.	None	Cash capital reduction was implemented in 2014 1. It was processed in accordance with the Financial Supervisory Commission Order No. Financial-Supervisory-Securities-Corporate-1030028996 issued on August 7, 2014. 2. This registration change was authorized by the Ministry of Economic Affairs Letter No. Economic-Commerce-10301172940 issued on August 20, 2014.

2020.10	0	241,522,710	2,415,227,100	138,600,000	1,386,000,000	The cash capital is reduced and the percentage of re-turning reduced cash amount to shareholders is 30% with NT\$3 returned per share. Cash capital reduction of NT\$594,000,000.	None	Cash capital reduction was implemented in 2020 1. It was handled by the FSC's Letter Jin-Guan-Zheng-Fa-Zi No. 1090350493 dated August 4, 2020. 2. This registration change was approved by Letter Jing-Shou-Shang-Zi No. 10901164140 by the Ministry of Economic Affairs on August 26, 2020.
2020.12	0	241,522,710	2,415,227,100	99,099,000	990,990,000	The cash capital is reduced and the percentage of re-turning reduced cash amount to shareholders is 28.5% with NT\$2.85 returned per share. Cash capital reduction of NT\$395,010,000.	None	Cash capital reduction for 2021 1. was approved and registered by Taiwan Stock Exchange in Taiwan Certificate No. 1101804868 Letter dated September 6, 2021. 2. was approved and registered by Department of Commerce, Ministry of Economic Affairs in Jing Shou Shang Zi No. 11001188350 Letter dated October 15, 2021.

Type of shares	Authorized capital stock			Remarks
	Outstanding shares (Note)	Unissued shares	Total	
Common stock	99,099,000	142,423,710	241,522,710	None

Note: The issued shares belong to listed company stocks.

Relevant information on the shelf registration: Not applicable

(II) Shareholder structure

Shareholder structure	Government agencies	Financial institutions	Other legal persons	Foreign institutions and persons	Individuals	Total
Number of people	0	1	67	42	7,106	7,216
Number of shares held	0	963,820	69,043,456	1,102,807	27,988,917	99,099,000
Shareholding percentage %	0.00%	0.97%	69.68%	1.11%	28.24%	100.00%

(III) Distribution of Shareholdings

April 23, 2024

Shareholding classification	Number of shareholders	Number of shares held	Shareholding percentage %
1- 999	4,498	1,251,066	1.26%
1,000- 5,000	2,127	4,178,680	4.22%
5,001- 10,000	281	1,939,223	1.96%
10,001- 15,000	92	1,113,056	1.12%
15,001- 20,000	40	713,365	0.72%
20,001- 30,000	45	1,076,506	1.09%
30,001- 40,000	23	799,005	0.81%
40,001- 50,000	16	707,639	0.71%
50,001- 100,000	32	2,187,585	2.21%
100,001- 200,000	11	1,501,876	1.52%
200,001- 400,000	14	3,897,545	3.39%
400,001- 600,000	7	3,578,699	3.61%
600,001- 800,000	2	1,361,745	1.37%
800,001-1,000,000	1	963,820	0.97%
1,000,001 or more are classified according to actual conditions.	27	73,829,190	74.5%
Total	7,216	99,099,000	100.00%

Preferred stock: Not applicable

(IV) List of Major Shareholders:
Shareholders Holding over 5% of the Total Shares or Whose Percentage of Equity Held Ranks Top 10

April 23, 2024

Name of major shareholders	Number of shares held	Shareholding percentage (%)
Tah Chang Investment Co., Ltd.	10,075,064	10.17%
Tah Quan Investment Co., LTD.	9,500,000	9.59%
Chang Cai Industry Co., Ltd.	9,098,500	9.18%
Tah Cheng Investment Co., Ltd.	4,000,000	4.04%
Tah Fa Investment Co., Ltd.	3,572,068	3.60%
Tah Hsin Chang Investment Co., Ltd.	2,546,694	2.57%
Hsin Chang Hsing Investment Co., Ltd.	2,333,551	2.35%
HU, CHUN-JU	2,083,147	2.10%
Ping Cheng Investment Co. Ltd.	2,053,652	2.07%
Ping Fang Investment Co., Ltd.	1,901,500	1.92%

(V) Market Prices, Net Worth Per Share, Earnings Per Share, Dividends per Share and Related Information in the Most Recent Two Fiscal Years

Unit: NT\$, per share

Items \ Year		2022	2023	Current Fiscal Year as of March 31, 2024 (Note 8)
Price Per Share (Note 1)	Max	86.60	74.20	73.00
	Min	64.30	69.60	71.30
	Average	74.81	71.23	72.06
Net Worth Per Share	Before Distribution (Note 2)	111.06	110.90	
	After distribution	—	—	—
Earnings Per Share	Weighted Average Shares	99,099,000	99,099,000	99,099,000
	Earnings Per Share (Note 3)	7.41	3.66	—
Dividends Per Share	Cash dividends	6.00	5.00	—
	Stock dividend payout	—	—	—
	Accumulated Unpaid Dividend (Note 4)	0	0	—
Investment	Price-to-earning Ratio (Note 5)	10.09	19.46	—
Return	Price-to-dividend Ratio (Note 6)	12.47	14.25	—
Analysis	Cash Dividend Yield (Note 7)	8.02%	7.02%	—

* If there are earnings or capital surplus transferred to stock dividends, the retrospective adjustments of the market prices and cash dividends based on the number of issued shares shall be disclosed.

Note 1: List the highest and lowest market price of common shares for each fiscal year and calculate the average market price for each fiscal year based on trading value and volume in each fiscal year.

Note 2: Please fill out the figures according to the number of outstanding shares at the end of the fiscal year and the resolution regarding distribution by the board of directors or shareholders' meeting the following year.

Note 3: Please fill out basic and diluted earnings per share if retroactive adjustment is necessary due to stock dividend payout.

Note 4: If the terms of issuance of the equity securities provide that any dividends declared but not paid may be carried forward until the Company has earnings,

the amount of accrued unpaid dividends as at the end of such fiscal year shall be disclosed.

Note 5: $\text{P/E Ratio} = \text{Average Market Price per Share} / \text{Earnings per Share}$

Note 6: $\text{Price/Dividend Ratio} = \text{Average Market Price per Share} / \text{Cash Dividend per Share}$

Note 7: $\text{Cash Dividend Yield} = \text{Cash Dividend per Share} / \text{Average Market Price per Share}$

Note 8: For net asset value per share and earnings per share, data from the most recent quarter that has been audited (reviewed) by CPAs as of the publication date of this annual report should be filled. For other fields in this column, data from the current fiscal year as of the publication date of this annual report should be filled.

Description:

1. The market price per share listed in the above table is based on the data released by the Taiwan Stock Exchange.
2. Data of Dividend per Share in the above table refers to the dividend in the current period.
3. The surplus distribution for 2023 has been approved by the Board of Directors and has not yet been submitted to the shareholders' meeting.

(VI) Explanations of Company's Dividend Policy, Implementation Status and Anticipated Major Changes:

1. Dividend policy stipulated in the Company's articles of incorporation
 - 1) According to the amendments to the Company Act in May 2015, the distribution of dividends and bonuses is limited to shareholders, employees are not the recipients of earnings allocation. In accordance with the aforementioned act, the Board of Directors on March 28, 2016 and the regular shareholders' meeting on June 17, 2016 passed resolutions regarding the aforementioned act and amended the company's articles of incorporation accordingly.
 - 2) On June 5, 2020, the shareholders' meeting passed the resolution that the company's earning distribution or loss compensation shall be made after the end of each half fiscal year. If there is a profit in the final accounts of each half fiscal year, the company shall first pay the profit-making enterprise income tax and make up for the previous year's losses according to the law, and then allocate 10% of the legal reserve, except when the legal reserve has reached the paid-in capital. The remaining balance of the special reserve, if any, after being appropriated or reversed by law or by the competent

authority, shall be added to the accumulated undistributed earnings of the previous half fiscal year, and the remaining balance shall be treated as earnings available for distribution, provided that dividends and bonuses shall be distributed to shareholders after retaining a portion of the earnings, as appropriate, in accordance with business conditions.

- 3) In accordance with Item 5 of Article 240 of the Company Act, the Company is authorized by the Articles of Incorporation to authorize the Board of Directors to pass a special resolution to distribute all or part of the dividends and bonuses in the form of cash and report to the shareholders' meeting.
- 4) With an array of products, it is still difficult for the company to identify its products' growth stages. As the company's profitability is quite stable and the financial structure is sound, dividends and bonuses are distributed in the form of cash dividends every year, with 20% to 100% of the annual distributable earnings for the year. However, in the event of a major investment plan, shareholders' dividends and bonuses may be fully allocated to capital.

2. Implementation of surplus distribution in the past two years:

Implementation of surplus distribution in the past two years:						
Surplus distribu- tion		Dividends (NTD)	Date of adoption by Board of Directors	Ex-dividend base date	Dividend pay- ment date	Payment ratio
2022	First half of the year	2.5	2022.08.12	2022.09.11	2022.09.30	80.97%
	Second half of the year	3.5	2023.03.24	2023.04.22	2023.05.17	
2023	First half of the year	2.5	2023.08.11	2023.09.06	2023.09.27	136.61%
	Second half of the year	2.5	2024.03.12	2024.04.17	2024.05.10	

3. Explanations of expected major changes to the dividend policy:
Not applicable.

(VII) Effect on the Operating Performance and Earnings per Share of Distribution of Stock Dividends Proposed or Adopted in the Most Recent Shareholders' Meeting: Not applicable.

(VIII) Remuneration to Employees and Directors

- 1. The percentages or ranges with respect to the remuneration of the employee and directors, as set forth in the company's Articles of Incorporation:**
 - 1) In accordance with the Articles of Incorporation of the company, if the company makes a profit during the distribution period, based on the current year's pre-tax profit before deducting the distribution of employees and directors' remuneration, no less than 0.5% shall be allocated as employee remuneration, and no more than 0.5% as director's remuneration.**
 - 2) The resolutions on the remuneration of employees and the remuneration of directors in the preceding paragraph shall be made by the board of directors with two-thirds or more of the directors present and a resolution approved by more than half of the directors present, and shall be reported to the shareholders meeting.**
 - 3) Employee remuneration is determined according to the individual's ability, contribution to the company, and performance, and is positively related to operating performance. The remuneration includes basic fixed salary, year-end and welfare bonuses, etc., and the standard of payment, the basic fixed salary is According to the responsibilities of employees at all levels, bonuses are distributed in connection with the company's operating performance.**
 - 4) The remuneration of directors is subject to the regular review of the performance and remuneration policies, systems, standards and structures of directors and managers by the Remuneration Committee, and the regular evaluation of the remuneration, year-end bonus and directors' remuneration of executive directors and managers. After discussion and approval, it shall be submitted to the board of directors of the company for approval.**
 - 5) The amendment to the Articles of Incorporation has been adopted by the resolution of shareholders' meeting on June 5, 2020.**
 - 6) For policy for payment of remuneration, the standard and combination, the procedures for setting remuneration, and the relationship between business performance and future risks, see page 27~29 of the annual report.**
- 2. Where there are discrepancies between the estimated and actual distributed amount of compensation in the form of shares to the company's employees, directors in a period, accountants shall address the problem:**

(1) The estimation of employees' compensation and Directors' and supervisors' remuneration was discussed and passed by the Remuneration Committee on March 5, 2024, and submitted to the Board of Directors for review. According to the articles of incorporation (in 2023), no more than 0.5% of the earnings shall be distributed to Directors and no less than 0.5% of the earnings to employees, which shall be listed in accordance with the pre-tax amount after checking by the accountants, and of which the portion for managers shall be calculated and distributed according to the previous years.

(2) If there are changes made to the amount after the annual financial report is published, the changes shall be handled as changes in accounting estimates and recognized in the next year's financial report.

1) Estimate for 2023: (Approved by the Board of Directors on March 12, 2024)

According to the profitability of the year, 0.5% of the pre-tax profit of NT\$1.9 million was estimated for employee compensation and NT\$1.8 million for directors and supervisors, which is consistent with amount recognized in the annual financial report.

2) Distribution for 2022: (Approved by the shareholders' meeting on June 16, 2023)

It was resolved by the Board of Directors that a total of NT\$4.0 million would be distributed for employee compensation and NT\$3.6 million for directors for 2022, which was consistent with the recognized amount in the financial statements of the fiscal year.

After submission to the shareholders' meeting, it was resolved that a total of NT\$4.0 million would be distributed to employees and NT\$3.6 million to directors for the year of 2022.

3. Information on the proposed employees' compensation approved by the Board of Directors:

Approved by the Board of Directors on March 12, 2024

(1) It is proposed to distribute cash remuneration of NT\$1,900,000 for employees, stock dividends of NT\$ 0, directors' remuneration of NT\$1,800,000.

- (2) The proposed 0 shares as stock dividends would be distributed to employees, which accounted for 0 of earnings added to capital.
4. Earnings allocated to employees' compensation and Directors and supervisors' remuneration in the previous year:

The distribution adopted by the company's Board of Directors on March 24, 2023 and the actual status

- (1) It is proposed to distribute cash remuneration of NT\$4,000,000 for employees, stock dividends of NT\$ 0, directors' remuneration of NT\$3.600,000.
- (2) The number of shares issued to employees as stock dividends was 0 shares, which accounted for 0 of earnings added to capital.
- (3) The calculated earnings per share after the actual distribution of employees' remuneration and directors' and supervisors' remuneration is NT\$7.33.
- (4) The actual distribution amount above is the same as the original proposal passed by the Board of Directors.

(IX) Status of Stock Buyback: None.

II. Issuance of Corporate Bonds: None.

III. Issuance of Preferred shares: None.

IV. Issuance of Overseas Depositary Receipts: None.

V. Employee Stock Options: None.

VI. Status of New Share Issuance in Connection with Mergers and Acquisitions: None.

VII. The State of Implementation of the Company's Capital Allocation Plans

(I) Content of the plan

1. Previously issued or private offering securities have not been completed: None.
2. The plans that have been completed over the last three years and have not yet demonstrated any benefits: None.

(II) Status of Implementation

With respect to fund usage under each plan referred to in the preceding subparagraph, each fund used till the quarter before the publication date of the annual report shall be analyzed one by one.

The comparison between the implementation and the originally expected benefits: None.

Chapter 5 Operations Overview

I. Description of the Business

(I) Business Scope

1. General Description of the Business

- (1) C3006010 Outerwear Knitting Mills.
- (2) C805010 Plastic Sheets, Pipes and Tubes Manufacturing.
- (3) C805020 Plastic Sheets & Bags Manufacturing.
- (4) C805030 Plastic Made Grocery Manufacturing.
- (5) C805060 Plastic Leathers Manufacturing.
- (6) C805070 Reinforced Plastic Products Manufacturing Industry.
- (7) C805990 Other Plastic Products Manufacturing.
- (8) CB01010 Machinery and Equipment Manufacturing.
- (9) CB01020 Office Machines Manufacturing.
- (10) CZ99990 Other Industrial Products Manufacturing Not Elsewhere Classified.
- (11) F104110 Wholesale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel, Clothing Accessories and Other Textile Products.
- (12) F204110 Retail Sale of Cloths, Clothes, Shoes, Hats, Umbrellas, Apparel, Clothing Accessories, and Other Textile Products.
- (13) F401010 International Trade.
- (14) H701010 Residence and Buildings Lease Construction and Development.
- (15) CF01011 Medical Equipment Manufacturing.
- (16) F108031 Wholesale of Medical Equipment
- (17) F208031 Retail Sale of Medical Equipment
- (18) ZZ99999. In addition to the approved scope of business, the Company may engage in all businesses except those which are otherwise prohibited or restricted by law.

2. Operating proportion of major products in 2023

Items	% of turnover	Major product
Plastic products manufacturing and processing	60.74	Raincoat, plastic processing, wardrobe, PP corrugated board, waterproof fabrics
PU waterproof fabric processing	25.12	Garment
Manufacturing and processing of steel products	4.69	Household fittings
Manufacturing and processing of mechanical products	9.45	Binding machines, laminators

3. Current products and services:

Raincoat, garment, plastic processing, wardrobe, furniture, binding machine, laminator, PP corrugated board.

(II) Industrial Trend Overview

(1) Current situation and development of the industry

COVID-19 has been effectively controlled, it started to gradually resume the pre-pandemic life in Taiwan since the second half of 2023. However, economies worldwide recovered in slow way. The conflicts between Russia and Ukraine, as well as Isarel and Hamas, led to soaring energy prices. The strict containment measures and isolation of China significantly impacted its domestic productivity. USA implemented a tight monetary policy to control high inflation, which contributes to a global economic slowdown. In addition, EU proposed carbon tariffs in response to climate change, posing further challenges upon the export-oriented economy in Taiwan. The Group runs plastic product business in downstream of plastic-chemistry industry, has faced cost impacts from rising prices of petroleum, energy, raw materials, and labor, under the economy in Taiwan with heavy proportion on international trade.

The development trends and corresponding industrial conditions for the Group's product categories are stated as follows:

1. Export sales of raincoat garments:

The main sources of orders are Europe, Japan and the United States. It is produced in the form of receiving orders and preparing materials in Taiwan, and manufacturing in overseas factories. In the face of container shortage, pandemic blockade and the rushing inventory levels of client end, a sluggish environment has caused descending and weak consumer demands. Facing the customer order reductions, the Group still visits customers aggressively, goes aboard for attending major textile exhibitions, searches for new raw material suppliers, and enhances manufacturing technology and quality of overseas plants, for serving customers with quality and high-efficiency production.

2. Domestic sales of raincoat garments:

In addition to its own brand and contract manufacturing, the Group actively participates in raincoat ready-to-wear related bidding cases, meanwhile designs functional apparel to meet the needs of various demographic groups via integrating trending styles and elements into new products, and actively manages inventory for enhancing brand value as well as sales performance. Aggressively entering well-known domestic e-commerce platforms to expand e-commerce, online sales and other channels and to exploit new sales channels for current distributors.

3. PP Corrugated Board :

The new purchased extruders for PP corrugated board have improved product yield, production efficiency, reduce the loss of raw materials and the electric costs. Also, the Group exercises its own-use solar green power in conjunction with the usage of environmental-friendly materials in advance to implement sustainable business, develop reused delivery boxes and encourage distributors to adapt it, hoping to maintain the Group's image, moreover, to contribute to the society and the environment.

4. New machinery products:

Under the effective control of the epidemic, the orders of stationery products have gradually become normal from under-supply in the past. The Group has dedicated to developing new products and improving manufacturing techniques concurrently. We spontaneously provide a better service and quality for the customers, and will continue to develop special stationery products, expand overseas production bases, and closely cooperate with the clients to increase market share.

(2) Factors affecting the industry

1. The impact of raw material prices

The Group has been focusing on manufacturing, and the main costs are raw materials and labors with the raw materials accounting for the vast majority of total costs. The price fluctua-

tion of raw materials has a significant impact on the profit margin of the Group. The price of upstream plastic raw materials fully affects the production input cost of the downstream plastic products industry, and the price of plastic raw materials rises, immediately reducing manufacturing profits.

Therefore, under global economic with descending demands and rising prices of energy and material due to geopolitical conflicts, the high and stiff prices of global raw materials lead to increasing manufacturing costs. Thus, one of the major lessons now is to grasp the supply and demand of the market to avoid the impact caused by dramatic changes of the market. This also has a significant impact on domestic economy, so the stability of price of raw materials has a great influence economic development, people's welfare and social stability.

2. Impact of labor costs

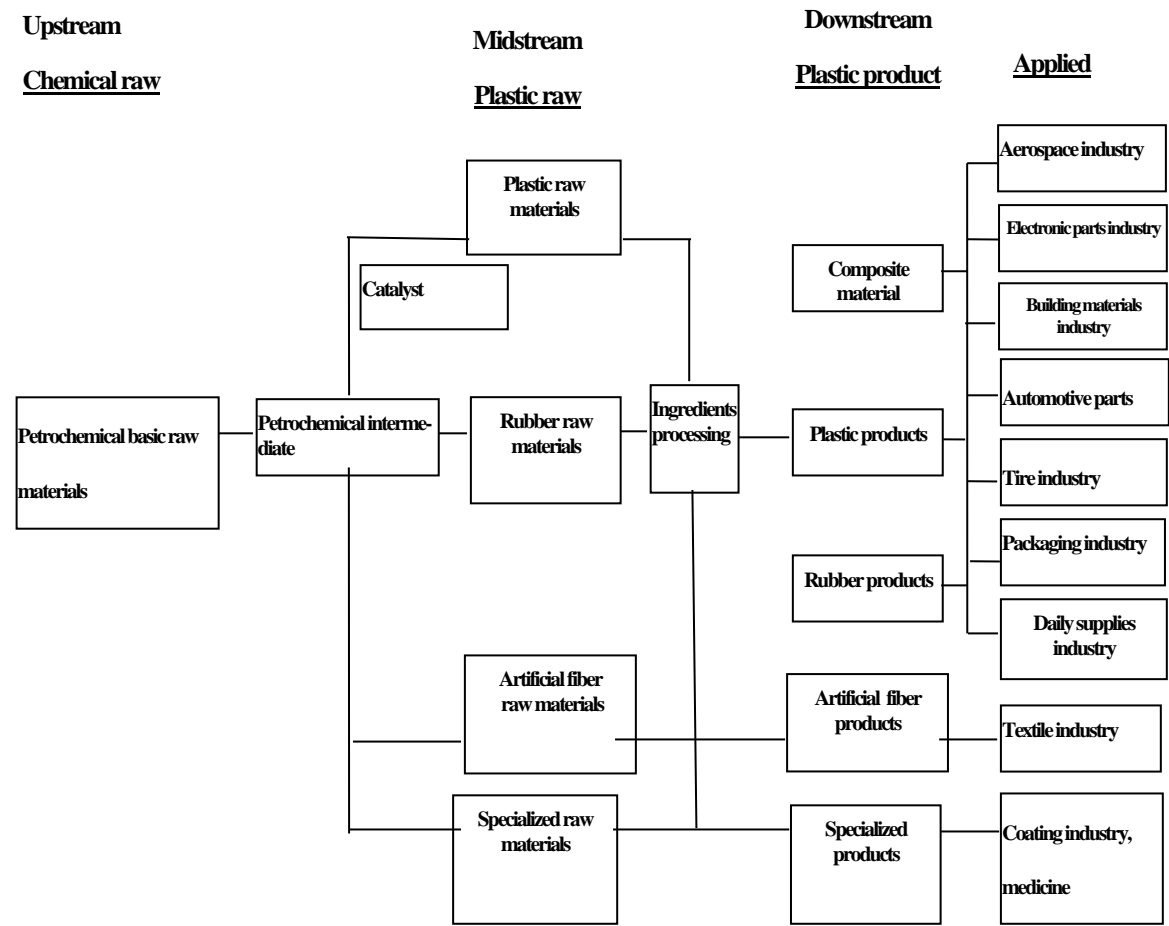
We have a complete social insurance system, labor insurance, health insurance, pension and so on for the labors, the responsibility as well as costs are what enterprises must bear. In addition, the relentless rise in prices and the continuous adjustment of basic wages have become significant operating costs for businesses. In the future, emphasis will be placed on the development of workers' skills and the planning of potential stimulation, aiming to create a win-win situation for labor and enterprises.

3. The impact of exchange rate fluctuations

Taiwan is a small country in trade and is vulnerable to the exchange rate of large countries. The Central bank has its responsibility to stabilize the exchange rate and the market. USA continues its inflation control by adapting tight monetary policy in 2023, thus the Taiwan dollar exchange rate has reached a relatively high level in lately years. In the face of sharp exchange rate fluctuations, the Company pays close attention to international current affair to reduce exchange losses and ensure profits.

(3) Industrial Structure

The Group's main products manufactured and sold are an array of plastic products, including raincoats, plastic processing, wardrobe, PP corrugated board, waterproof cloth, garments, furniture supplies, binding machines and laminators, etc. Therefore, it belongs to the plastic products industry. The correlations between the upstream and downstream industry are listed in the table below:



(4) Competitive advantages

1. Leading technical expertise

Under the influence of the world's environmental protection trend, PVC materials retiring have been a global trend, and it would be replaced by environmentally friendly waterproof and moisture permeable fabrics. The Group has decades of experience in this field. Private brand T-CORE products are marketed in the market, and con-

tinue to invest in the manufacture of high-end mountaineering, navigation, golf, locomotives, bicycles and other such clothing. To implement green policy, the PP corrugated board has been developed to reuse in delivery and be progressively promoted to distributors. We will continue to develop the market use and processing technology to differentiate the market as well as increase our market share.

2. Competitive production capacity

The Group has four base processing plants at home and abroad, which are distributed overseas in Fujian, Vietnam and Myanmar on the mainland. It provides good quality control and can make the most appropriate capacity allocation according to market conditions at any time. Among them, overseas processing plants have the advantage of relatively low cost.

3. The Group's brand

The well-known brands are more recognized and favored by consumers. The Group has its own raincoat brand Tahsin, and will continue to promote its own brand and establish a brand image in the future, thereby increasing the added value of products.

4. The layout of international marketing offices

The Group has established sales outlets in major overseas markets conducting information exchanges with each other, made good use of new materials and designed new styles of products to serve customers based on the overseas market trends and customers' needs.

5. R&D and development of products in various fields

The global raincoat market has been expanding due to growing outdoor activities, and the trend of raincoat is a key factor to the market growth. However, the raincoat market is competitive, many second- or third-rate companies have occupied over half of the market. We have to constantly innovate, design fashionable, waterproof, light, comfortable and multifunctional product to break into the dynamic market fast.

Adjusting marketing strategy, categorizing the product to make market segmentation, increasing distribution channels, proactively develop high-quality and high value products, we aim to thrive in different field such as garments, sports goods and office supplies to meet the customers' and market' needs.

Since its establishment, the Group has always adhered to the business philosophy of pragmatically and integrity. In an ever-changing environment, the Group has continuously pushed itself and learned, devoted to research and development of breathable raincoat, water- and cold-proof products, by researching and developing new materials, new technologies, and new products, we expect to bring customers more comfortable and convenient waterproof wear, so as to provide better products and service.

(III) Technology and Research and Development Overview

1. A total of NT\$ 0.13 million had been put into the research and development in 2023 up to the publication date of the annual report.
2. Successful developed technologies or products:
TCC-2700 PC board development completed.
3. Research and Development Work to be Carried out in the Future, and Further Expenditures Expected for Research and Development Work and Progress:

The most recent annual plan	Current progress	R&D expenses to be invested	Projected mass production time	Factors impacting the future success of R&D
CC-2-E Universal Punch	New model development	NT\$1.5 million	2025.Q4	1. Low-cost and high-capacity 2. Compatible with A4 and Letter paper sizes.

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

Short term:

1. Attend important fairs at home and abroad, display our excellent technology in production process and trust-worthy quality, promote the brand image, and provide customers with satisfying products with passionate service.
2. Deploy production capacities of overseas factories with mobility, introduce automation equipment to enhance technology, replace out-of-dated machines, provide personnel skills training, and implement quality inspection processes.
3. Develop new suppliers of raw materials both domestically and internationally, proceed price comparison and negotiation with multiple suppliers, and grasp opportunities for orders from customers by offering products of excellent quality and competitive prices.
4. Pay close attention to customer trends and inventory situation, lead-

ing the layout to do a good job of production and marketing distribution.

5. Grasp the global market pulse, pay attention to changes in exchange rates, raw material prices and capacity loads, and adjust quotations and follow delivery dates in due course.
6. Check the inventory in factories and activate the inventory for value-added increasing of products.
7. The impact of Ukrainian-Russian war, Isarel-Hamas conflict, inflation, zero-carbon economy, Taiwan geopolitical risk, etc. leads to unstable global economic situation, pay attention to the trend of various industries at any time to ensure the normal operation of the factory and smooth shipment. In the face of potential delays or reductions in consumption on the consumer side, take notice of advance payment, strengthen internal fitness, closely monitor accounts receivable recovery, and closely interact with customers.

Long term:

1. Deepen long-term cooperation with high-quality customers, and actively develop orders and customers outside the United States, Europe and Japan, balance the low-peak season capacity differences to stabilize production continuity.
2. Deepen the domestic and foreign sales channels, cooperate with the development of new products, and obtain the opportunity to import orders.
3. Continuously update the machine equipment and working environment, build a friendly workplace, improve production efficiency and technology, train domestic personnels for obtaining of excellent quality as well as relevant international certifications.
4. With a long-term cooperation model and a stake in cooperative factories, we will ensure that the available production capacity of overseas cooperative factories will retain without lost, and strategic plans are made to expand production capacity in Vietnam and other Southeast Asian countries.
5. In response to energy conservation and carbon reduction, implement sustainable development goals, optimize production technology and friendly environment, and create profits to meet customer needs with high quality competitiveness.

II. Overview of Market and Production and Marketing

(I) Market Analysis

1. Sales regions and market share for major products:

<div>Items</div> <div>Major Commodities</div>	Export areas	Domestic market share
Raincoat products	United States, Europe and Japan	25%
Garment products	United States, Europe and Japan	—
PP corrugated board products	Japan	40%

2. The market's future supply and demand as well as growth, the expected sales volume and its basis, competitive advantages, and favorable and unfavorable factors affecting the company's development prospects and countermeasures:

(1) Domestic market

Facing with unfavorable weather conditions and challenging domestic market environment in 2023, the domestic sales department encountered a significant contraction of demands, particularly the PP corrugated board section has marked a low point in recent years. However, there have been signs of recovery towards the year end, and the customized boards have shipped out continuingly.

Currently, the hottest topic of discussion revolves around the circular economy. With fast fashion sweeping globally, the accompanying issue is its environmental impact. Recently, there have been discussions and quotations regarding the recycled yarn aiming to regenerate fibers. In the future, launch of consumer-reassuring products and application expansion of circular economy will generate greater sustainability benefits.

I. PP Corrugated Board Division:

Both the panel factory and the technology industry faced factors such as production shrinkage and inventory depletion, leading to deferred shipments of ordered boards and sluggish sales in 2023. Constrained by high inventory costs of PP raw material pellets last

year, it placed significant pressure on order prices. Subsequently, adjustments to the inventory level of raw materials and timely procurement decisions in the second quarter, as well as the leveraging advantages in capital and warehouse space in the latter half of the year to provide competitive costs, have performed strong effects on stabilizing customer sources.

II. Domestic Business Division:

1) Raincoat collections:

There were obviously fewer rainy days in the first half of 2024. In addition, Distributor network and major channels all stocked up on inventory in last year, resulting in low sales performance. Currently, all product lines have complete inventories, reduction of inventory levels will be the first priority. Due to the epidemic lately years, the development of new raincoats has been postponed for years. This year, aged models will be gradually replaced and functional and patented raincoats will be launched. Deodorizing and antibacterial lining casual hiking rain boots will be paired with new catalogs and promoted to meet the different needs of consumers. In addition, there is stable sales in government or institute tenders, which is less affected by weather. Multiple channels avoid over-concentration of niche customer groups, which can reduce operational risks.

2) Garment fiber collections:

Due to the downturn of current global economy, many domestic large factories have encountered a significant decline in exports, leading to measures such as downsizing manpower or even temporarily suspending uniform distribution to cut costs, resulting in considerable impact. However, significant growth in performance has been made via the successfully closed deals from several listed companies after years of efforts and visits, as well as the maintenance of brisk uniform purchases through group procurement this year.

this year.

this year.

Additionally, various marketing strategies have been adopted this year, including one-page e-catalogs, new styles and materials designs, participation in TITAS exhibitions, brand OEM, etc., aiming to create more business opportunities.

(2) Foreign markets

1. United States:

Due to the relative strength of USD in 2023 and the global economic issues, the economic situation in USA and Canada is slightly better compared to European and Japanese markets. However, customers in this region also face high inventory issues, so the USA sales is no good as in 2022.

2. Japan:

In addition to the global economic downturn and inflation issues, Japanese brand Makes also face pressure from the depreciation of JPY. Therefore, the sales figures of Japan region this year present no ideal.

3. Europe and other regions:

Due to the ongoing Ukraine-Russia war, coupled with the impact of inflation, the global economy is in a sluggish state, which has led the clients in Europe and other markets being conservative in placing orders in 2023, and giving inventory reduction as a primary goal. As a result, sales figures present significant decline.

Outlook in 2024:

- 1. Stabilization of order-taking situation can be expected to in the latter half of 2024, as well as the bottom out of business situation. Coping with the resurgence of orders, in addition to the existing production capacity in Myanmar and Vietnam, the establishment of a Bangladesh site in Bangladesh to increase production capacity will be re-evaluated.**
- 2. The under-estimated order reception situation in 2023 also affects the manpower maintenance of overseas factories. This year the factory equipment updating will be made for enhancing the quality and production efficiency of employees to upgrade external competitiveness.**
- 3. In recent years, business units have been committed to exploit new customers through overseas exhibitions. New customers will begin to place orders starting in 2024, which will also help the turnover.**

(II) Major Applications and Manufacturing Processes of Main Products

1. Major applications

Product Items	Major applications
Raincoat products	The objects include motorcyclists, police, children, fishing, mountaineering, sports, sailing, golf, etc. The styles include traditional styles, trench clothes, new trend waterproof and cold protection, and epidemic prevention protection, which are suitable for work, leisure, and entertainment. All ages and classes meet the needs of modern diversified society.
Garment products	Domestic sales: Sports casual clothes, wardrobes, bags, winter and summer student clothes and work clothes for primary and secondary schools are mainly group employee uniforms. Export sales: Snow suits, sports suits, windbreaker jackets, and casual wear are major products, which is suitable for people at all levels and various applications.
Rain shoe products	The objects include traditional markets, factories, students, office workers, mountaineers, etc. The styles include traditional plain colors, popular plaid patterns, long tubes, short tubes and shoe covers, etc., which are suitable for the needs of all classes.
PP corrugated board products	Display boards, stationery, recycling bins, packaging containers, moisture-proof bottom panel, and epidemic prevention partition.
Laminators	With the physical properties of temperature, pressure, and speed, laminators can realize its function as laminating films for paper.

2. Production process

1) Rainwear:

Raw materials → cutting → sewing → melt pressing → inspection
packaging → finished products

2) Garment:

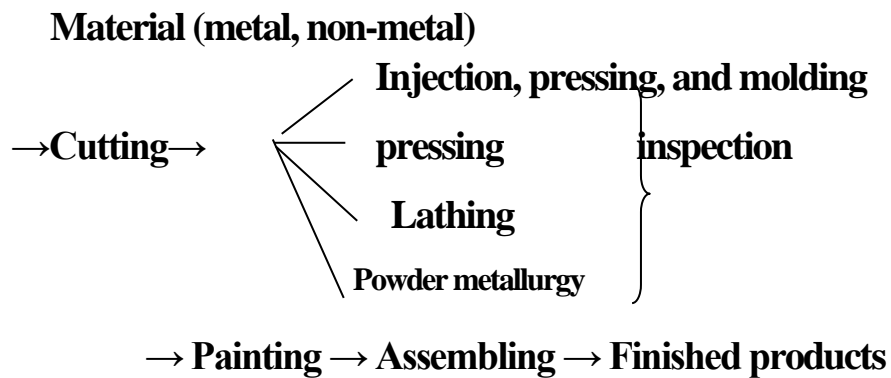
Raw materials → cutting → sewing → inspection packaging → finished products

3) Others:

(1) PP plastic corrugated boards:



(2) Laminators:



(III) Supply Situation of Major Raw Materials

Unit: NT\$ thousand

Major Materials	Unit	Quantity	Amount	Major Suppliers
NYLON/PVC	Y	620,330	23,614	Formosan Rubber Group Inc.
NYLON/PU	Y	498,317	45,433	Formosa Taffeta Co., Ltd., DOMILES ENTERPRISES CO., LTD. Formosan Rubber Group Inc., Singtex Industrial Co., Ltd.
PVC compounds	KG	220,075	12,843	Ta Win International Co., Ltd.
PP Compounds	KG	3,224,450	111,138	Formosa Plastic Corp. Formosa Chemicals & Fibre Corp.
Taffeta (Nylon)	Y	743,044	39,616	Formosa Taffeta Co., Ltd
Blended Cloth	Y	214,478	12,973	Formosa Chemicals & Fibre Corp. Saint T. H. Textile Corp. Chen Yu Corp. Ch'ing Chi Textile Corp.
Zipper	PCS	2,671,962	26,927	YKK TAIWAN CO., LTD. Dragon Times Accessory Co., Ltd., ZN TECHNOLOGY CO., LTD., Keen Ching Industrial Corp.
Carton	Pieces	352,101	5,815	Lien Lung Carton Corp., Ming Feng Carton Corp., KING HON TECHNOLOGIES CO., LTD.

(IV) Names of Customers Who have Accounted for More Than 10% of the Total Amount of Goods Purchased (Sold) in Any of the Most Recent Two Years and the Amount and Proportion of the Goods Purchased (Sold)

1. Suppliers

		2022			2023			March 31, 2024		Unit: NT\$ thousand	
		Year	Amount	Percentage of Annual Net Procurement	Relationships with the Company	Amount	Percentage of Annual Net Procurement	Relationships with the Company	Amount	Percentage of Annual Net Procurement of the Current Year up to the Previous Quarter	Relationships with the Company
Supplier A			99,184	8.66%	None	72,725	8.75%	None	24,649	10.92%	None
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 suppliers as stipulated in the contract, or individual non-affiliated parties shall be shown in codes.									

2. Customers

		2022			2023			March 31, 2024			Unit: NT\$ thousand	
Year		Amount	Percentage of Annual Net Sales	Relationships with the Company	Amount	Percentage of Annual Net Sales	Relationships with the Company	Amount	Percentage of Annual Net Sales of the Current Year up to the Previous Quarter	Relationships with the Company		
Customer name												
Client A		648,408	24%	None	460,636	21%	None	42,377	9.3%	None		

(V) Production Quantity and Value in the Most Recent Two Years

Amount NT\$ thousand

Year		2022			2023		
Production volume							
Major Products		Production capacity	Yield	Production value	Production capacity	Yield	Production value
Rainwear	Dozens	126,000	125,022	939,548	122,000	121,462	763,685
Garment	Pieces	914,000	904,000	524,257	820,000	811,000	411,255
Wardrobe	Sets	—	6,018	3,427	—	1,661	1,031
Household fittings	Pieces	—	—	91,009	—	—	78,299
Binding machine	Sets	52,000	48,616	157,791	53,000	49,711	130,626
Processing of Miscellaneous Items	—	—	—	43,333	—	—	31,833
PP Corrugated Board	—	—	—	228,118	—	—	196,776
Total				1,987,483			1,613,505

Note: Furniture products are outsourced. Due to the specification of the great difference, Processing Miscellaneous Items, PP Corrugated Boards and Laminating Film are only indicated by their values.

(VI) Sales Quantity and Value in the Most Recent Two Years

Amount NT\$ thousand

Year		2022				2023			
Sales volume		Domestic Sales		Export Sales		Domestic Sales		Export Sales	
Major Products		Quantity	Volume	Quantity	Volume	Quantity	Volume	Quantity	Volume
Rainwear	Dozens	32,429	77,063	96,050	1,031,699	22,147	56,176	79,763	794,197
Garment	Pieces	306,000	105,225	594,000	511,484	314,000	117,041	451,000	339,878
Wardrobe	Sets	4,636	2,777	—	—	4,257	2,483	—	—
Household fittings	Pieces	—	—	—	97,832	—	—	—	82,583
Binding machine	Sets	—	—	51,137	213,944	—	—	49,963	172,360
Processing of Miscellaneous Items	—	—	33,639	—	19,533	—	35,939	—	8,145
PP Corrugated Board	—	—	190,717	—	52,299	—	169,435	—	39,617
Total			409,421		1,926,791		381,074		1,436,780

Note: Due to the great differences in specification, processing Miscellaneous items, PP corrugated boards, and household fittings are only indicated by their values, and there is no significance of quantitative comparison.

III. Distribution of Numbers, Female Employees, Average Years of Service, Age, and Level of Education of Employees in the Most Recent Two Years up to the Date of Publication of the Annual Report:

Year		2022	2023	March 31, 2024
Numbers of Employees	Technicians	59	51	48
	Clerks	236	244	243
	Workmen	58	55	52
	Total	353	350	343
Average age		42.1	42.6	42.8
Average Year of Services		15.94	16.13	16.29
Educational Distribution Ratio	Ph.D.	0	0	0
	Master's	1.98	2.29	2.33
	College or Equivalent	51.28	51.71	52.19
	High School	42.21	41.43	41.11
	Lower Level of Education	4.53	4.57	4.37

Ratio of the category	2022	%	2023	%	Ratio of the category	2022	%	2023	%
Female	172	48.7	174	49.7	people with disability	2	0.57	2	0.57
					Aboriginal	2	0.57	2	0.57
					Foreigner	9	2.55	10	2.86
					Officer	61	17.28	63	18.00
Male	181	51.3	176	50.3	people with disability	1	0.28	1	0.29
					Aboriginal	1	0.28	1	0.29
					Foreigner	38	10.76	37	10.57
					Officer	76	21.53	75	21.43
Total	353	100	350	100					

IV. Information on Environmental Protection Expenditure

The Company uses environmental-friendly materials for PP corrugated boards for green production, which is recyclable and reusable. Through technology development and reuse of recycled PP particles, hazardous waste will not be produced in the process and the products will not cause environmental damage.

In 2017, the company has stopped production of products that produce toxic gases in the production process and cannot be optimized to improve the pollution situation and reduce pollutant emissions, slowing down the global warming through real action.

In 2021, in conjunction with environmental protection planning for renewable energy, solar panels are installed on the factory roofs of overseas plant, Tah Fu, and Chungkan plant to reduce electricity consumption and carbon emissions.

"Environmental protection, low-carbon home" has always been the objective to commit to by the Company while pursuing enterprise development. By complying with laws and regulations, and carrying out the planning, implementation, education, and publicity of environmental protection, we are able to implement internal management. In addition to supervising the staff to strengthen the implementation of various standard procedures and control measures, we also actively promote energy conservation, greenification, waste reduction, and carbon reduction through daily life to create a friendly environment.

(I) Total Losses and Fines due to Environmental Pollution in the Most Recent Year up to the Publication Date of the Report: NT\$0.

(II) Environmental Protection Related Expenditure of the Company:

Item/Year	2023	2022
Pollution prevention fees	1. Fees for testing air pollution and others	1. Fees for testing air pollution and others
Amount	NT\$ 150,881	NT\$ 152,733

(III) Conformity with RoHS of the European Union:

The RoHS does not apply to the Company's products thus it has no impact on the company's financial and business operation.

V. Labor Relations

(I) List the Programs of Employee Welfare, Professional Development, Training, and Retirement and the Implementation, as well as the Meetings between Labor and Management and Employee Rights Protection Measures:

(1) Employee Welfare Programs:

(1) Programs provided by Employee Welfare Committee:

- 1) Scholarships for employees and employees' children**
- 2) Festival bonuses, birthday coupons, gifts for Labor Day**
- 3) Allowances for travel, club activities, and emergencies.**
- 4) Sports recreation activities, movie appreciation, mountain climbing and hiking, etc.**
- (2) Provide single dormitory.**
- (3) Cafeterias that cater three meals a day.**
- (4) Uniforms for every year.**
- (5) Medical & health consultation and the health check-ups for every two years.**
- (6) Health check-up subsidies for senior manager levels.**
- (7) Coverage under National Labor and National Health Insurance programs.**
- (8) Cash for weddings/ funerals and relief payment for employees.**
- (9) Nursery rooms and family-friendly parking spaces.**
- (10) Parking spaces and designated parking spaces for the disabled.**
- (11) Indoor billiard courts, fitness rooms, volleyball courts and basketball courts for employees.**

(2) Professional Development and Training:

- (1) Orientation training for new employees.**
- (2) Professional internal on-the-job training for management associates.**
- (3) Professional external on-the-job training.**
- (4) Quarterly training courses held by each department.**
- (5) Incentives for foreign language learning.**

(3) Retirement System:

(1) Retirement Application

Employees who are in one of the following situations are eligible for retirement:

- 1) have been serving for over fifteen years and are over fifty-five years of age
- 2) have been serving for over twenty-five years
- 3) have been serving for over ten years and are over sixty years of age

(2) Preferential Retirement

Employees under either of the following conditions may apply for voluntary retirement with required approvals:

- 1) in which employees have worked for over fifteen years and reached the age of fifty-three.
- 2) in which employees have worked for over twenty-three years.
- 3) in which employees have worked for over twenty-two years and are unable to perform their duties.

(3) Compulsory Retirement

Employees shall take compulsory retirement under either of the following conditions:

- 1) Employees who are sixty-five years or older, but is required by the business entity to continue to work by contract with the consent of the employer.
- 2) Employees who are mentally or physically disabled and are not competent in the work he/she holds.

(4) Retirement Pension:

- 1) Employees who choose to adopt the old retirement pension standards will be paid the pension of two bases for each full year of seniority, and whose seniority exceeds fifteen years will be paid the pension of one base for each full year of seniority, up to a maximum of 45 months. Those whose seniority is less than half a year will be counted as half a year, and whose seniority is more than half a year but less than one year will be counted as one year.
- 2) For employees who take compulsory retirement due to mental disorders or physical disabilities, an additional 20% on top of the amount calculated according to the preceding paragraph shall be given.
- 3) The standard of retirement base refers to the average

monthly wage at the time of retirement.

- 4) Average monthly wage is calculated using average monthly wage for the six months prior to retirement.**
- 5) Calculation of seniority: The seniority shall be calculated from the date of employment. The seniority prior to and after the implementation of the Labor Standards Act shall be combined in calculation.**
- 6) The pension payable to employees by the Company shall be paid within thirty days from the date of the employee's retirement.**
- 7) The Labor Pension Act has been enforced as of July 1, 2005. If employees choose the old system, they will be handled according to the retirement system mentioned above. Retirement reserves will be withdrawn regularly every month based on the ratio of personal salary insurance and stored in the "Labor Pension Reserve Account." For employees opting for the new system, 6% of the insured amount will be deposited into the employee's personal pension account; for those who voluntarily contribute to their pension, an additional 6% of the salary insurance amount will be deducted from the employee's monthly salary to the individual pension account at the Bureau of Labor Insurance for protecting labor interest.**

(4) Implementation of Employee Welfare Measures

- 1) Meetings with new employees are held from time to time to open up channels of communication so as to learn and respond to employees' opinions.**
- 2) Quarterly meetings on labor and management negotiation are held to build a communication mechanism between the two parties, in order to improve the employees' teamwork.**
- 3) Abide by "Gender Equity Education Act" and "Labor Standards Act," both males and females have the equal rewarding conditions and chance of promotion. We hire people with disability and aboriginals, providing excellent work environment and ensuring equal opportunity in employment, creating a friendly workplace of equality and diversity inclusion.**
- 4) In response to the government's campaign for breastfeeding, nursery rooms have been set up while the supply of childcare**

services has been continued through outsourcing to take care of children under compulsory school age of employees.

- 5) Parking spaces for cars and motorcycles have been reserved exclusively for pregnant women.
- 6) Basketball courts and fitness rooms have been set up to encourage employees to exercise.
- 7) Employee travel and club activities are held to encourage diverse relaxation methods and enhance mental health.
- 8) Staff canteen has been installed to ensure the hygiene and safety of the food.
- 9) Medical staff has been delegated by the professional consulting agency to provide medical consulting to employees.
- 10) Health check-up contracted with medical institution and the subsidies.
- 11) A five-floor staff dormitory and another four one, located at Chung Gang plant and Taichung main plant respectively, are equipped with Wi-Fi, air conditioners, refrigerators, washing machine and other facilities to issue comfortable space for employees.
- 12) Optimization of working environment. The main plant and office building Taichung have been renovated with upgradation of hardware and software facilities to build quality working environment, improve working mood and enhance working efficiency for employees.

(5) Implementation of Employee Welfare and Retirement System:

The Company has complied with the provisions of the Labor Standards Act and the Labor Pension Act. The establishment of the employee retirement procedure falls under the defined contribution plan. According to the regulations, the company's monthly contribution rate for labor retirement pension shall not be less than 6% of the employee's monthly salary. In accordance with the employee retirement procedure established pursuant to the said regulations, the company allocates funds to the pension account each month based on the employee's insured salary contribution rate.

As of December 2023, the allocation ratios for labor pension under the old system, new system, and employee voluntary contributions are as follows:

Item	No.of employees	Self-contribution rate (%)	Self-contribution amount (NT\$ thousand)	Pension account
Old system	104	7%	272,223 (Accumulated)	Tahsin Account, Labor Pension Reserve Fund, -Bank of Taiwan
New system	202	6%	5,678	Employee Account, Bureau of Labor Insurance
Self-contribution	33	6%	1,028	“

(6) Protection Measures for Work Environment and Employees' Personal Safety:

(1) Healthy workforce is the foundation for corporate's sustainable development. The basis of work safety management procedures of the Company is to safeguard personal safety of all employees through constructing a safe, comfortable, and healthy work environment. In addition, Safety and Health Work Rules has been set up to build and maintain a healthy and safe work environment. The Company has also been highlighting reaching "Zero Incident", the goal of safety management of the Company, by effectively enforcing self-protection, mutual protection, and supervision, as well as building an environment free of occupational disasters. °

The heads of each department require their colleagues to strictly observe the work discipline and abide by the relevant government regulations through advocacy and audit, and carry out the policies of the Company by example. Labor and management jointly prevent occupational disasters and comprehensively improve safety and quality.

(2) The Safety and Health Work Rules for employees shall cover:

- 1) Responsibilities of organizations in charge of safety and health management and each department**

- 2) **Maintenance and Inspection of various safety and health protection equipment**
 - 3) **Work safety and health Standards for each operation**
 - 4) **Employee health guidance and management measures**
 - 5) **First aid and rescue**
 - 6) **Fire education training and management measures**
 - 7) **Emergency response**
 - 8) **Disaster drills and exercises**
 - 9) **Incident handling**
- (3) **Safety education promotion and drills:**
- The Company values the safety and health management of the employees. build workplace safety protection, and continuously optimize the work environment to reduce the occurrence of occupational hazards. The Company conduct safety and health education, training, and publicity regularly to ensure that all employees receive appropriate and necessary emergency response training and have the ability to perform their jobs, so as to prevent the occurrence of occupational disasters. In 2022. 2023 and as of the publication of the annual report, no occupational accidents occurred due to the active efforts of all employees to carry out preventive work. Practical drills in the first half of 2023 included notifications, evacuation guidance, fire-fighting training and first-aid cardiopulmonary resuscitation (CPR). In the second half of 2023, a total of 84 trainees participated in the comprehensive fire drill. The overseas factory in Myanmar conducted fire drills in the second half of 2023, and all trainees were trained. The number of personnel reached 1,301.
- (4) **Maintenance of machinery and equipment**
- In order to grasp the real-time status of employees' working environment and evaluate various potential risk factors, in addition to carrying out inspections and audits from time to time. The administration building of Main Plant Taichung

added an outdoor emergency escape staircase in 2023 and conducted an on-site fire emergency escape drill for escape windows in that May. Fire detection and alarm equipment and warning signs are also set up in appropriate places for fire protection and evacuation, and fire control and escape equipment are regularly tested to strengthen employee safety and implementation of safe work standards.

In July 20223 the annual fire-fighting overhaul was carried out, and the overall comprehensive security inspection and maintenance were carried out for the appearance and performance of fire-fighting and disaster-prevention equipment. In 2022, the office building was equipped with outdoor safety escape ladders to strengthen the safety protection of employees.

(5) Regular health checkup for employees

Medical examinations have been provided regularly every two years, including checkups on general conditions and noise induced hearing loss, and examinations for foreign workers, and caterers.

In January 2022, Taichung Headquarter entrusted Tungs' Taichung MetroHarbor Hospital to assist on the health check for 200 employees in total, while Chungkan Plant entrusted the Tungs' Taichung MetroHarbor Hospital to carry out the health check for 47 employees and noise check for 38 employees.

It is planned to entrust Tungs' Taichung MetroHarbor Hospital and Country Hospital Taipei to the Company to assist on employee health checks during July 2024.

(7) Employee's Participation in Professional Continuing Education and Training Every Year:

- (1) From the perspective of pragmatism and sustainable operation, the Company has established an extensive talent educa-**

tion system which includes procedures for orientation training and on-the-job training, and incentives for foreign language learning. Additionally, training courses and workshops on various topics are organized from time to time to provide employees with a variety of learning channels, rich learning resources, to improve learning performance and create a friendly workplace environment. Furthermore, the Company has been fostering professionals and future leaders through job rotation, overseas posting, and challenging job assigning.

- (2) Training courses include on-site and off-site general courses, professional courses, regulations courses, welfare courses, health lectures, information security promotion, fire drills, etc. While various departments plan and arrange courses of professional education and training, Information Management Division manages training courses for internal management personnel as a whole within the Company. Before the end of each year, each department may make plans for relevant courses for the next year depending on the needs of the work, and implement according to the plan after being approved. In addition, Management Department is responsible for organizing common courses of the whole company as well as documenting and the filing and preservation of the implementation related records.
- (3) To ensure compliance with insider trading regulations, a training program is provided to insiders and senior managers. In 2023, a total of 64 individuals completed this training program with a 100% completion rate achieved. Additionally, the latest information on insider trading is published annually on the company's internal platform to reinforce employees' understanding and compliance regarding insider trading regulations.

- (4) The Company has organized a total of 52 times education and training for insiders and employees in 2023, with 3,604 trainees and total 103.5 training hours; The number of off-site education training totaled 22 courses, consisting of 35 participants and 735 hours of training. The company-wide education and training cost was NT\$220,000.**

Course category	Course content	Number of participants	Hours	Fees
Internal training course	Product flow Environmental recycling brand marketing drawing software Fire Escape Safety Mechanical protection Health and Stress Relief Lecture Series	509	80	-
External training course	Sustainable development of corporate talents Pattern correction skills, specialty class Regulations on Preparation of Corporate Financial Reports Greenhouse gas inventory standards	35	735	220,000
Regulatory courses	Prevent insider trading propaganda corporate governance business operations Equity trading legal compliance Important information law promotion Business Ethics Regulations promotion	64	12	-
Information security course (distance learning)	Introduction to basic networking concepts and email social engineering	258	3	—
Fire drill	Disaster prevention and protection, fire safety and evacuation	2,773	8.5	

(8) Meetings between Labor and Management and Operational Situation:

- (1) The Company attaches great importance to the concept of mutual prosperity and harmony between labor and management, and convenes quarterly Labor Management Meetings in conformity with government laws and regulations to promote friendly interaction between employees and management regarding relevant issues to give employees the opportunity to fully express their opinions. We value equality and diversity inclusion,**

promising to create a workplace without misconduct such as discrimination, harassment and retaliation. Maintain good partnership, build consensus to ensure a harmonious relationship between the labor and management, and sustainable development of the company.

- (2) The Company has set an internal labor suggestion box and an external communication platform (Internet zone for stakeholders) for questions, complaints, whistle-blowing or suggestions, which can be understood and replied by special persons to strengthen the employee-employer relationship and handle the case in a confidential manner to protect the rights and interests of employees.**
- (3) Specific measures to improve employee benefits or rights over the previous year:**
 - 1) Salary adjustment for employees and profit sharing for enterprises.**
 - 2) Build a quality office environment.**
 - 3) Continuous renewal of hardware and software equipment.**
- (4) Up to the date of the publication of the annual report, no loss has been caused by labor disputes such as gender, racism and human rights violation; The Company will continue to maintain a good partnership between labor and management in the future.**
- (9) Measures Aimed at Preserving the Rights and Interests of Employees: The implementation is effective.**
 - (1) The Company values the employees' health and rights. Apart from the good working environment and reasonable compensation, the Company encourages employees to have more outdoor activities.**
 - (2) Since November 2020, the Company assigned a physician and a nurse to provide employees with professional consulting. The nurse will provide on-site service six times a month (two hours a time) and twice a month (two hours a time), and the doctor will provide on-site services six times a year (two hours a time). They will provide employees with health check-ups, precautions, and other important matters.**
 - (3) To promote physical and mental health in the workplace and adjust to**

workplace stress, internal health lectures and in-formation sharing are held irregularly for lessons of effective management to relieve physical and mental stress.

- (4) Taking care of employees and maintaining a safe working environment have been the priority of the Company. In addition that the health checkup contracts with medical institutions, medical devices in the case of emergency are purchased to ensure employees lives and safety.

(II) Losses as a Result of Labor Disputes and the Estimated Amount and Countermeasures of Possible Losses Caused by Labor Disputes at Present and in the Future: None

VI. Major Agreements None

Chapter 6 Financial Overview

I. Condensed Balance Sheet and Statement of Comprehensive Income of the Most Recent Five Years

(1) Condensed Balance Sheet (Company Only) - IFRSs

Unit: NT\$ thousand

Items \ Year							Financial information for current year, up to March 31 2024 (Note 4)
		2019	2020	2021	2022	2023	
Current assets		6,320,175	9,161,735	8,426,980	7,302,197	6,868,710	No individual financial reports were prepared for the first quarter of 2024 by the Company
Property, plant and equipment		1,388,342	1,394,637	1,765,833	1,900,763	1,953,074	
Intangible assets		—	—	—	—	—	
Other assets		1,851,843	2,153,820	2,204,160	2,017,717	2,261,181	
Total assets		9,560,360	12,710,192	12,396,973	11,220,677	11,082,965	
Current liabilities	Before Distribution	950,023	337,437	645,520	392,609	270,863	
	After distribution	1,672,723	891,837	893,268	739,456	518,611	
Noncurrent liabilities		239,037	193,629	206,884	218,623	217,702	
Total liabilities	Before Distribution	1,189,060	531,066	852,404	611,232	488,565	
	After distribution	1,911,760	1,085,466	1,100,152	958,079	736,313	
Equity Attributable to the Shareholders of the Parent Company		8,371,300	12,179,126	11,544,569	10,609,445	10,594,400	
Share capital		1,980,000	1,386,000	990,990	990,990	990,990	
Capital surplus		105,429	151,782	182,030	200,160	221,869	
Retained earnings	Before Distribution	4,196,822	8,350,263	7,538,998	7,760,947	7,575,050	
	After distribution	3,474,122	7,795,863	7,291,250	7,414,100	7,327,302	
Other equity		2,207,928	2,388,550	2,915,781	1,740,578	1,889,721	
Treasury stock		(118,879)	(97,469)	(83,230)	(83,230)	(83,230)	
Non-controlling interests							
Total equity	Before Distribution	8,371,300	12,179,126	11,544,569	10,609,445	10,594,400	
	After distribution	7,648,600	11,624,726	11,296,821	10,262,598	10,346,652	

Note 1: All financial information of the most recent five fiscal years have been audited and certified by the CPAs.

(2) Condensed Balance Sheet (Consolidated) - IFRSs

Unit: NT\$ thousand

Items	Year						Financial information for current year, up to March 31, 2024 (Note 2)
		2019	2020	2021	2022	2023	
Current assets		6,762,847	9,702,083	9,031,955	7,953,048	7,519,816	7,400,668
Property, plant and equipment		1,840,883	1,849,100	2,233,015	2,389,532	2,451,672	2,438,669
Intangible assets		—	—	—	—	—	—
Other assets		1,321,583	1,515,237	1,489,754	1,191,961	1,371,331	1,373,418
Total assets		9,925,313	13,066,420	12,754,724	11,534,541	11,342,819	11,212,755
Current liabilities	Before Distribution	1,272,212	652,663	971,450	680,377	460,232	716,441
	After distribution	1,994,912	1,207,063	1,219,198	1,027,224	707,980	716,441
Noncurrent liabilities		259,874	209,663	212,992	215,420	259,457	264,268
Total liabilities	Before Distribution	1,532,086	862,326	1,184,442	895,797	719,689	980,709
	After distribution	2,254,786	1,416,726	1,432,190	1,242,644	967,437	980,709
Equity Attributable to the Shareholders of the Parent Company		8,371,300	12,179,126	11,544,569	10,609,445	10,594,400	10,202,659
Share capital		1,980,000	1,386,000	990,990	990,990	990,990	990,990
Capital surplus		105,429	151,782	182,030	200,160	221,869	222,139
Retained earnings	Before Distribution	4,196,822	8,350,263	7,538,998	7,760,947	7,575,050	7,397,212
	After distribution	3,474,122	7,795,863	7,291,250	7,414,100	7,327,302	7,397,212
Other equity		2,207,928	2,388,550	2,915,781	1,740,578	1,889,721	1,675,548
Treasury stock		(118,879)	(97,469)	(83,230)	(83,230)	(83,230)	(83,230)
Non-controlling interests		21,927	24,968	25,713	29,299	28,730	29,387
Total equity	Before Distribution	8,393,227	12,204,094	11,570,282	10,638,744	10,623,130	10,232,046
	After distribution	7,670,527	11,649,694	11,322,534	10,291,897	10,375,382	10,232,046

Note 1: All financial information of the most recent five fiscal years have been audited and certified by the CPAs.

Note 2: The consolidated financial statements as of March 31, 2024 were reviewed by the CPAs.

(3) Condensed Income Statement (Company Only) - IFRSs
Unit: NT\$ thousand

Items \ Year						Financial information for current year, up to March 31 2024
	2019	2020	2021	2022	2023	
Operating revenue	2,015,798	1,796,398	2,015,136	2,336,212	1,817,854	No individual financial reports were prepared for the first quarter of 2024 by the Company
Operating gross profit	258,076	212,893	247,588	354,531	242,835	
Operating profit and loss	33,961	7,936	25,750	136,888	18,670	
Non-operating income and expenses	686,921	5,921,695	248,993	624,807	341,304	
Net profit before taxes	720,882	5,929,631	274,743	761,695	359,974	
Net profit from continuing operations in current period	696,250	5,429,260	5,361	708,174	349,399	
Loss of discontinued operations	—	—	—	-	-	
Net profit (loss) for the current period	696,250	5,429,260	5,361	708,174	349,399	
Total Comprehensive Income For the Year	888,153	5,611,163	547,566	(457,759)	557,840	
Earnings Per Share	3.65	31.97	0.04	7.41	3.66	

Note 1: All financial information of the most recent five fiscal years have been audited and certified by the CPAs.

(4) Condensed Statement of Comprehensive Income (Consolidated) -IFRSs
Unit: NT\$ thousand

Items \ Year	Financial information from the last five fiscal years (Note 1)					Financial information for current year, up to March 31 2024 (Note 2)
	2019	2020	2021	2022	2023	
Operating revenue	2,440,599	2,233,540	2,378,900	2,669,360	2,157,193	455,502
Operating gross profit	405,917	382,200	366,387	505,315	352,259	48,066
Operating profit and loss	41,698	38,033	7,250	170,433	14,342	(42,635)
Non-operating income and expenses	692,858	5,895,141	273,464	616,312	353,380	96,697
Net profit before taxes	734,556	5,933,174	280,714	786,745	367,722	54,062
Net profit from continuing operations in current period	698,140	5,430,211	6,432	711,224	350,507	40,236
Loss of discontinued operations	—	-	-	-	-	-
Net profit (loss) for the current period	698,140	5,430,211	6,432	711,224	350,507	40,236
Other comprehensive income or loss (net value after tax) in this period	191,403	181,723	541,879	(1,164,846)	207,927	(183,842)
Total Comprehensive Income For the Year	889,543	5,611,934	548,311	(453,622)	558,434	(143,606)
Net Profit Attributable to Owners of Parent Company	696,250	5,429,260	5,361	708,174	349,399	40,045
Net Profit Attributable to Non-controlling Interests	1,890	951	1,071	3,050	1,108	191
Total Comprehensive Income Attributable to Owners of the Parent Company	888,153	5,611,163	547,566	(457,759)	557,840	(144,263)
Total Comprehensive Income Attributable to Non-controlling Interests	1,390	771	745	4,137	594	657
Earnings Per Share	3.65	31.97	0.04	7.41	3.66	0.42

Note 1:All financial information of the most recent five fiscal years have been audited and certified by the CPAs.

Note 2:The consolidated financial statements as of March 31, 2024 were reviewed by the CPAs.

(5) Names of the CPAs for the financial statements in the past five fiscal years and Auditors' opinions.

Name \ Year	2019	2020	2021	2022	2023
	CPA	CPA	CPA	CPA	CPA
	CHANG, FU-LANG	CHANG, FU-LANG	CHANG, FU-LANG	CHANG, FU-LANG	WANG, WU-CHANG
	CHIU, KUEI-LING	CHIU, KUEI-LING	CHIU, KUEI-LING	CHIU, KUEI-LING	CHIU, KUEI-LING

Year \ Opinions	Auditor's Opinions
2023	Unqualified opinion
2022	Unqualified opinion
2021	Unqualified opinion
2020	Unqualified opinion
2019	Unqualified opinion

II. Financial Analysis for the Most Recent Five Fiscal Years

(1) Financial Analysis (Company Only) - IFRSs

Item Analyzed \ Year (Note 1)		Financial information from the last five fiscal years (Note 1)					Financial information for current year, up to March 31 2024
		2019	2020	2021	2022	2023	
Financial structure (%)	Liability to assets ratio	12.44	4.18	6.88	5.45	4.41	No individual financial reports were prepared for the first quarter of 2024 by the Company
	Ratio of long-term capital to property, plant and equipment	771.29	1,102.26	829.47	697.20	685.75	
Solvency (%)	Current ratio	665.27	2,715.09	1,305.46	1,859.92	2,535.86	
	Quick ratio	611.68	2,123.97	945.37	1,563.63	2,217.74	
	Times interest earned (times)	239.15	10,841.28	3,123.08	4,052.57	1,369.72	
Operating performance	Receivables turnover ratio (multiples)	5.01	5.12	5.33	5.90	5.27	
	Days sales outstanding	73	71	68	62	69	
	Inventory turnover ratio (times)	3.64	3.48	3.36	3.40	3.07	
	Average inventory turnover days	100	105	109	107	119	
	Payables turnover ratio (times)	10.52	10.79	9.84	10.32	10.69	
	Property, plant and equipment turnover rate (times)	1.62	1.60	1.59	1.57	1.16	
	Total asset turnover ratio (times)	0.21	0.16	0.16	0.20	0.16	
Profitability	Return on total assets (%)	7.33	48.76	0.04	6.00	3.14	
	Return on shareholders' equity (%)	8.66	52.84	0.05	6.39	3.30	
	Pre-tax income to paid-in capital ratio (%) (Note 7)	36.41	427.82	27.72	76.86	36.32	
	Net profit rate (%)	34.54	302.23	0.27	30.31	19.22	
	Earnings per share (NT\$)	3.65	31.97	0.04	7.41	3.66	
Cash flows	Cash flow ratio (%)	32.11	23.64	11.61	154.32	179.80	
	Cash flow adequacy ratio (%)	68.97	33.72	20.01	28.88	34.03	
	Cash reinvestment ratio (%)	0.71	-	-	0.96	-	
Leverage	Operating Leverage	8.35	35.87	12.07	2.99	18.77	
	Financial Leverage	1.10	1.07	1.00	1.00	1.01	

Note 1: All financial information of the most recent five fiscal years have been audited and certified by the CPAs.

Reason for changes in financial ratios for the past two years: (analysis is not required when the changes are less than 20%)

1. Changes in current ratio, quick ratio and cash flow ratio are due to a decrease of current liabilities by NT\$121 million compared to the previous period.
2. Change in times interest earned is due to a decrease in pre-tax net profit by NT\$41 million compared to the previous period.
3. Change in total asset turnover ratio is due to a decrease of NT\$518 million in net sales compared to the previous period.
4. Change in profitability (return on total assets and earnings per share) is due to an increase of after-tax losses by NT\$358 million compared to the previous period.
5. Change in cash reinvestment ratio is due to a decrease in net cash inflow from operating activities by NT\$118 million compared to the previous period.
6. Change in operating leverage is due to a decrease in operating profit of NT\$118 million compared to the previous period.

Note 2: The end of the table in the annual report should include the following formulas:

1. Financial structure
 - (1) Debt-to-asset ratio = total liabilities / total assets.
 - (2) Ratio of long term capitals to properties, plants, and equipment = $\frac{\text{total equity} + \text{non current liabilities}}{\text{Property, plant and equipment (net)}}$
2. Solvency
 - (1) Current ratio = current assets / current liabilities.
 - (2) Quick ratio = $\frac{\text{current assets} - \text{inventory} - \text{prepaid expense}}{\text{current liabilities}}$.
 - (3) Times interest earned = $\frac{\text{net income before income tax and interest expense}}{\text{current interest expense}}$.
3. Operating performance
 - (1) Receivables (including accounts receivable and notes receivable rising from business) turnover = $\frac{\text{net sales}}{\text{average balance of accounts receivable (including accounts receivable and notes receivable rising from business) of each period}}$
 - (2) Average collection days for receivables = $365 / \text{receivables turn over rate}$
 - (3) Inventory turnover rate = $\frac{\text{cost of sales}}{\text{average inventory}}$.
 - (4) Payables (including accounts payable and notes payable rising from business) turnover = $\frac{\text{cost of goods sold}}{\text{average balance of accounts payable (including accounts payable and notes payable rising from business) of each period}}$
 - (5) Average Inventory Turnover Days = $365 / \text{Average Inventory Turnover}$.
 - (6) Property, plant and equipment turnover rate = $\frac{\text{net sales}}{\text{average balance of net property, plant and equipment (net)}}$
 - (7) Total asset turnover rate = $\frac{\text{net sales}}{\text{average total assets}}$
4. Profitability
 - (1) Return on Total Assets = $\frac{[\text{Net Income} + \text{Interest Expenses} \times (1 - \text{Effective Tax Rate})]}{\text{Average Total Assets}}$.
 - (2) Return on stockholder's equity = $\frac{\text{post-tax profit or loss}}{\text{average total equity}}$.
 - (3) Profit margin before tax = $\frac{\text{net income}}{\text{net sales}}$
 - (4) Earnings per share = $\frac{(\text{gain or loss attributable to owners of the parent company} - \text{preferred stock dividend})}{\text{weighted average number Shares Outstanding}}$.
5. Cash flows
 - (1) Cash Flow Ratio = $\frac{\text{Net Cash Provided by Operating Activities}}{\text{Current Liabilities}}$.
 - (2) Net cash flow adequacy ratio = $\frac{\text{net cash flow rising from operating activities in the most recent five}}{(\text{Capital Expenditures, Inventory Additions, and Cash Dividend})}$
 - (3) Cash reinvestment ratio = $\frac{(\text{net cash flow rising from operating activities} - \text{cash dividend})}{\text{Plant and Equipment} + \text{Long-term Investments} + \text{Other Noncurrent Assets} + \text{Working Capital}}$
6. Leverage
 - (1) Operating Leverage = $\frac{(\text{Net Sales} - \text{Variable Cost})}{\text{Income from Operations}}$.
 - (2) Financial Leverage = $\frac{\text{Income from Operations}}{(\text{Income from Operations} - \text{Interest Expenses})}$

(2) Financial Analysis (Consolidated) - IFRSs

Item Analyzed \ Year (Note 1)		Financial information from the last five fiscal years (Note 1)					Financial information for current year, up to March 31 2024 (Note 2)
		2018	2019	2020	2021	2022	
Financial structure (%)	Liability to assets ratio	15.44	6.60	9.29	7.77	6.34	8.75
	Ratio of long-term capital to property, plant and equipment	584.01	829.47	670.38	550.96	551.86	535.55
Solvency (%)	Current ratio	531.58	1,486.54	929.74	1,168.92	1,633.92	1,032.98
	Quick ratio	476.74	1,149.81	671.45	960.87	1,401.57	937.60
	Times interest earned (times)	104.47	1,647.27	148.20	336.93	167.09	95.68
Operating performance	Receivables turnover ratio (multiples)	5.50	5.59	5.52	6.05	5.53	5.76
	Days sales outstanding	66	65	66	60	66	63
	Inventory turnover ratio (times)	3.12	3.00	2.95	2.87	2.61	2.55
	Average inventory turnover days	117	122	124	127	140	143
	Payables turnover ratio (times)	10.96	11.51	10.38	10.59	11.70	11.32
	Property, plant and equipment turnover rate (times)	1.54	1.50	1.46	1.43	1.09	0.93
	Total asset turnover ratio (times)	0.25	0.19	0.18	0.22	0.19	0.16
Profitability	Return on total assets (%)	7.10	47.26	0.06	5.87	3.08	0.36
	Return on shareholders' equity (%)	8.66	52.73	0.05	6.40	3.30	0.39
	Pre-tax income to paid-in capital ratio (%)	37.10	428.08	28.33	79.39	37.11	5.46
	Net profit rate (%)	28.61	243.12	0.27	26.64	16.25	8.83
	Earnings per share (NT\$)	3.65	31.97	0.04	7.41	3.66	0.42
Cash flows	Cash flow ratio (%)	22.90	28.93	22.07	77.35	117.45	12.26
	Cash flow adequacy ratio (%)	78.49	39.18	26.43	32.75	40.70	50.72
	Cash reinvestment ratio (%)	0.62	-	-	0.40	-	0.74
Leverage	Operating Leverage	2.25	2.38	9.00	1.39	7.01	0.40
	Financial Leverage	1.21	1.10	1.36	1.01	1.18	0.99

Note 1: All financial information of the most recent five fiscal years have been audited and certified by the CPAs.

Note 2: The consolidated financial statements as of March 31, 2024 were reviewed by the CPAs.

Reason for changes in financial ratios for the past two years: (analysis is not required when the changes are less than 20%)

- Changes in current ratio, quick ratio and cash flow ratio are due to a decrease of current liabilities by NT\$220 million compared to the previous period.
- Change in times interest earned is due to a decrease in pre-tax net profit by NT\$419 million compared to the previous period.
- Change in profitability (return on total assets and earnings per share) is due to an increase of after-tax losses by NT\$360 million compared to the previous period.
- Change in cash flow adequacy ratio is due to the net cash flow from operating activities in the last five years increasing by NT\$483 million compared to the previous period.
- Change in cash reinvestment ratio is due to an increase of cash dividends by NT\$95 million compared to the previous period.
- Change in operating leverage is due to a decrease in operating profit by NT\$156 million compared to the previous period.

Note 3: The end of the table in the annual report should include the following formulas:

1. Financial structure

- (1) Debt-to-asset ratio = total liabilities / total assets.
- (2) Ratio of long term capitals to properties, plants, and equipment = $\frac{\text{total equity} + \text{non current liabilities}}{\text{Property, plant and equipment (net)}}$

2. Solvency

- (1) Current ratio = current assets / current liabilities.
- (2) Quick ratio = $\frac{\text{current assets} - \text{inventory} - \text{prepaid expense}}{\text{current liabilities}}$.
- (3) Times interest earned = net income before income tax and interest expense / current interest expense.

3. Operating performance

- (1) Receivables (including accounts receivable and notes receivable rising from business) turnover = $\frac{\text{net sales}}{\text{average balance of accounts receivable (including accounts receivable and notes receivable rising from business) of each period}}$
- (2) Average collection days for receivables = $365 / \text{receivables turn over rate}$
- (3) Inventory turnover rate = cost of sales / average inventory.
- (4) Payables (including accounts payable and notes payable rising from business) turnover = $\frac{\text{cost of goods sold}}{\text{average balance of accounts payable (including accounts payable and notes payable rising from business) of each period}}$
- (5) Average Inventory Turnover Days = $365 / \text{Average Inventory Turnover}$.
- (6) Property, plant and equipment turnover rate = $\frac{\text{net sales}}{\text{average balance of net property, plant and equipment (net)}}$
- (7) Total asset turnover rate = net sales / average total assets

4. Profitability

- (1) Return on Total Assets = $\frac{\text{Net Income} + \text{Interest Expenses} \times (1 - \text{Effective Tax Rate})}{\text{Average Total Assets}}$.
- (2) Return on stockholder's equity = post-tax profit or loss / average total equity.
- (3) Profit margin before tax = net income / net sales
- (4) Earnings per share = $\frac{\text{gain or loss attributable to owners of the parent company} - \text{preferred stock dividend}}{\text{weighted average number Shares Outstanding}}$.

5. Cash flows

- (1) Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities.
- (2) Net cash flow adequacy ratio = $\frac{\text{net cash flow rising from operating activities in the most recent five}}{(\text{Capital Expenditures, Inventory Additions, and Cash Dividend})}$
- (3) Cash reinvestment ratio = $\frac{\text{net cash flow rising from operating activities} - \text{cash dividend}}{\text{Plant and Equipment} + \text{Long-term Investments} + \text{Other Noncurrent Assets} + \text{Working Capital}}$

6. Leverage

- (1) Operating Leverage = $\frac{\text{Net Sales} - \text{Variable Cost}}{\text{Income from Operations}}$.
- (2) Financial Leverage = $\frac{\text{Income from Operations}}{(\text{Income from Operations} - \text{Interest Expenses})}$

III. Audit Committee's Review Report of the Most Recent Fiscal Year Report

Tahsin Industrial Corporation
Audit Committee's Review Report

The 2023 Business Report and Profit Distribution Proposal prepared by the Company's Board of Directors, along with the consolidated and individual financial statements audited by Crowe Horwath (TW) CPAs' WANG, WU-CHANG and Chiu, Kuei-Ling have been submitted to the Audit Committee for review and approval without finding any nonconformity. The Audit Committee hence issued the Review Report in accordance with Article 219 of the Company Act for approval.

To

2024 Shareholders' Meeting

Convener of the Audit Committee: LIN, KO-WU

March 12, 2024

- IV 、 Standalone Financial Statements Audited by CPAs in the Most Recent Year (refer to p. 174 to p. 261)**
- V 、 Consolidated Financial Statements Audited by CPAs in the Most Recent Year (refer to p. 262 to p. 337)**
- VI 、 Financial Difficulties of the Company and Its Affiliates: None.**

Chapter 7 Review and Analysis of the Company's Financial Position and Financial Performance and Risk

I. Financial Position

Unit: NT\$ thousand

Items \ Year	2023	2022	Difference	
			Amount	%
Current assets	7,519,816	7,953,048	-433,232	-5.45%
Long-term investment	1,174,786	1,058,986	115,800	10.93%
Fixed assets	2,451,672	2,389,532	62,140	2.60%
Intangible assets	0	0	0	0%
Other assets	196,545	132,975	63,570	47.81%
Total assets	11,342,819	11,534,541	-191,722	-1.66%
Current liabilities	460,232	680,377	-220,145	-32.36%
Long-term liabilities	0	0	0	0%
Preparations	188,267	197,569	-9,302	-4.71%
Other liabilities	71,190	17,851	53,339	298.80%
Total liabilities	719,689	895,797	-176,108	-19.66%
Share capital	990,990	990,990	0	0%
Capital surplus	221,869	200,160	21,709	10.85%
Retained earnings	7,575,050	7,760,947	-185,897	-2.40%
Equity adjustment	1,918,451	1,769,877	148,574	8.39%
Treasury stock	(83,230)	(83,230)	0	0%
Total shareholders' equity	10,623,130	10,638,744	-15,614	-0.15%
Analysis and description:				
1. Other assets: Mainly due to the increase of NT\$ 45 million in time deposits over one year compared to the previous period.				
2. Current liabilities: Mainly due to the decrease in income tax liabilities of NT\$ 38 million in the current period compared with the previous period and the decrease of NT\$ 123 million in accounts payable compared with the previous period.				
3. Other liabilities: Mainly due to the increase in lease liabilities - non-current by NT\$ 53 million compared with the previous period.				

Note: If the change reaches more than 20% in the previous and later stages, and the change amount reaches NT \$10 million, the analysis will be conducted.

II. Analysis of Financial Performance

(I) Comparative Analysis of Financial Performance

Unit: NT\$ thousand

Items \ Year	2023	2022	Increase (Decrease) Amount	Rate of Change %
Total Revenue	2,165,435	2,673,624	-508,189	-19.01
Less: Sales Returns	(5,859)	(1,766)	-4,093	231.77
Sales Allowances	(2,383)	(2,498)	115	-4.60
Net operating revenue	2,157,193	2,669,360	-512,167	-19.19
Operating Costs	(1,804,934)	(2,164,045)	359,111	-16.59
Operating gross profit	352,259	505,315	-153,056	-30.29
Operating Expenses	(337,917)	(334,882)	-3,035	0.91
Operating profit	14,342	170,433	-156,091	-91.58
Non-operating Income and Profit	360,922	631,825	-270,903	-42.88
Non-operating Expenses and Losses	(7,542)	(15,513)	7,971	-51.38
Pre-tax Income from Continuing Operations	367,722	786,745	-419,023	-53.26
Income Tax Expenses	(17,215)	(75,521)	58,306	-77.21
After-tax Income from Continuing Operations	350,507	711,224	-360,717	-50.72

Analysis of rate of change:

1. Sales return: This was mainly due to the quality defect of the final products from the current period.
2. Operating gross profit and operating profit: Mainly due to a decrease in revenue of NT\$ 512 million compared with the previous period.
3. Non-operating income and benefits: Mainly due to the decrease in dividend income by NT\$ 183 million compared with the previous period.
4. Non-operating expenses and losses: Mainly due to the increase in financial asset interests measured at fair value through profit and loss of NT\$ 8 million compared with the previous period.
5. Income tax expenses: Mainly due to the decrease of current income tax by NT\$ 10.2 million compared with the previous period, the overestimation of previous years by NT\$ 10 million and the decrease of deferred income tax by NT\$ 28 million compared with the previous period.
6. Net profit before tax and after tax: As analyzed above, it is mainly due to the decline in revenue and the decrease in non-industry income.

Note: Analysis is conducted for the rate of change of at least 20%.

(II) Analysis of Changes in Operating Gross Profit: Omitted

III. Consolidated Statements of Cash Flow

Cash Flows Analysis Unit: NT\$ thousand

Beginning Cash Balance	Net Cash Flow From Operating Activities Throughout The Year	Estimated Cash Flow Throughout The Year	Cash Surplus (Deficit)	Remedial Measures for Cash Deficit	
				Investment Plans	Financial Plans
2,019,589	540,537	310,666	2,249,460	—	—

1. Analysis of changes in cash flow of the year:

- (1) **Operating activities:** Net cash inflow for the current period was NT\$ 540 million; mainly due to dividend income, inventory reduction, and refunded income tax, which resulted in net inflow from operating activities.
- (2) **Investing activities:** Net cash inflow for the current period was NT\$ million; mainly due to the increase in disposal of financial assets measured at fair value through other comprehensive gains and losses and the decrease in other financial assets.
- (3) **Financing activities:** Net cash outflow for this period was 630 million yuan; mainly due to the payment of cash dividends.
- (4) **Impact of exchange rate changes:** Net cash outflow for the period was NT\$ 12 million.

2. Remedial measures for cash deficit and liquidity analysis:

- (1) There was no cash deficit for this year.
- (2) Liquidity analysis for the recent two years

Items \ Year	2023	2022	Rate of Change
Cash Flow Ratio	117.45%	77.35%	51.84%
Cash Flow Adequacy Ratio	40.70%	32.75%	24.27%
Cash Reinvestment Ratio	-	0.4%	-100%

Analysis of rate of change:

1. **Cash flow ratio:** This period increased by 40.1% compared with the previous period, and the increase rate was 51.84%, mainly due to the decrease of current liabilities by NT\$ 220 million compared with the previous period.
2. **Cash flow admissible ratio:** This period increased by 7.95% compared with the previous period, and the increase rate was 24.27%, mainly due to the increase in net cash flow from operating activities in the past five years by NT\$ 119 million compared with the previous period.
3. **Cash Flow Adequacy Ratio:** Omitted.

3. Cash Liquidity Analysis for the Following Year:

Unit: NT\$ thousand

Beginning Cash Balance	Net Cash Flow From Operating Activities Throughout The Year	Estimated Cash Flow Throughout The Year	Estimated Cash Balance (Deficit)	Remedial Measures for Projected Cash Deficit	
				Investment Plans	Financial Plans
2,249,460	250,000	550,000	1,949,460	—	—
<p>1. Analysis of changes in cash flow for the following year:</p> <p>(1) Operating activities: It is expected that the net cash inflow in 2024 will be NT\$ 150 million; mainly due to the net inflow of operating activities generated by dividend income.</p> <p>(2) Investment activities: Net cash inflow is expected to be NT\$ 100 million in 2024; mainly due to the disposal of financial assets and other financial assets measured at fair value through other comprehensive gains and losses, which will reduce net cash inflow by NT\$ 250 million, and obtain net cash for real estate, plant and equipment. There was an outflow of NT\$ 150 million, making investing activities a net cash inflow.</p> <p>(3) Financing activities: Net cash outflow is expected to be NT\$ 550 million in 2024; mainly due to the payment of cash dividends, financing activities will be net cash outflows.</p> <p>2. Remedial measures for projected cash deficit and liquidity analysis: None.</p>					

IV. Impact of any Major Capital Expenditures during the Most Recent Fiscal Year

(I) The Use and Sources of Major Capital Expenditures: None.

(II) Projected Potential Benefits: None.

V. The Investment Policy for the Most Recent Fiscal Year and Investment Plans for the Coming Year : None.

VI. Risk Assessment for the Most Recent Fiscal Year and as of the Date of Publication of :

(I) The Effect upon the Company's Profits (Losses) of Interest and Exchange Rate Fluctuations and Changes in the Inflation Rate in the Most Recent Fiscal Year, and Response Measures to be Taken in the Future:

1. Fluctuation in exchange:

- The Group's long-term borrowings have a low financial cost-to-liability ratio and are mostly subject to floating interest rates, so changes in interest rates do not have a significant impact on the Group's profit or loss.
- Response measures and impact on the Group's profit and loss:

In the future, the Group will continue to adhere to the principle of sound and sustainable operation to maintain a low debt ratio, and continue to observe the movement of interest rates and collect market information on a daily basis for future reference.

Items	Consolidated financial statements for 2023
Interest expenses	NT\$ 2,214 thousand
Interest expense to net revenue ratio	0.10%
Interest expense to net profit before tax ratio	0.60%

2. Fluctuation in exchange:

- The Group's product sales are mainly for export. In the face of changes in the intensifying international geopolitical risks and other uncontrollable black swan events, which have caused severe fluctuations in the international financial market. During the strong US dollar driven by the implementing of quantitative easing policy after the financial crisis , the Group will continue to observe the impact of exchange rate fluctuations in the future.
- Response measures and impact on the Group's profit and loss:
 - (1) Exchange rate changes have a certain impact on the Group's revenue and profit. Although the Group's foreign currency receivables are the same as part of the foreign currency payables. As such, some positions will have a natural hedging effect. In order to avoid the decrease of foreign currency asset value and the fluctuation of future cash flow due to the change of exchange rate, the Group uses derivative instruments (including pre-purchase/pre-sale forward exchange contracts) to hedge exchange rate risks.

- (2) When quoting to customers, the potential impact of exchange rate fluctuations has been listed into consideration and a more stable and conservative exchange rate is adopted as the basis for our quotations. This approach helps impact diminishing of exchange rate volatility on the profitability of accepted orders.
- (3) The Finance Department maintains close contact with the foreign exchange departments of various financial institutions, collecting information on exchange rate fluctuations daily. By fully understanding the trends in exchange rates, minimization of the negative impact of these fluctuations can be expected via converting currencies or retaining foreign exchange in a timely manner to reduce exchange rate risk.

Items	Consolidated financial statements for 2023
Net exchange (loss) gain	NT\$ 2,565 thousand
Net exchange (loss) as a percentage of net revenue	0.12%
Net conversion (loss) to net profit before tax ratio	0.70%

3. Inflation situation:

- The Executive Yuan Chief Accounting Office announced that the annual consumer price growth rate in 2023 was positive growth 2.49%. Affected by the international oil prices and raw material price fluctuations from international geopolitical risks, the Company's raw material inventory immediate control is appropriate and the impact is limited.
- Response measures:
In the face of fluctuations in the price of raw materials, the Company has mastered the operation mode of market bargaining power, effectively reducing the impact of fluctuations in the price of raw materials on the Company's operations.

(II) The Company's Policy Regarding High-Risk Investments, Highly Leveraged Investments, Loans to Other Parties, Endorsements, Guarantees, and Derivatives Transactions in the Most Recent Fiscal Year; the Main Reasons for the Profits/Losses Generated thereby; and Response

Measures to be Taken in the Future:

1. High-Risk and Highly Leveraged Investments

The Group has always maintained stable operations and sustainable financial position and therefore does not engage in high risk or highly leveraged investments.

2. Loaning Funds to Others:

The Group did not engage in any funds loaning to others.

3. Endorsements/Guarantees

- 1) The Group mainly provides guarantees and endorsements to its subsidiaries and affiliates, targeting on financing and procurement quotas.**
- 2) In response to the actual operational needs of the tran-investee company, the Group has formulated the "Endorsement Guarantee Operation Procedures" in accordance with the relevant laws and regulations of the competent authority. The dedicated unit will assess the risks and effectively control them, and the audit unit has formulated the "Internal Control System Processing Guidelines" based on the "Internal Control System Processing Guidelines", running their respective systems for risk management and assessment operations.**
- 3) As of December 31, 2023, the Company's maximum endorsement/guarantee limit was NT\$5,297,200 thousand, the maximum endorsement and guarantee balance for the current period was NT\$ 146,203 thousand, the actual amount utilized was NT\$ 127,931 thousand, due to the increase in exchange rate difference by NT\$23,351 thousand compared with NT\$ 104,580 thousand in 2022.**
- 4) As of March 31, 2024, the Company's maximum endorsement/guarantee limit was NT\$5,297,200 thousand, the maximum endorsement and guarantee balance for the current period was NT\$ 133,871 thousand, the actual amount utilized was NT\$ 112,341 thousand, due to the decrease in ex-change rate difference by NT\$15,590 thousand compared with NT\$ 127,931 thousand in 2023.**
- 5) The Group's affiliates have always been focused on the core business and fostering a sound financial position. Therefore, no losses have been incurred by the endorsements/guarantees provided. The principle of future response measures is to prevent the amount of actual expenditure from increase depending on the situation.**

4. Financial Derivatives Transactions

- 1) The Group engages in derivatives transactions only for the purpose of hedging and not for arbitrage and speculative intentions. It also makes careful evaluation and operation, and has a clear understanding of the market, commodities, risks and profit and loss structure.**
- 2) Derivatives transactions are strictly regulated by the Company's Handling Procedure to Engage in the Derivatives Transactions. The risk control and management of foreign currency assets and liabilities arising from exchange rate fluctuations will be specifically evaluated by a dedicated unit. In addition, audit units of the Group has established related rules for conducting risk management and evaluations according to Guidelines for Internal Control System.**
- 3) As of December 31, 2023, the contact amount of pre-purchase forward exchange that has not been written off as announced by the Group was US\$ 2 million /NT\$ 61,410 thousand.**
- 4) As of March 31, 2024, the contact amount of pre-purchase forward exchange that has not been written off as announced by the Group was US\$ 1 million /NT\$ 32,000 thousand.**
- 5) In the future, the Group will continue to pay attention to the price trend of its commodity trading and the possible profit and loss of investment and undertake US Dollar forward exchange at an appropriate time in response to US Dollar demand depending on the situation.**

(III) Research and Development Work to be Carried out in the Future, and Further Expenditures Expected for Research and Development Work

New Taiwan Dollars: NT\$ 10,000

The most recent annual plan	Current progress	R&D expenses to be invested	Projected mass production time	Factors impacting the future success of R&D
CC-2-E Universal Punch	New model development	NT\$ 1.5 million	2025.Q54	1. Low cost and high loading capacity. 2. Applicable to A4 and latter-sized papers.

- (IV) Effect on the Company's Financial Operations of Important Policies Adopted and Changes in the Legal Environment at Home and Abroad, and Measures to be taken in Response: None.**
- (V) Effect on the Company's Financial Operations of Developments in Science and Technology as well as Industrial Change, and Measures to be taken in Response: None.**
- (VI) Effect on the Company's Crisis Management of Changes in the Company's Corporate Image, and Measures to be Taken in Response:**
- 1) The Group always upholds the business philosophy of integrity, actively inherits, cultivates talents, promotes safe and healthy workplace environment for employees, and highlights quality and stable prices of our products for customers, to maintain a good corporate image since its establishment 65 years ago.**
 - 2) Comprehensive codes of practice have been formulated for both crisis management and emergency response, and regular publicity and simulation exercises are conducted.**
 - 3) In 2017, the Company has stopped production of products that produce toxic gases in the production process in order to reduce pollutant emissions, reduce the negative image brought by air pollution issues to the Company, and take practical actions to friendly the environment and slow down the global warming.**
 - 4) To maintain and promote corporate image are not only the mission but also the cornerstone of sustainable development of the Company. In the future, we will continue to carry through the philosophy of ethical corporate management, strive to deliver excellent performance and actively promote the sustainable operation of the Company, create a happy enterprise, share the fruit with employees, generate greater investment returns for shareholders, and fulfill our social responsibilities.**
- (VII) Expected Benefits and Possible Risks Associated with Any Merger and Acquisitions, and Mitigation Measures being or to be Taken: Not applicable.**

(VIII) Projected Benefits and Possible Risks in Expanding Plants and Response Measures: None.

(IX) Risks Posed by Concentrated Procurement and Sales, and Response Measures: None.

(X) Impact on the Company Resulting from Massive Transfer or Exchange of the Company's Shares by Directors, Supervisors or Major Shareholders with More than 10% of the Company's Shares and Response Measures: None.

(XI) Effect upon and Risk to Company Associated with Any Change in Governance Personnel or Top Management, and Mitigation Measures being or to be Taken: Not applicable.

(XII) Litigious and Non-litigious Matters:

As of December 31, 2023, some claims for damage compensation were filed against the subsidiary T.H. U.S.A since some customers did not pay attention to warnings provided by the manufacturer and failed to install according to the manual in using the (Tree Stand) product.

T.H. U.S.A, the Company's subsidiary, has purchased product liability insurance against the product and has appointed lawyers to represent the Company in the litigation. However, as of the date of publication of the consolidated financial reports, the final outcome of the case yet cannot be ascertained and the exact amount of possible compensation cannot be estimated.

(XIII) Other Material Risks and Response Measures: None.

Information security protection building code and actual implementation and response measures:

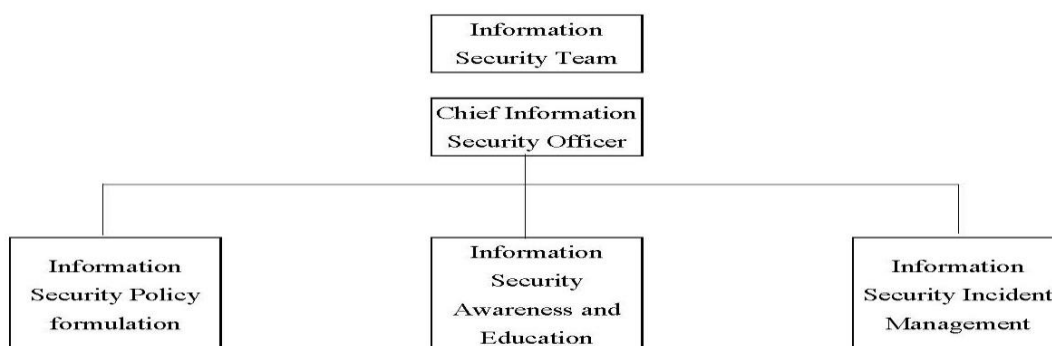
- **Information Security Risk Management Group**

Through the establishment of information security management system and a dedicated unit (Information Division) including a four-member the information security team, the Group strengthens implementation on improvement of information security protection, detection, promotion and education. By regularly reporting the information management

status in the monthly internal operation meetings and quarterly board meetings, the Group assigned dedicated personnel to carry out management and organization to ensure normal operation of information systems. To reduce security incidents and assure information preservation, the Group also regularly upgrades software and hardware to make sure the confidentiality, integrity, availability of the Group's data and the protection of personal information.

The main powers and responsibilities of this group are as follows:

Table here



Information Security Policy Setting Group: Responsible for the formulation of various security policies, and continue to make regulations and information technology adjustments in accordance with the law.

Information Security Promotion Education Group: Responsible for the education and training of the company's information security policy and whether the company's employees have relevant information security concept tests.

Information Security Event Handling Group: Responsible for handling the company's information security incident and emergency repair during zero-time difference attacks.

- **Information Security Policy**

- (1) **Network connection policy measures:**

- The company's external connection, open host, wireless network services, VPN connection policy, vulnerability detection.

- (2) **Data backup policy measures:**

The backup mode adopts three modes: local backup, remote backup and offline backup.

(3) Data backup verification measures:

Local backup, same factory backup in different places, remote backup in different places, offline backup.

(4) E-Mail information security policy measures:

Set relevant email processing policies, company filtering email policies, information security promotion, and E-Mail information security use rules.

(5) Confidentiality device disposal measures:

In order to ensure that the data is not leaked when the company stores important data due to failure or replacement of the equipment, this method is specially formulated to provide a basis for handling various information products when selling various information products.

● Information Security Specific Management Plan, Implementation and Goals

(1) Palo Alto Network Firewall

All kinds of abnormal network uses are prevented to safeguard the security and smoothness of the Group's external network and reasonably manage employees' online access, thereby improving the use in line with the Control of Information Security Inspection.

(2) Chunghwa Telecom hinet Enterprise Information Services

Chunghwa Telecom Network Security Service is introduced to prevent more than 99% of outbound cyberattacks to ensure the safety of the company's information environment and the compliance with the Control of Information Security Inspection.

(3) Tahsin ERP Backup System

The Group has established an information management backup system to ensure the security and sustainable development of corporation operation system. Recovery procedures are rehearsed

regularly every year to ensure personnel's technical implementation and experience inheritance of personnel as well as the compliance with the Control of System Recovery Plan and Test Program.

(4) ArmorX Email Protection System

Spam management mechanism has been established to block outbound spams and defense against malicious email, prevent and reduce various information security risks and ensure the compliance with the Control of Information Security Inspection.

(5) The Group's Email Backup System

The Group has established an online backup system for the Group's e-mail system, so as to ensure the security of the e-mail system and consistent compliance with e-mail-related regulations, and store historical e-mails for ten years for the sake of inquiry and reference of transaction information. The backup system is in line with the Control of System Recovery Plan and Test Program.

(6) Symantec Anti-virus System

Internal computer anti-virus treatment mechanism and intrusion detection have been established to prevent hacker attacks and ensure the effective access to computer resources and compliance with the Control of Information Security Inspection.

(7) The Group's File Backup Mechanism

The Group carried out on-site backup, remote backup in the same plant, remote backup in different plants, and offline backup. The Group utilized online drives and external hard drives to regularly back up data, to ensure the access control of data and the security of account/password management. The mechanisms have successfully prevented several ransomware events and rescued the files in a timely and effective manner, thus minimizing the losses and following the Control of System Recovery Plan and Test Program.

(8) Information security education, promotion and implementation:

2023

Education and promotion (video conference)	Hours	Number of people
Basic concepts of the internet and an Introduction to email social engineering	1.5H	161
	1.5H	97

Until the end of March, 2024

Education and promotion (video conference)	Hours	Number of people
Social engineering and cyber camera security	1.5H	167

(9) 2024 Information Security Implementation Objectives:

- 1. Continuously strengthen the architecture of information security.**
- 2. Implement tracking information security case handling and internal information security report.**
- 3. Raise employees' awareness of information security and arrange more than 1 online video promotion and 2 courses every year for information security education.**

(XIV) Does the Group Adopt Hedge Accounting: Not applicable.

The use of hedge accounting is only applicable when all the hedge conditions are met and highly effective results can be sufficiently proved. As a result, hedge accounting is not applicable to the group because the requirements are not satisfied.

VII. Other Important Matters: None.

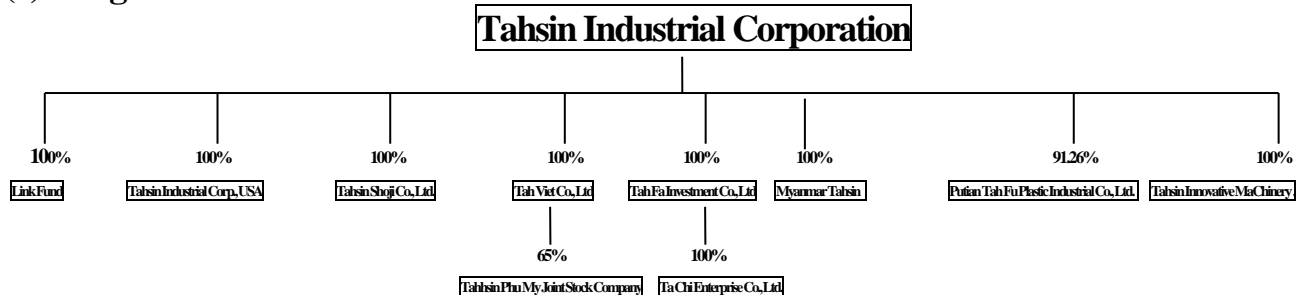
Chapter 8 Special Notes

I. Information on Affiliates

(I) Consolidated Operational Report of Affiliates

1. Overview of Affiliates

(1) Organizational Structure of Affiliates



(2) Basic Information on Affiliates

Company Name	Date of Establishment	Location	Paid-up Capital	Main Business Items
Tahsin Shoji Co., Ltd.	1979.06.13	8-2, 2-Chome, Imagome Higashi-Osakashi, Japan	¥400,000,000	1. Domestic trading of artificial leather, synthetic resin, and various textile products in Japan. 2. Import and export of hand-bags, packaging, clothing material, and other supplies and goods.
Tahsin Industrial Corp., USA	1985.10.31	277 Fairfield Road Fairfield NJ	USD8,050,000	Sales of Tahsin's products, garments, rainwear and all kinds of plastic products.
Link Fund, Ltd.	1989.03.03	Room 307, Block Q, Amoy Gardens, 77 Ngau Tau Kok Road, Kowloon, Hong Kong	HK10,000	Trading
Fu Plastic Industry Co., Ltd.	1990.09.20	Sixin Village, Hushi, Meizhouwan Bei'an, Putian, Fujian Province, China	USD10,300,000	Production of rainwear and other plastic products and related products, and plastic machinery.
Tah Viet Co., Ltd.	1994.08.02	Tân Thuận Đông, Quận 7, Hồ Chí Minh, Vietnam	USD7,503,396.5	Processing and production of rainwear, garments, leather products, wardrobe, etc.
Myanmar Tahsin Industrial Co., Ltd.	1999.01.06	PLOTNO.D-1MINGALADONIND.PARK MINGALADON TOWNSHIP YANGON MYANMAR	USD14,700,000	Processing and production of rainwear, garments, etc.
Tahsin Innovative MaChinery Vina Co.,Ltd	2023.12.06	Nhon Chak 1 Industrial Park, Phuoc Thien Commune, Nhon Chak District, Dong Nai, Vietnam	USD1,200,000	Manufacturing and processing of office machinery and equipment e.g. binding machine, shell protecting machine, etc.
Tah Fa Investment Co., Ltd.	1999.05.18	19-1F., No. 285, Sec. 2, Taiwan Avenue, West District, Taichung City	NT180,000,000	Generic investments
Tah Chi Enterprise Co., Ltd.	2010.11.16	No. 66-3, Sec. 3, Heping E. Rd., Da'an Dist., Taipei City	NT23,000,000	Wholesale and retail of fabrics, clothes, shoes, hats, garments, and daily necessities.
TAHHSIN PHU MY JOINT STOCK COMPANY	2005.11.29	Phu My Industrial Zone, Tam, Phuoc Soci Phu Ninh District, Quang Nam Province, Vietnam	VND1,663,599(10 thousand)	Manufacturing and processing of ready-to-wear garments for export and domestic sales

- (3) Overall Businesses Covered by the Affiliates:
- Production and sales of Tah Hsin's products.
 - Import and export trade.
 - Investment affairs.

(4) Information on Directors and Supervisors of Affiliates

April 30, 2024

Company Name	Title	Name or Representative	Shares Held	
			Shares	Shareholding ratio
TAHSIN SHOJI CO., LTD.	Chairman Director Director Director Director Supervisors	Wu, Zi-Cong (Representative of Tahsin Industrial Corp.) HU, PO-YI (Representative of Tahsin Industrial Corp.) LIU, WAN-CHENG (Representative of Tahsin Industrial Corp.) Zongdao Yingzhi (Representative of Tahsin Industrial Corp.) Tianye Haoyi (Representative of Tahsin Industrial Corp.) HU, BOR-CHON (Representative of Tahsin Industrial Corp.)	800,000	100%
Tahsin Industrial Corp., USA	Chairman Director Director	HU, PO-YI (Representative of Tahsin Industrial Corp.) WU, ZI-CONG (Representative of Tahsin Industrial Corp.) HU, BOR-CHON (Representative of Tahsin Industrial Corp.)	1,000	100%
Link Fund, Ltd.	Chairman Director	Wu, Zi-Cong (Representative of Tahsin Industrial Corp.) LIU, WAN-CHENG	—	100%
Fu Plastic Industry Co., Ltd.	Chairman Vice Chairman Director Supervisors	Lin, Hung-Pin (Representative of Tahsin Industrial Corp.) Liu, YUEH HU, PO-YI (Representative of Tahsin Industrial Corp.) HU, BOR-CHON (Representative of Tahsin Industrial Corp.)	—	91.26%
Tah Viet Co., Ltd.	Chairman	HSU, SHU-FEN (Representative of Tahsin Industrial Corp.)	—	100%
Myanmar Tahsin Industrial Co., Ltd.	Chairman	CHEN JIN-XUE (Representative of Tahsin Industrial Corp.)	—	100%
Tahsin Innovative MaChinery Vina Co.,Ltd	Chairman	WANG, WEN-TANG (Representative of Tahsin Industrial Corp.)	—	100%
Tah Fa Investment Co., Ltd.	Chairman	HU, PO-YI (Representative of Tahsin Industrial Corp.)	18,000,000	100%
Tah Chi Enterprise Co., Ltd.	Chairman	WU, ZI-CONG (Representative of Tah Fa Investment Co., Ltd.)	2,300,000	100%
Tah Hsin Phu My Joint Stock Co., Vietnam	Chairman	NGUYENTHINHUNG		65%

2. Operational Overview of Affiliates

December 31, 2023 Unit: NT\$ thousand (earnings per share in NT\$)

Company Name	Capital	Total assets	Total liabilities	Net Value	Operating revenue	Net Operating Profit	Profit or Loss (after Tax)	EPS (after tax)	Remarks
TAHSIN SHOJI CO., LTD.	90,196	283,184	171,311	111,873	285,597	5,396	6,651	8.31	Professional sales of products of Tahsin Industrial Corp.
USA TAHSHIN INDUSTRIAL CORP.	250,371	17,829	12,150	5,679	346	(10,542)	(7,279)	(7,278.65)	Professional sales of products of Tahsin Industrial Corp.
Link Fund, Ltd.	35	6,401	6,362	39	-	-	-	-	Holding company
Tah Fu Plastic Industry Co., Ltd.	291,605	251,935	21,568	230,367	197,826	27,018	33,959	-	Professional production of products of Tahsin Industrial Corp.
Tah Viet Co., Ltd.	217,953	148,863	5,591	143,272	58,205	(10,958)	(12,179)	-	Professional production of products of Tahsin Industrial Corp.
Myanmar Tahsin Industrial Co., Ltd.	472,523	304,960	15,252	289,708	142,625	2,046	1,681	-	Professional production of products of Tahsin Industrial Corp.
Tahsin Innovative MaChinery Vina Co., Ltd	37,031	73,763	40,541	33,222	0	(3,276)	(3,680)	-	Professional production of products of Tahsin Industrial Corp.
Tah Fa Investment Co., Ltd.	180,000	1,186,211	386	1,185,825	70,397	61,395	62,770	3.49	Generic investments
Tah Chi Enterprise Co., Ltd.	23,000	8,402	2,019	6,383	5,568	(1,559)	(1,540)	(0.67)	Professional sales of products of Tahsin Industrial Corp.
TAHSIN PHU MY JOINT STOCK COMPANY (TAHSIN PHU MY JOINT STOCK COMPANY)	23,513	29,394	4,820	24,574	25,984	(4,819)	(5,312)	-	Professional production of products of Tahsin Industrial Corp.

3. **Consolidated Financial Statements of Affiliates: Identical to the Company and Subsidiaries Consolidated Financial Statements (Please refer to Page 244)**
4. **Affiliates Report: None**

(II) If the Company is required to Retain CPAs to Conduct a Special Audit of Internal Control System, the Audit Report shall be Disclosed: None.

II. Private Placement of Securities of the Most Recent Year up to the Publication Date of this Report: None.

III. Holding or Disposal of the Company's Shares by Subsidiary Companies of the Most Recent Year up to the Publication Date of this Report:

Unit: NT\$; per share; %

Subsidiary Name (Note 1)	Paid-up Capital	Source of Capital	Shareholding Percentage of the Company	Date Acquired or Disposed of	Number and Amount of Shares Acquired (Note 2)	Number and Amount of Shares Disposed (Note 2)	Profit and Loss of Investment	Number and Amount of Shares Held as of the Date of the Publication of the Annual Report (Note 3)	Status and Stock Pledge	Amount Guaranteed and Endorsed for Subsidiaries Provided by the Company	Amount of Capital Lent to Subsidiaries Provided by the Company
Tah Fa Investment Co., Ltd.	180,000	Working capital	3.60%	1999.12.18	3,572,068 shares 83,230	—	—	3,572,068 shares 83,230	—	—	—

Description: Tahsin Industrial Corp. carried out capital reduction and new share release on December 20, 2021. Face value of each share reduced by NT\$2.85.

Note 1: Listed separately by subsidiary companies.

Note 2: The aforementioned amount refers to the actual amount obtained or disposed of.

Note 3: Status of holding and disposition should be listed separately.

Note 4: The impact on the financial performance and financial position of the company should also be explained.

IV. Other Necessary Supplementary Information: None

V. Events of Considerable Impact on Shareholders' Equity or on Prices of Securities as Specified in Subparagraph 2, Paragraph 2 of Article 36 of the Securities and Exchange Act: None

Independent Auditors' Report

To Tahsin Industrial Corporation:

Audit Opinion

Tahsin Industrial Corporation's Parent Company Only Balance Sheets as of December 31, 2023 and 2022, in addition to the Parent Company Only Statements of Comprehensive Income, Parent Company Only Statements of Changes in Equity, Parent Company Only Statements of Cash Flows, and Notes to the Parent Company Only Financial Statements (including the Summary of Significant Accounting Policies) from January 1 to December 31, 2023 and 2022, have been audited by the CPAs.

According to our opinion, the Parent Company Only Financial Statements mentioned above have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" in all material aspects, and are considered to have reasonably expressed the parent company only financial conditions of Tahsin Industrial Corporation as of December 31, 2023 and 2022, as well as the parent company only financial performance and cash flows from January 1 to December 31, 2023 and 2022.

Basis for Opinion

We conducted our audit 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 section titled "Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements." We are independent from the Company pursuant to the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other responsibilities in accordance with these requirements. We believe we have obtained sufficient and appropriate audit evidence to serve as 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 Tahsin Industrial Corporation for the year ended December 31, 2023. Such matters have been dealt with in the course of auditing and compiling the parent company only financial statements and in the preparation of our audit opinion. As such, we do not respond to each key matter individually. The key audit matters for the parent company only financial statements of Tahsin Industrial Corporation for the year ended December 31, 2023 are as follows:

Revenue recognition

Please refer to Note 4 (17) of the Parent Company Only Financial Statements for accounting policies regarding revenue recognition; please see Note 5 (1) 3 of the Parent Company Only Financial Statements for critical accounting judgments, estimates, and assumptions regarding revenue recognition; please see Note 6 (20) of the Parent Company Only Financial Statement for disclosure of information related to income.

Key Audit Matters:

The operating revenue of Tahsin Industrial Corporation comes mainly from sale of products. Recognition of sales revenue is mainly to verify whether the control over goods is transferred to buyers and whether there are no non-performance obligations that may affect the acceptance of products, and also is the main indicator for investors and the management to assess the financial or business performance of the Company. As the accuracy of the amount and timing of revenue recognition has a great influence on the financial statements, we have thus included it as one of the key audit matters.

Audit procedures adopted:

Our audit procedures include (i) understanding and testing the effectiveness of internal control mechanisms adopted by the management on revenue recognition; (ii) sampling and reviewing records of sales revenue recognition (including shipping documents) over a certain period of time before the balance sheet date, and determining the appropriateness of recognition timing thereof; (iii) testing selected underlying transactions before and after the end of the reporting date to verify if they were recognized in the correct period; (iv) assessing whether the risks and rewards of goods, of which the revenue had been recognized, have been transferred; and (v) performing a trend analysis on major buyers and revenues by product to determine if material irregularities exist.

Cash and cash equivalents

Please refer to Note 4 (5) of the parent company only financial statements for details of the accounting policies for cash and cash equivalents; please refer to Note 6 (1) of the parent company only financial statements for details of the accounting items for cash and cash equivalents and time deposits with an original maturity of more than three months.

Key Audit Matters:

As of December 31, 2023, the carrying amount of cash and cash equivalents and time deposits with initial term maturity date over three months (shown under other financial assets – current) held by Tahsin Industrial Corporation amounted to NTD2,238,551 thousand, accounting for approximately 20.20% of the total assets and the amounts are significant to the overall parent company only financial statements. We identified these as one of the key audit items due to the inherent risk of cash and cash equivalents and time deposits with initial term maturity date of over three months.

Audit procedures adopted:

1. Evaluate and test the effectiveness of the design and implementation of the internal control system for cash and cash equivalents and time deposits with initial terms of over three months.
2. Conduct significant transactions test and verification procedures for frequent bank accounts, including understanding the purpose of the bank account and reviewing relevant transaction vouchers to confirm the reasonableness of the receipt and payment of huge bank deposits.
3. Conduct an inventory verification process on cash and term deposits, including checking whether term deposits have provided guarantees or pledged to confirm consistency with the disclosures in the financial statements.
4. Obtain a breakdown of the balances of cash and cash equivalents and time deposits with initial terms maturity date of over three months and check the bank statements and the related relevant transaction voucher to confirm their existence. In addition, check the amount on the correspondence response letter for all financial institutions and examine whether there are any restricted incidents, which have been properly disclosed.

Financial assets measured at fair value through other comprehensive income

Accounting policies related to financial assets measured at fair value through other comprehensive income are detailed in Note 4 (6) of the parent company only financial statements; significant accounting judgments, estimates, and assumptions regarding the classification and fair value measurement of financial assets are provided in Note 5 (1) and 5 (2) of the consolidated financial statements; explanations regarding the accounting items of financial assets measured at fair value through other comprehensive income are disclosed in Note 6 (3) and 6 (7) of the consolidated financial statements.

Key Audit Matters:

As of December 31, 2023, the carrying amount of financial assets measured at fair value through other comprehensive income held by Tahsin Industrial Corporation and subsidiaries amounted to NTD4,281,917 thousand, accounting for approximately 38.64% of the total assets. The amount is significant to the overall consolidated financial statements. Therefore, the auditor considers these items as one of the key audit matters.

Audit procedures adopted:

1. Evaluate and test the effectiveness of internal control systems design and execution related to investment operations, including whether transactions are appropriately approved.

2. Perform substantive audit procedures on financial assets measured at fair value through other comprehensive income, including verifying the accuracy of initial recognition and subsequent measurement amounts, cross-checking relevant documents, obtaining confirmations or verifying relevant documents to confirm whether collateral or pledges have been provided, ensuring consistency with financial reporting information disclosure.

Responsibilities of the Management and the Governance Unit for the Parent Company Only Financial Statements

To ensure that the parent company only financial statements do not contain material misstatements caused by fraud or errors, the management is responsible for preparing prudent parent company only financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and for preparing and maintaining necessary internal control procedures pertaining to the parent company only financial statements.

In preparing the parent company only financial statements, the management is responsible for assessing Tahsin Industrial Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going concern basis of accounting unless the management either intends to liquidate Tahsin Industrial Corporation 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 Tahsin Industrial Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards will always detect a material misstatement when it exists in the parent company only financial statements. There may still be material misstatements due to fraud or errors. If it could be reasonably anticipated that misstated amounts, individually or on aggregate, could have influenced the economic decisions made by the users of the parent company only financial statements, it will be deemed as material.

As part of an audit in accordance with the auditing standards, we exercise professional judgment and skepticism throughout the audit. We have also performed the following tasks:

1. Identify and evaluate the risk of material misstatements due to fraud or error in the parent company only financial statements; design and carry out appropriate countermeasures for the evaluated risk; and obtain sufficient and appropriate evidence as the basis for audit opinion. As fraud may involve collusion, forgery, deliberate omissions, false statements, or violations of internal controls, the risk of an undetected material misstatement due to fraud is greater than that due to errors.
2. Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of Tahsin Industrial Corporation.
3. Assess the appropriateness of the accounting policies adopted by the management and the reasonableness of the accounting estimates and related disclosures has made.
4. Conclude on the appropriateness of the 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 Tahsin Industrial Corporation's ability to operate as a going concern. If we believe that there may be factors causing significant uncertainties, we are required to remind the users of the parent company only financial statements in our audit report of the relevant disclosures therein, or to amend our report if inappropriate disclosure was made. Our conclusions are based on information available at the date of the auditor's report. However, future events or circumstances may cause the Company to cease to continue as a going concern.

5. Evaluate the overall expression, structure and contents of the parent company only financial statements (including relevant Notes), and whether the parent company only financial statements fairly present relevant transactions and matters.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the parent company only financial statements within Tahsin Industrial Corporation to express opinions on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine the key audit items of Tahsin Industrial Company's parent company only financial statements for the year ended December 31, 2023. Such matters have been explicitly stated in our audit report, unless laws or regulations prevent their disclosures, or, in extremely rare cases, we decide not to communicate such matters in our audit report in consideration that the reasonably anticipated adverse impacts of such communication would be greater than the public interest it would promote.

Crowe Horwath (TW) CPAs

CPA: Wang, Wu-Chang

CPA: Chiu, Kuei-Ling

No. of the official approval: FSC No. 10200032833
March 12, 2024

Tahsin Industrial Corporation
Parent Company Only Balance Sheets
December 31, 2023 and 2022

Unit: Thousand NTD

Code	Assets	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
	Current Assets				
1100	Cash and cash equivalents (Notes 4 and 6 (1))	\$1,863,013	17	\$1,826,219	16
1110	Financial assets at fair value- non-current (Notes 4 and 6 (2))	2,265	-	1,978	-
1120	Financial assets at fair value through other comprehensive income - current (Notes 6 (3))	3,829,878	35	3,905,841	35
1150	Notes receivable, net (Note 6 (4))	38,423	-	44,225	1
1160	Accounts receivable – related parties (Note 6 (4))	1,003	-	1,710	-
1170	Accounts receivable - net (Note 6 (5))	223,281	2	304,659	3
1180	Accounts receivable – related parties (Note 6 (5))	19,399	-	35,506	-
1200	Other receivables	14,010	-	15,411	-
1210	Other receivables - related parties	4,573	-	2,016	-
1220	Current income tax assets	11,202	-	1,382	-
130x	Inventories (Notes 4 and 6 (6))	464,777	4	562,931	5
1410	Prepayments	21,348	-	19,609	-
1476	Other financial assets - current (Note 6 (1))	375,538	4	580,710	5
11xx	Total current assets	6,868,710	62	7,302,197	65
	Non-current Assets				
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 6 (7))	452,039	4	349,883	3
1550	Investments accounted for using the equity method (Notes 4 and 6 (8))	1,721,927	16	1,593,789	14
1600	Property, plant, and equipment (Notes 4 and 6 (9))	1,576,689	14	1,553,072	14
1755	Right-of-use asset (Notes 4 and 6 (10))	30,930	-	2,225	-
1760	Investment properties (Notes 4 and 6 (11))	345,455	3	345,465	3
1840	Deferred tax assets (Note 6 (26))	72,715	1	70,375	1
1920	Refundable deposits	3,202	-	1,818	-
1970	Other long-term investment (net)	810	-	810	-
1975	Net defined benefit asset – non-current (Notes 6 (14))	-	-	1,043	-
1990	Other non-current assets, others	10,488	-	-	-
15xx	Total non-current assets	4,214,255	38	3,918,480	35
1xxx	Total Assets	\$11,082,965	100	\$11,220,677	100

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Tahsin Industrial Corporation
Parent Company Only Balance Sheets
December 31, 2023 and 2022

Unit: Thousand NTD

Code	Liabilities and equity	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
	Current liabilities				
2130	Contract liabilities - current (Note 6 (20))	\$5,974	-	\$11,686	-
2150	Notes payable	87,081	1	122,289	1
2170	Accounts payable	28,364	-	46,556	1
2180	Accounts payable - related parties	7,855	-	2,503	-
2200	Other payables (Note 6 (12))	96,270	1	146,168	1
2220	Other payables- related parties	19,209	-	24,696	-
2230	Current income tax liabilities	9,390	-	28,402	-
2250	Provisions - current (Notes 4 and 6 (13))	8,458	-	8,458	-
2280	Lease liabilities - current (Note 6 (10))	8,159	-	1,339	-
2300	Other current liabilities	103	-	512	-
21xx	Total current liabilities	270,863	2	392,609	3
	Non-current liabilities				
2570	Deferred tax liabilities (Note 6 (26))	187,955	2	197,569	2
2580	Lease liabilities - non-current (Notes 6 (10))	22,837	-	900	-
2640	Net defined benefit liabilities - non-current (Notes 4 and 6 (14))	3,354	-	-	-
2645	Guarantee deposits received	3,556	-	6,900	-
2650	Investments accounted for using the equity method - credit (Note 6 (8))	-	-	13,254	-
25xx	Total non-current liabilities	217,702	2	218,623	2
2xxx	Total liabilities	488,565	4	611,232	5
	Equity				
3100	Share capital (Notes 4 and 6 (15))	990,990	9	990,990	9
3200	Capital surplus (Note 6 (16))	221,869	2	200,160	2
3300	Retained earnings (Note 6 (17))	7,575,050	69	7,760,947	69
3400	Other equity (Note 6 (18))	1,889,721	17	1,740,578	16
3500	Treasury shares (Note 6 (19))	(83,230)		(83,230)	
			(1)		(1)
3xxx	Total equity	10,594,400	96	10,609,445	95
	Total liabilities and equity	\$11,082,965		\$11,220,677	
			100		100

(The accompanying notes are an integral part of the Parent Company Only Financial Statements.)

Chairman: Wu, Zi-Cong

Manager: Chen, Yi-Chien

Chief Accountant: Chen, Ming-Je

Tahsin Industrial Corporation

Parent Company Only Statements of Comprehensive Income For the Years Ended December 31, 2023 and 2022

Unit: Thousand NTD

Code	Items	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
4000	Operating revenue (Notes 4 and 6 (20))	\$1,817,854	100	\$2,336,212	100
5000	Operating costs (Note 6 (6) (21))	(1,575,019)	(87)	(1,981,681)	(85)
5900	Gross Profit	242,835	13	354,531	15
5910	Unrealized gain (loss) from sale, net (loss)	(1,644)	-	(2,057)	-
5920	Realized gain (loss) from sale (Loss)	2,057	-	1,429	-
5950	Net Gross Profit	243,248	13	353,903	15
	Operating expenses (Note 6 (21))				
6100	Marketing expenses	(115,446)	(6)	(108,457)	(5)
6200	Administrative expenses	(113,205)	(6)	(107,267)	(4)
6450	Expected credit impairment loss (gain)	4,073	-	(1,291)	-
6000	Total operating expenses	(224,578)	(12)	(217,015)	(9)
6900	Operating profit	18,670	1	136,888	6
	Non-operating income and expenses				
7100	Interest income (Note 6 (22))	77,703	4	31,853	1
7010	Other income (Note 6 (23))	209,768	12	378,762	16
7020	Other gains and losses (Notes 4 and 6 (24))	(74)	-	146,457	6
7050	Finance costs (Notes 4 and 6 (25))	(263)	-	(188)	-
7070	Share of profit or loss of subsidiaries, associates, and joint ventures accounted for using the equity method	54,170	3	67,923	3
7000	Total non-operating income and expenses	341,304	19	624,807	26
7900	Net profit before tax	359,974	20	761,695	32
7950	Expense (benefit) of income tax (Note 6 (26))	(10,575)	(1)	(53,521)	(2)
8000	Profit from continuing operations	349,399	19	708,174	30
8200	Net Income	349,399	19	708,174	30
	Other comprehensive income (Note 6 (27))				
	Items that will not be reclassified to profit or loss:				
8311	Remeasurement of defined benefit plans (Note 6 (14))	(9,654)	(1)	9,270	-
8316	Unrealized valuation profit or loss on investments in equity instruments at fair value through other comprehensive income	159,932	9	(992,065)	(42)
8336	Unrealized valuation gain or loss on investments in equity instruments measured at FVTOCI - subsidiaries, associates, and joint ventures	66,258	4	(210,468)	(9)
8310	Total items that will not be reclassified subsequently to profit or loss:	216,536	12	(1,193,263)	(51)
	Items that may be reclassified to profit or loss				
8361	Exchange differences on translating the financial statements of foreign operations	(11,983)	(1)	35,732	1
8367	Bond investments with unrealized gain and loss at fair value through other profit or loss	1,492	-	(1,256)	-
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	2,396	-	(7,146)	-
8360	Items that may be reclassified subsequently to profit or loss:	(8,095)	-	27,330	1
8300	Other comprehensive income - net	\$208,441	11	(\$1,165,933)	(50)
8500	Total Comprehensive Income for the Year	\$557,840	30	(\$457,759)	(20)
	Earnings Per Share				
9750	Basic earnings per share (Note 6 (28))	\$3.66		\$7.41	
9850	Diluted earnings per share (Note 6 (28))	\$3.66		\$7.41	

(The accompanying notes are an integral part of the Parent Company Only Financial Statements.)

Chairman: Wu, Zi-Cong

Manager: Chen, Yi-Chien

Chief Accountant: Chen, Ming-Je

Tahsin Industrial Corporation

Parent Company Only Statements of Changes in Equity For the Years Ended December 31, 2023 and 2022

Unit: Thousand NTD

	Retained earnings			Other Equity			Treasury stock	Total Equity
	Capital Surplus	Legal reserve	Special reserve	Undistributed earnings (or loss to be compensated)	Exchange differences on translation of foreign operating organizations' financial statements	Unrealized valuation (losses) gains from financial assets measured at fair value through other comprehensive income		
Share capital of common stock	182,030	1,570,733	573,800	5,394,465	(106,328)	3,022,109	(83,230)	11,544,569
Balance as of January 1, 2022	-	-	-	-	-	-	-	-
Appropriation and distribution of earnings:								
Ordinary cash dividends	-	-	-	(495,495)	-	-	-	(495,495)
Other changes in capital surplus	270	-	-	-	-	-	-	270
Net income for 2022	-	-	-	708,174	-	-	-	708,174
Other comprehensive income for 2022	-	-	-	9270	28586	(1,203,789)	-	(1,165,933)
Total comprehensive income in 2022	-	-	-	717,444	28586	(1,203,789)	-	(457,759)
Adjustments of capital surplus for the Company's cash	17,860	-	-	-	-	-	-	17,860
Balance as of December 31, 2022	\$200,160	\$1,570,733	\$573,800	\$5,616,414	(\$77,742)	\$1,818,320	(\$83,230)	\$10,609,445
Balance as of January 1, 2023	200,160	1,570,733	573,800	5,616,414	(77,742)	1,818,320	(83,230)	10,609,445
Appropriation and distribution of earnings:								
Ordinary cash dividends	-	-	-	(594,594)	-	-	-	(594,594)
Other changes in capital surplus	277	-	-	-	-	-	-	277
Net income for 2023	-	-	-	349,399	-	-	-	349,399
Other comprehensive income for 2023	-	-	-	(9,654)	(9,587)	227,682	-	208,441
Total comprehensive income in 2023	-	-	-	339,745	(9,587)	227,682	-	557,840
Adjustments of capital surplus for the Company's cash dividends received by subsidiaries	21,432	-	-	-	-	-	-	21,432
Disposals of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	68,952	-	(68,952)	-	-
Balance as of December 31, 2023	\$221,869	\$1,570,733	\$573,800	\$5,430,517	(\$87,329)	\$1,977,050	(\$83,230)	\$10,594,400

(The accompanying notes are an integral part of the Parent Company Only Financial Statements.)

Chairman: Wu, Zi-Cong

Manager: Chen, Yi-Chien

Chief Accountant: Chen, Ming-Je

Tahsin Industrial Corporation
Parent Company Only Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

Unit: Thousand NTD

Item	December 31, 202	December 31, 2022
Cash flows from operating activities		
Net profit before tax	\$359,974	\$761,695
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation expenses	50,860	38,652
Expected credit losses (benefits)	(4,073)	1,291
Financial assets and debts at fair value through profit and loss	(287)	825
Interest expenses	263	188
Interest revenue	(77,703)	(31,853)
Dividend revenue	(177,446)	(348,774)
Share of loss (profit) of subsidiaries, associates and joint ventures accounted for using the equity method	(54,170)	(67,923)
Loss (gain) on disposal and disposition of property, plant and equipment	(27)	(572)
Reversal of provision for property, plant, and equipment	-	2,130
Unrealized gain (loss) from sale, net (loss)	1,644	2,057
Realized loss (gain) on sales	(2,057)	(1,429)
Unrealized exchange loss (gain)	468	2,147
Other items	277	270
Total adjustments to reconcile profit (loss)	(262,251)	(402,991)
Changes in operating assets and liabilities		
Changes in operating assets		
Decrease (increase) in notes receivable	5,982	15,381
Decrease (increase) in notes receivable - related parties	707	(346)
Decrease (increase) in accounts receivable	80,136	(32,059)
Decrease (increase) in accounts receivable - related parties	15,721	8,978
Decrease (increase) in other receivables	1,336	1,863
Decrease (increase) in other receivables - related parties	(2,558)	3
Decrease (increase) in inventories	98,154	39,396
Decrease (increase) in prepayments	(1,739)	12,493
Decrease (increase) in net-defined benefit assets	1,043	(1,043)
Total changes in operating assets	198,782	44,666
Changes in operating liabilities		
Increase (decrease) in contract liabilities	(5,712)	572
Increase (decrease) in notes payable	(35,208)	(23,886)
Increase (decrease) in accounts payable	(18,192)	(16,340)
Increase (decrease) in accounts payable - related parties	5,352	(1,155)
Increase (decrease) in other payables	(10,604)	(3,986)

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Tahsin Industrial Corporation

**Parent Company Only Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022**

Unit: Thousand NTD

Item	December 31, 2023	December 31, 2022
Increases (decreases) in other payables - related parties	(\$5,487)	\$1,312
Increase (decrease) in other current liabilities	(409)	(11)
Increase (decrease) in net defined benefit liabilities	(6,300)	(4,056)
Total changes in operating liabilities	(76,560)	(47,550)
Total changes in operating assets and liabilities	122,222	(2,884)
Total adjustments	(140,029)	(405,875)
Cash inflow (outflow) generated from operations	219,945	355,820
Interest received	76,772	28,406
Dividends received	239,526	492,444
Interest paid	(263)	(188)
Income tax refunded (paid)	(48,965)	(270,599)
Net cash provided by (used in) operating activities	487,015	605,883
Cash flows from investing activities		
Acquisition of financial assets at fair value through other comprehensive income	(201,609)	(414,313)
Disposal of financial assets at fair value through other comprehensive income	342,164	-
Acquisition of financial assets at fair value through profit and loss		(2,803)
Acquisition of investments accounted for using the equity method	(72,302)	(18,997)
Acquisition of property, plant, and equipment	(111,355)	(147,867)
Disposal of property, plant, and equipment	54	827
Increase in refundable deposits	(1,384)	
Decrease in other financial assets	205,172	1,109,290
Increase in non-current assets	(10,488)	
Decrease in other non-current assets		13
Net cash provided by (used in) investing activities	150,252	526,150
Cash flows from financing activities		
Increase in guarantee deposits received	-	2,170
Decrease in guarantee deposits received	(3,344)	(1,208)
Repayments of principal portion of the lease	(2,535)	(1,377)
Cash dividends paid	(594,594)	(495,495)
Net cash provided by (used in) financing activities	(600,473)	(495,910)
Increase (decrease) in cash and cash equivalents	36,794	636,123
Cash and cash equivalents at beginning of the period	1,826,219	1,190,096
Cash and cash equivalents at end of the period	\$1,863,013	\$1,826,219

(The accompanying notes are an integral part of the Parent Company Only Financial Statements.)

Chairman: Wu, Zi-Cong

Manager: Chen, Yi-Chien

Chief Accountant: Chen, Ming-Je

Tahsin Industrial Corporation
Notes to Parent Company Only Financial Statements
For the Years Ended December 31, 2023 and 2022
(Amount in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

(I.) Company History

Tahsin Industrial Corporation ("The Company") was incorporated under the Company Act of Taiwan, Republic of China (R.O.C.) in 1958. The Company and its subsidiaries are primarily engaged in manufacturing and trading of a variety of plastic raincoats, nylon raincoats, overalls, wardrobes, nylon jackets, PP corrugated boards, TC garments, leather goods, handbags, file folders, plastic film, carrier bags and laminating machines, etc. The Company was approved by the Securities and Futures Bureau under the Financial Supervisory Commission (formerly the Securities and Futures Commission) for listing in 1992.

(II.) Date and Procedures of Authorization for Issuance of the Financial Statements

The parent company only financial statements have been approved and released by the Board of Directors on March 12, 2024.

(III.) Application of Newly Issued, Revised, and Amended Standards and Interpretations

- a. The impact of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (hereinafter referred to as "IFRSs") endorsed and effected by the Financial Supervisory Commission (hereinafter referred to as the "FSC"):
- The following table summarizes the new, revised, amended standards and interpretations of IFRSs endorsed by the FSC and are applicable in Year 2023:

New/Revised/Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IAS 1 in "Disclosure of Accounting Policies"	January 1, 2023 (Note.1)
Amendments to IAS 8 "Definition of accounting Estimates"	January 1, 2023(Note.2)
Amendments to IAS 12 "Deferred Income Tax related to Assets and Liabilities Derived from Single Transaction"	January 1, 2023(Note.3)
Amendments to IAS 12 "International Tax Reform—Pillar Two Model Rules"	(Note 4)

Note.1: The amendments are used in the annual reports from January 1, 2023

Note.2: The variation of accounting estimates and accounting policies are used from the annual reports starting January 1, 2023

Note.3: Aside from leases and obligatory related temporary differences are abided by additional regulations, the earliest transactions expressed in the comparable period have been starting since January 1, 2022 are used by the amendments.

Note 4: Regarding the temporary exemption provision as per IAS 12 (i.e., entities shall not recognize deferred tax assets and liabilities related to Pillar Two income taxes, nor disclose related information; however, entities shall disclose their application of this exemption in the financial statements), upon the issuance of this amendment (May 23, 2023), immediate retrospective application should be made in accordance with IAS 8. Other disclosure requirements apply to annual reporting periods beginning on or after January 1, 2023; there is no requirement to disclose such additional information for interim reporting periods ending before December 31, 2023.

1. Amendments to IAS 1 "Disclosure of Accounting Policies"

The amendment clarifies that the related significant accounting policy information should be disclosed whenever a single transaction, other issues or situations are valued significantly, or the related accounting policy information brings significant effects to financial reports. Vice versa, when a business recognizes that, a single transaction, other issues or situations is insignificant or although it is significant, yet the related accounting information policies are not important, then it is unnecessary to make disclosure of the insignificant accounting policy information. The conclusion of the insignificance of the accounting policy information made by businesses does not affect other regulations related to IFRS disclosure.

2. Amendments to IAS 8 "Definition of Accounting Estimates"

The amendment defines accounting estimates as the currency amount measure affected by uncertainty in financial statements and provides further explanation. Apart from the cause of the early corrected mistakes, the effects of input values or evaluation of skill variance also refer to as the variation of accounting estimates.

3. Amendments to IAS 12 "Deferred Income Tax related to Assets and Liabilities Derived from Single Transaction"

The amendment restricts IAS 12 (No.15 and 24) the exclusive range of recognition for deferred income tax debts and assets. The transactions are excluded, if one single transaction has the same amount of temporary taxable variance and temporary deductible variance in the original recognition. The businesses should adopt the adjustment from the earliest comparable period on starting

date (Jan, 1st, 2022) during the first time using the amendment, and recognize leases and all of the decommissioning obligatory related temporary variance as deferred income tax. Meanwhile, recognize the affected accumulated numbers as R/E (or depends, as other equity-related components) in the day, and adjust the beginning amount. For the other transactions happening after January 1, 2022, should be deferred to use the amendment.

The company has already evaluated that the regulations and explanations above make no significant effects on the company's financial situation and performance.

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

The amendment stipulates that, as a temporary exemption under IAS 12, entities are not allowed to recognize deferred tax assets and liabilities related to Pillar Two income taxes associated with international tax reform, nor disclose related information. However, entities should disclose their application of this exemption in the financial statements. Additionally, entities are required to separately disclose the current income tax expense (benefit) related to Pillar Two income taxes. If the Pillar Two legislation has been enacted or substantially enacted but has not yet become effective, entities should disclose qualitative and quantitative information regarding their exposure to Pillar Two income taxes that are known or reasonably estimable.

b. Effects of IFRSs issued by IASB but not yet endorsed by FSC in the Year 2024:

The following table summarizes the new, amended and revised standards in the IFRSs that have already been issued by the IASB but are yet to be endorsed by the FSC and related interpretations:

New/Revised/Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024 (Note.1)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024 (Note.2)
Note.1: The seller-lessee should retrospectively apply the provisions of this amendment in accordance with the requirements of IAS 8 to sale and leaseback transactions entered into after the date of initial application of IFRS 16.	
Note.2: This amendment provides certain transitional relief provisions, whereby entities are not required to disclose comparative information, interim period information, or the initial information as specified in paragraph 44H(b)(ii)-(iii) upon initial application.	
1) Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	
This amendment clarifies that for sale and leaseback transactions, if the transfer of assets is accounted for as a sale under the provisions of IFRS 15, the seller-lessee should account for the liabilities arising from the leaseback in accordance with the provisions of IFRS 16 related to lease liabilities. However, if the lease payments involve variable lease payments that are not dependent on an index or a rate, the seller-lessee should still determine and recognize the lease liability arising from such variable payments in a manner that does not recognize profit or loss related to the retained right of use. The difference between the following actual lease payments and the reduction in the carrying amount of the lease liability is recognized in profit or loss.	
2) Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	
This amendment clarifies that in determining whether a liability should be classified as non-current, an entity should assess whether it has the right, at the end of the reporting period, to defer settlement of the liability for at least 12 months after the reporting period. If the entity has this right at the end of the reporting period, regardless of whether it expects to exercise that right, the liability should be classified as non-current. If the entity must meet specific conditions to have the right to defer settlement, those conditions must be met at the end of the reporting period for the liability to be classified as non-current, even if the creditor assesses compliance with those conditions at a later date.	
Additionally, for the purpose of liability classification, "settlement" as mentioned above refers to the extinguishment of the liability by transferring cash, other financial assets, or equity instruments of the Company to the counterparty. However, if the terms of the liability could result in its settlement by the transfer of equity instruments of the Company at the counterparty's option, and if that option is separately recognized as equity in accordance with IAS 32 "Financial Instruments: Presentation", then those terms do not affect the classification of the liability.	
3) Amendments to IAS 1 "Non-current Liabilities with Covenants"	
This amendment further clarifies that only contractual terms in effect at the end of the reporting period affect the classification of the liability as of that date. Contractual terms that must be complied with within 12 months after the reporting period do not affect the classification of the liability. However, if an entity has classified a liability as non-current as of the end of the reporting period, but it may be required to settle the liability within 12 months after the reporting period be-	

cause it may not be able to comply with contractual terms, the entity should disclose relevant facts and circumstances in the notes to the financial statements.

4) Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”

Supplier Finance Arrangements refers that one or more financing providers pay the suppliers on behalf of the entity, and the entity agrees to make payments to the financing providers based on the payment date agreed with the suppliers or a later date. This disclosure is aimed at enabling users of the financial statements to assess the impact of these arrangements on the entity's liabilities, cash flows, and liquidity risk exposure. The amendment to IAS 7 requires entities to disclose information about their supplier financing arrangements, aiming at enabling users of the financial statements to assess the impact of these arrangements on the entity's liabilities, cash flows, and liquidity risk exposure. The amendment to IFRS 7, in its application guidance, incorporates consideration of whether entities, when disclosing how they manage liquidity risk associated with financial liabilities, may also consider whether they have obtained or can obtain financing facilities through supplier financing arrangements, and whether such arrangements may lead to concentration of liquidity risk.

The company has already evaluated that the regulations and explanations above make no significant effects on the company's financial situation and performance.

c. Effects of IFRSs issued by IASB but not yet endorsed by FSC:

The following table summarizes the new, amended and revised standards in the IFRSs that have already been issued by the IASB but are yet to be endorsed by the FSC and related interpretations:

New/Revised/Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture"	Yet to be decided
IFRS 17 - "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025

As of the date of authorization of the Parent Company Only Financial Statements, the Company has continued to assess the effects of amendments to other standards and interpretations on its financial conditions and financial performance. Related impacts will be disclosed upon completion of the assessment.

(IV.) Summary of Significant Accounting Policies

The main accounting policies used in preparing the parent company only financial statements are described below. Unless otherwise stated, these policies are consistently applicable throughout all reporting periods.

a. Compliance declaration

The parent company only financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers."

b. Preparation basis

1) Except for the following significant items, these parent company only financial statements have been prepared under the historical cost convention:

- Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- Financial assets measured at fair value through other comprehensive income are measured at fair value.
- Liability based on cash-settled share-based payment arrangement measured at fair value.
- Defined benefit liability is derived from retirement plan assets less the present value of net defined benefit obligation.

2) Significant accounting estimates are required when preparing financial statements based on the IFRSs recognized by FSC. When the Company adopts the accounting policies, the management is required to exercise judgments on highly judgmental or complex items or significant assumptions and estimates with regard to the financial statements. For more details, please refer to Note 5.

3) When preparing parent company only financial statements, the Company adopts the equity method for investments in subsidiaries, affiliates or joint ventures. In order to align profit or loss, other comprehensive income, and equity from the current year in the Parent Company Only Financial Statements with those attributable to the Company's owners, the differences in accounting treatment with individual and consolidated basis have led to adjustments in "investments accounted for using the equity method," "share of profit or loss of subsidiaries, associates, and joint ventures accounted for using the equity

method," "share of other comprehensive income of subsidiary, associates, and joint ventures accounted for using the equity method" and related equity items.

c. Foreign currency conversion

1) Foreign currency transactions and balances

- a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- b) Balances of monetary assets and liabilities denominated in foreign currencies are adjusted at the spot exchange rates prevailing at the balance sheet date. Exchange gains or losses arising from such adjustments are recognized in profit or loss.
- c) Non-monetary assets and liabilities denominated in foreign currencies that are measured at FVTPL, are retranslated at the exchange rates prevailing at the balance sheet date, where their translation differences are recognized in profit or loss as part of the fair value gain or loss. Non-monetary assets and liabilities denominated in foreign currencies measured at FVTOCI are retranslated at the exchange rates prevailing at the balance sheet date, where their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the initial transaction dates.

2) Conversion of foreign operations

- a) The operating results and financial position of all subsidiaries, affiliates, and jointly controlled entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the end of the financial reporting period;
 - ii. Income and expenses on the statements of comprehensive income are translated at the average exchange rates of that period; and
 - iii. All resulting exchange differences are recognized in other comprehensive income.
- b) When the foreign operation partially disposed of or sold is a related enterprise or jointly controlled entity, exchange differences that were recorded in other comprehensive income are proportionately reclassified to income as part of the profit or loss of sale. However, if the Company still holds partial interests in the former associate or jointly controlled entity but has already lost influence over the related enterprise or lost joint control over the jointly controlled entity, such transaction is accounted for as disposal of all interests in such foreign operation.
- c) When the foreign operation that is partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interests in this foreign operation. However, if the Company still retains partial interests in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in this foreign operation.

d. The standards for assets and liabilities classified as current and non-current

1) Assets that meet one of the following criteria are classified as current assets:

- a) Assets that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle.
- b) The holder primarily for trading purposes.
- c) Assets expected to be realized within 12 months after the balance sheet date.
- d) Cash or equivalent cash, except for those used to exchange or settle liabilities or subject to other restrictions more than 12 months after the balance sheet date.

The Company classifies all the assets that do not meet the above-mentioned criteria as non-current.

2) Liabilities that meet one of the following criteria are classified as current liabilities:

- a) Liabilities that are expected to be settled within the normal operating cycle.
- b) The holder primarily for trading purposes.
- c) Those who are restricted by the exchange or liquidation of debts within 12 months after the end of each reporting period (after the end of each reporting period and the completion of the long-term refinancing or rescheduling payment agreement before the release of the financial statements, it is also considered as a current liability).

- d) Where the repayment period cannot be extended unconditionally to at least 12 months after the balance sheet date. Terms of a liability that could, at the option of the counter-party, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all the liabilities that do not meet the above-mentioned criteria as non-current.

e. Cash and cash equivalents

The cash and cash equivalents include cash in treasury, bank discount and short-term investments that can be converted into fixed cash at any time with little change in value at risk and high liquidity (including fixed deposit with an original date due within three months).

f. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Initially, financial assets and liabilities should be recognized at fair value. Upon initial recognition, transaction costs that are directly attributable to the acquisition or issuance of the financial assets and financial liabilities (except for financial assets and financial liabilities at fair value through profit or loss) should be added to, or subtracted from the fair value of such financial assets and financial liabilities. Transaction costs that are directly attributable to financial assets and financial liabilities measured at FVTPL are recognized as the initial measurements of financial assets and financial liabilities.

1) Financial assets

a) Types of measurement

Financial assets purchased or sold in a regular way are recognized using transaction date accounting.

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

i. Financial assets at fair value through profit or loss

Financial assets measured at FVTPL include financial assets measured at FVTPL and financial assets designated as measured at FVTPL. Financial assets measured at FVTPL include investments in equity instruments not designated by the Company as measured at FVTOCI and investments in debt instruments not classified as measured at amortized cost or FVTOCI. The financial assets measured at amortized cost or fair value through other comprehensive income at initial recognition would eliminate or significantly reduce a measurement or recognition inconsistency which would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases, the Company shall make an irrevocable choice to, at initial recognition, designate the financial asset as a financial asset measured at FVTPL.

Such assets are measured at fair value, of which any dividends accrued are recognized as other revenue, interest revenue and the benefits or losses arising from the re-measurement are recognized in other profits and losses. Please refer to Note 12 (3) for the methods of determination of fair value

ii. Financial assets at amortized cost

A financial asset of the Company is measured at amortized cost if both of the following conditions are met:

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

After initial recognition, financial assets measured at amortized cost are measured at the gross carrying amount determined based on the effective interest method less any impairment losses, and any gains or losses on foreign exchange are recognized in profit or loss.

Except for the following two situations, interest revenue is calculated by the effective interest rate multiplied by the gross carrying amount of financial assets:

- i) For purchased or initial credit-impaired financial assets, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial assets.
- ii) For financial assets that are not purchased or originated credit-impaired but subsequently have become credit-impaired, interest income is calculated by applying the effective interest rate to the amortized cost balance of such financial assets.

iii. Investments in debt instrument at fair value through other comprehensive income

Investments in debt instruments of the Company are classified as financial assets at FVTOCI if both of the following conditions are met:

- i) It is held under a certain business model whose purpose is achieved by collecting contractual cash flows and selling financial assets; and
- ii) 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.

Investments in debt instruments at FVTOCI are measured at fair value. Among changes in the carrying amount, interest revenue calculated using the effective interest method, gain or loss on foreign exchange, and impairment loss of foreign exchange or gain on reversal of impairment loss of foreign exchange are recognized in profit or loss; other changes are recognized in other comprehensive income and reclassified as profit or loss upon disposal of investments.

- iv. Investments in equity instruments at fair value through other comprehensive income
At the time of original recognition, the Company 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 FVTOCI are measured at fair value, and subsequent changes in the fair value are recognized in other comprehensive income and accumulated in other equity. Upon disposal of investments, the cumulative profit or loss is directly transferred to retained earnings and is not reclassified as profit or loss.
Dividends on investments in equity instruments at FVTOCI are recognized in profit or loss when the Company's right to receive payments is established, unless such dividends clearly represent the recovery of the investment cost in part.

b) Impairment of financial assets

- i. The Company assesses financial assets (including accounts receivable) measured at amortized cost based on expected credit losses on each balance sheet date, debt instrument investments measured at fair value through other comprehensive income, operating lease receivables, and Impairment losses on contract assets.
- ii. Accounts receivable, contract assets and operating lease receivables are all recognized as allowance for losses based on the expected credit losses during the term of duration. For other financial assets, whether there is a significant increase in credit risk after initial recognition shall be determined first. If there is no significant increase in credit risk, the allowance for loss is recognized based on the 12-month expected credit losses. If there is a significant increase in credit risk, the allowance for loss is recognized based on the lifetime expected credit losses.
- iii. The expected credit loss is based on the weighted average credit loss determined by the risk of default. The 12-month expected credit losses refer to expected credit losses arising from possible default of financial instruments within 12 months after the reporting date. The lifetime expected credit losses refer to expected credit losses arising from all possible default of financial instruments in the expected duration.
- iv. The impairment loss of all financial assets is reduced by the allowance account to reduce its carrying amount, but the loss allowance of debt instrument investment measured at fair value through other comprehensive income is recognized in other comprehensive income and does not reduce its carrying amount.

c) Derecognition of financial assets

The Company will derecognize a financial asset when one of the following conditions is met:

- i. The right to a contract from the financial asset cash flow is void.
- ii. When transfer the contractual right to receive the cash flow of financial assets and almost all the risks and rewards of the ownership of the financial assets have been transferred.
- iii. It neither transfers nor retains almost all the risks and rewards of the ownership of the financial assets, but does not retain the control over the financial assets.

On de-recognition 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. On derecognizing an investment in a debt instrument in its entirety at FVTOCI, the difference between the carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss. On derecognizing an investment in an equity instrument at FVTOCI, the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, rather than reclassified as profit or loss.

2) Equity instruments

The debt and equity instruments issued by the Company are classified as financial liabilities or equity instruments in accordance with the definition of financial liabilities and equity instruments and the contractual substance.

Equity instruments refer to any contracts containing an enterprise's residual interest after subtracting liabilities from assets. Equity instruments issued by the Company are recognized as the net of proceeds less direct issuance costs.

3) Financial liabilities

a) Subsequent measurement

Except the following situation, all the financial liabilities are measured at amortized cost using the effective interest method.

i. Financial liabilities measured at fair value through profit or loss refer to financial liabilities held for trading or designated as financial liabilities measured at fair value through profit or loss at the time of original recognition. A financial liability is classified as held for trading if has been acquired principally for the purpose of repurchasing it in the near term and is a derivative that is not designated and effective as a hedging instrument. When financial liabilities meet one of the following criteria, the Company designates them to be measured at FVTPL on initial recognition:

i) It is a hybrid (combined) contract containing embedded derivatives, where the main contract does not fall within the scope of IFRS 9 assets; or

ii) It is able to eliminate or significantly reduce a measurement or recognition inconsistency; or

iii) It is a tool to manage and evaluate its performance on a fair value basis in accordance with a documented risk management or investment strategy.

ii. Financial liabilities at fair value through profit or loss are initially recognized at fair value. Related transaction costs are recognized in profits or losses. For subsequent fair value measurements, changes in fair value are recognized in current profit or loss.

iii. Designated as a financial liability measured at fair value through profit or loss, the amount of changes in fair value due to changes in credit risk is recognized in other comprehensive income, and will not be reclassified to profits or losses in the future. The remaining fair value changes in the liability are reported in profit or loss. However, if the above accounting treatment causes or exacerbates the improper accounting ratio, the profit or loss of the liability will be fully listed in profit or loss.

b) Derecognition of financial liabilities

The Company will derecognize a financial liability only when the obligation is discharged, cancelled or expired. 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.

4) The revision of Financial Instruments

When contractual cash flows of a financial instrument are renegotiated or modified without requiring the derecognition of the financial instruments, the Company will re-calculate the total book value amount or amortized cost of the financial liabilities using the contractual cash flows discounting at the original effective interest rate, and recognize the modified benefits and losses as profits and loss. Any costs or fees incurred will be reflected as an adjustment to the carrying book value amount of the modified financial instrument and amortized over the remaining period. If the renegotiation or revision leads to the derecognition of the financial instruments, then it should be in accordance with derecognition requirements.

The index rate revolution results in the variation of the contractual cash flows of financial instruments-determined bases and if such variation is directly required by the change in the index rate and the new basis is substantially the same as the basis before the change in the effective interest rate when determining. Aside from the change in rate in contractual cash flows bases, the variable changes in financial instruments also incurred. The Company will first adopt the practice of discretion to the changes required by to the changes required by the index rate change, then apply the regulations of financial instrument modification to any additional changes that are not applicable to the practical discretion.

g. Inventories

Inventories are measured at the lower of cost and net realizable value. The perpetual inventory system is adopted and the cost is determined using the weighted average method. The cost of finished goods and work in process comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item-by-item approach is used in

applying lower of cost and net realizable value. Net realizable value refers to the balance of the estimated selling price in the ordinary course of business less the estimated costs to be incurred till completion and related variable selling expenses.

h. Subsidiaries and affiliates using the equity method

- 1) Subsidiaries refer to all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- 2) Unrealized gains or losses arising from the transactions between the Company and its subsidiaries have been eliminated. Accounting policies of its subsidiaries have been adjusted where necessary, and are consistent with the policies adopted by the Company.
- 3) The Company's share of profit or loss in subsidiaries after acquisition is recognized in profit or loss, whereas its share of other comprehensive income in subsidiaries after acquisition is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equal or exceeds its interest in the subsidiary, the company shall continue to recognize losses in proportion to its shareholding.
- 4) A change in the shareholding of a subsidiary that does not result in loss of control (a transaction with a non-controlling interest) is treated as an equity transaction, that is, a transaction with the owner. The difference between the adjusted amount of non-controlling interest and the fair value of the consideration paid or received is directly recognized in equity.
- 5) 5. When the Company loses control over a subsidiary, the retained investment in such former subsidiary is remeasured and the remeasured value is regarded as the fair value on initial recognition of a financial asset, or as the cost on initial recognition of an investment in an associate or joint venture. Difference between fair value and carrying amount is recognized in profit or loss. All amounts recognized in other comprehensive income in relation to that subsidiary should be accounted for on the same basis as would be required if the Company had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss on the disposal of the related assets or liabilities, the company reclassifies the gain or loss from equity to profit or loss.
- 6) Associates are entities over which the Company has significant influence but not control. In general, it is presumed that an investor has significant influence, if an investor holds, directly or indirectly 20% or more of the voting power of the investee. Investments in associates by the Company are treated using the equity method and recognized at cost when acquired.
- 7) The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. If the Company's share of loss in any of its related enterprises equals or exceeds its interest in the related enterprise (including the book value and actual cost determined by the equity method, and part of any long-term interests from substantial net investments to the related businesses), it does not recognize further losses, unless it has legal obligations and constructive obligations in the related enterprise, or makes payments on behalf of the related enterprise.
- 8) Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of associates have been adjusted as necessary, and are consistent with the policies adopted by the Company.
- 9) Where an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, the "capital surplus" and "investments accounted for under the equity method" shall be adjusted for the increase or decrease of its share of equity interest. Where its investment proportion decreases, in addition to the above adjustments, the profit or loss previously recognized in other comprehensive income due to decrease in its ownership interest and the profit or loss to be reclassified to profit or loss during the disposal of assets or liabilities shall be reclassified to profit or loss based on the proportion of decrease.
- 10) Upon loss of significant influence over an associate, the Company shall remeasure the remaining investment retained in the former associate at its fair value. Any difference between the fair value and the carrying amount is recognized in profit or loss for the period.
- 11) When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are handled on the same basis as would be required if the relevant assets or liabilities were disposed of. That is, the profits or losses recognizes in other comprehensive income are reclassified to profit or loss upon disposal of such assets or liabilities. In circumstances where the Company loses significant influence over this associate, such assets or liabilities are reclassified to profit or loss. If the Company still

has a significant influence on the related enterprise, only the amount of previously recognized in other comprehensive income is transferred according to the above-mentioned method.

- 12) When the Company disposes of its investment in an associate and loses significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss proportionately.
- 13) According to "Regulations Governing the Preparation of Financial Reports by Securities Issuers," the profit or loss of the period and other comprehensive income presented in parent company only financial statements shall be the same as the allocations of profit or loss of the period and of other comprehensive income attributable to owners of the parent presented in the financial statements prepared on a consolidated basis, and the owners' equity presented in the parent company only financial statements shall be the same as the equity attributable to owners of the parent presented in the financial statements prepared on a consolidated basis.

i. Property, plant, and equipment

- 1) Property, plant, and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized. Before the completion of property, factories and equipment has reached the expected state of use, the samples of tested production of these assets are measured by the lower cost and net present value to see if the assets can operate normally. The sales price and cost are recognized in the income statement.
- 2) Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The replaced part of the carrying amount shall be derecognized. All other repair and maintenance costs incurred are recognized in current profit or loss during the period in which they are incurred.
- 3) Depreciation is not mentioned for land The cost model is adopted for other property, plant and equipment, which is depreciated on a straight-line basis based on the estimated useful life. The Company reviews the residual values, useful lives, and depreciation methods of each asset at the end of each financial year. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" from the date of the change. The useful life of each asset is as follows:
Buildings 5 - 55 years
Machinery and equipment 5 - 18 years
Transportation equipment 5 - 12 years
Miscellaneous equipment 5 - 15 years
- 4) Property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The amount of gain or loss arising from the derecognition of property, plant and equipment is the difference between the net disposal value and the carrying amount of the asset, and is recognized in current profit or loss.

j. Leases

The Company assesses whether the contract is (or includes) a lease on the date of its establishment. Where a contract includes a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to the lease component on the basis of the relative separate price of each lease component and the aggregate separate price of non-lease components.

- 1) The Company is a lessee:
The Company recognizes right-of-use assets and lease liabilities at the beginning of the lease start date for other leases, except for leases of low-value underlying assets and short-term leases that recognize expenses on a straight-line basis.
Right-of-use assets
The right-of-use asset is initially measured at cost (including the original measured amount of the lease liability, the lease payment paid before the lease commencement date minus the lease incentive received, the original direct cost and the estimated cost of the recovery target asset), and subsequently measured

at cost minus the accumulated depreciation and the accumulated impairment loss and adjusted for the remeasurement of the lease liability.

Except for right-of-use assets that meet the definition of investment property, right-of-use assets are listed on parent company only balance sheets as separate line items.

The right-of-use assets shall be depreciated on a straight-line basis from the beginning of the lease to the expiration of the term of the useful life or the expiration of the lease period, whichever is earlier. However, if the ownership of the underlying assets will be acquired at the end of the lease term, or if the cost of the right-of-use assets reflects the exercise of the purchase option, the depreciation shall be accrued from the beginning of the lease to the expiration of the term of the useful life of the underlying assets.

Lease liabilities

Lease liabilities are initially measured at the present value of lease payments (including fixed payments; substantive fixed payments; variable lease payments that are determined by an index or a rate; amounts expected to be paid by the lessee under residual value guarantee; the exercise price of a purchase option when it is reasonably certain to exercise the option; the term of the lease reflects the termination penalty that the lessee will exercise the option to terminate the lease, deducting the present value measurement of the lease incentives received. If the implied interest rate on the lease is easy to defined, the lease payment is discounted with the interest rate. If the interest rate is not easy to determine, the lessee's incremental borrowing rate shall be used.

Subsequently, the lease liability is measured on the basis of amortized cost using the effective interest method, and the interest expense is apportioned during the lease period. When there is a change in a lease term, valuation of exercise price of a purchase option of the underlying asset, expected payable amount based on residual value, or indexes or rates which are used to determine variable lease payments, resulting in a change in future lease payments, the Company re-measures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the re-measurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the parent company only balance sheets.

Changes in the lease agreement that do not depend on index or rate are recognized as expenses in the period in which they are incurred.

2) The Company is a lessor:

If a lease transfers almost all the risks and rewards attached to the ownership of the underlying asset, it is classified as a financial lease; otherwise, it is classified as an operating lease.

When a lease includes elements of land and buildings, the Company assesses the classification of each element as a financial lease or an operating lease, and apportions the lease payment (including any one-time front-end payment) to the land and buildings according to the fair value of the lease right of the land and buildings on the establishment date of the contract. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

When the Company sublets the right-of-use asset, it judges the classification of sublease based on the right-of-use asset (not the underlying assets). However, if the main lease is a short-term lease where the recognition exemption is applicable to the Company, the sublease is classified as an operating lease.

Finance lease liabilities are initially measured at the present value of lease payments (including fixed payments; in-substance fixed payments; variable lease payments that are determined by an index or a rate; amounts expected to be paid by the lessee under residual value guarantees; the exercise price of a purchase option when it is reasonably certain to exercise the option; and penalties for terminating the lease reflected in the lease term; less any lease incentives receivable). The net amount of lease investment is measured as the sum of the present value of lease receivables and unguaranteed residual value plus the original direct cost and expressed as finance lease receivable. The Company allocates the financing income to the lease term on a systematic and reasonable basis to reflect the fixed rate of return that the unexpired net lease investment can obtain on a regular basis.

In the case of operating leases, the lease payment after deducting the lease incentives is recognized as the lease income on a straight-line basis over the 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.

Changes in leases that do not depend on an index or a rate in lease agreements are recognized as expenses in the period in which they take place.

k. Investment properties

Investment real estate refers to real estate held for rent or capital appreciation or both (including real estate in the process of construction for these purposes) Investment property also includes land whose future use is yet to be decided. Investment property also includes right-of-use assets that meet the definition of investment property.

Self-owned investment property is initially measured at cost (including transaction costs), and subsequently measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognized on a straight-line basis.

Investment property under construction is recognized at cost less accumulated impairment loss. Cost includes professional service fees and borrowing costs that are eligible for capitalization. Depreciation of such assets begins when they reach the expected state of use.

In the event of derecognition of an investment property, it is the difference between the net disposal price and the carrying amount of the asset, and is recognized in the current profits and losses.

l. Impairment of financial assets

The Company estimates the recoverable amount of assets that have signs of impairment on the balance sheet date. When the recoverable amount is lower than its carrying amount, impairment loss is recognized. Recoverable amount refers to the fair value of an asset less costs to sell or its value in use, whichever is higher. When the recognition of asset impairment in the previous year no longer exists, the impairment loss is reversed to the extent of the amount of losses recognized in the previous year.

m. Provisions

Provision is a present legal or constructive obligation arising from a past event, where an inflow of economic benefits is probably required to pay off the obligation. The obligation can also be recognized when its amount can be estimated reliably. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense. Provisions are not recognized for future operating losses.

n. Employee Benefits

1) Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid and should be recognized as expenses in the period when the employees render service.

2) Pension

a) Defined contribution plans

Under a defined contribution plan, the amount of pension funds that should be contributed on an accrual basis is recognized as current pension expense. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

b) Defined benefit plans

i. The determination of the net obligation under the defined benefit plan is based on the discounted amount of future benefits earned by employees during the current or past periods when services are (were) rendered. Such obligation is recognized at the amount of the net of the present value of the net defined obligation less the fair value of the plan asset. The defined benefit obligations are calculated each year by the actuary through the projected unit credit method. The discount rate employed is the market yields on high quality corporate bonds (on the balance sheet date) of which the currency and term are consistent with the currency and term of the defined benefit plan. The discount rate employed can also be the market yields on corporate bonds if there is no deep market for such bonds in the country.

ii. Determine the re-measurement amount caused by the benefit plan and recognize it as other comprehensive profits or losses during the occurrence period, and express it as retained earnings.

iii. Expenses related to past service costs are immediately recognized as gains or losses.

3) Compensation to directors and employees

Employees' compensation and directors' and supervisors' compensation are recognized in expenses and liabilities when they are subject to legal or constructive obligations, and when the amounts can be reasonably estimated. Any difference between the actual amount allocated after the resolution and the estimated amount is treated as changes in accounting estimates.

4) Termination benefits

Termination benefits are benefits that are provided when an employee is dismissed before the normal retirement date or when an employee decides to accept the Company's offer of benefits in exchange for earlier termination of employment. The Company recognizes expenses at the earlier of when it can no longer withdraw the termination contracts or when it recognizes relevant restructuring costs. Benefits that are not expected to be fully settled within 12 months after the balance sheet date shall be discounted.

o. Share capital and treasury shares

1) Share capital

Common stock is listed as equity. An incremental cost directly attributable to the issuance of new shares or warrants stated in equity is presented under equity as a deduction to proceeds.

2) Treasury stock

Issued shares repurchased by the Company are recognized in "treasury stock" as a deduction to equity based on the amount of consideration paid during share buyback (including directly attributable costs). When the disposal price for a treasury stock is higher than its carrying amount, the difference between its disposal price and its carrying amount is listed as capital reserve - treasury stock transactions. When its disposal price is lower than its carrying amount, the difference between the above shall offset against capital reserve arising from the trading of the same type of treasury stock. If deficiency arises, it is debited into retained earnings. The carrying amount of a treasury stock is determined using weighted average and calculated separately based on reasons for repurchase.

During retirement, treasury stock is debited into capital reserve - premium on issued shares and share capital according to the proportion of shares. If its carrying amount is higher than the sum of its face value and premium on issued shares, the difference between both of the above shall be offset against capital reserve arising from the trading of the same type of treasury shares. If deficiency arises, it is then offset against retained earnings. If its carrying amount is lower than the sum of its face value and premium on issued shares, the difference between the aforementioned shall be debited into capital reserve arising from the trading of the same type of treasury share.

p. Income tax

- 1) The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- 2) The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date where the Company generates taxable income. Senior management regularly assesses the status of income tax returns in accordance with applicable income tax-related regulations, and shall estimate income tax liabilities based on taxes that are expected to be paid to the tax authority when necessary. An additional income tax is levied on undistributed earnings in accordance with the Income Tax Act. After the distribution plan for the earnings generated in the current year is approved at the shareholders' meeting in the following year, undistributed earnings shall be recognized as income tax expense based on the actual distribution of earnings.
- 3) Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheets. The deferred income tax liabilities arising from the originally recognized goodwill are not recognized. If the deferred income tax originates from the initial recognition of assets or liabilities in transactions (excluding merger) and does not affect accounting profits or taxable incomes (taxable losses) at the time of transactions, it is not recognized. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
- 4) Deferred income tax assets are recognized to the extent that temporary differences, unused tax losses and unused tax credits are likely to be available for future tax income. The unrecognized and recognized deferred income tax assets are reassessed on each balance sheet date.
- 5) Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis, or realize the asset and settle the liability, simultaneously.
- 6) Tax incentives from acquisitions of equipment or technology, research and development expenditures, employees' training costs and equity investments are recognized in the form of tax credits.

q. Revenue recognition

The recognition principle on the revenue of the Company from customer contracts is as follows:

- 1) Identify the customer contracts;
 - 2) Identify the performance obligations in the contract;
 - 3) Determine the transaction price;
 - 4) Allocate the transaction price to the performance obligations in contracts; and
 - 5) Recognize revenue upon satisfaction of performance obligations.
- a) Sales revenue

The Company recognizes revenue when control over products is transferred to customers. The transfer of control over products means that products are delivered to customers with no unfulfilled obligations that may affect customers' acceptance of the products. Deliver refers to the time when customers accept products based on the terms of transactions, the risk of obsolescence and loss is transferred to customers, and the Company has objective evidence that all acceptance conditions are met.

The Company recognizes accounts receivable when goods are delivered, as it has the right to receive the payment unconditionally at that time.

When material is supplied for processing, control over the ownership of processed goods is not transferred. Thus, supply of material is not recognized as revenue.

b) Service revenue

The Company provides service as an OEM and recognizes revenue when service is transferred to customers (that is, control over assets is obtained by customers) without subsequent obligations.

r. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their capital expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized as profit or loss in the period in which they are incurred.

(V.) Major Sources of Uncertainties in Material Accounting Judgments, Estimates, and Assumptions

The Company incorporates the economic impacts resulting from the COVID-19 pandemic/climate change and related government policies and regulations/Russia and Ukraine military conflicts and associated international sanctions/inflation and market interest rate fluctuations into significant accounting estimates and continuously monitors underlying assumptions and estimates. If the revision of estimates affects only the current period, it is recognized in the period of revision; if the revision of accounting estimates affects both the current period and future periods, it is recognized in both the current period and future periods.

When the Company prepares the parent company only financial statements, the significant judgments, estimates, and assumptions used in the accounting policies adopted by the Company are as follows:

a. Significant judgments for applying the accounting policies

1) Judgments on the business model of classification of financial assets

The Company assesses the business model of financial assets based on the class of financial assets managed to achieve the specific business purpose. This assessment requires all relevant evidence, including the measurement method for asset performance, risk of impact on performance, and compensation for the management, and also requires judgment. The Company continues to assess whether the business model is judged appropriately and monitor the financial assets measured at amortized cost and investments in debt instruments at FVTOCI derecognized before maturity to determine whether such disposal is consistent with the purpose of the business model. If it finds that the business model has changed, the Company will reclassify financial assets in accordance with IFRS 9 requirements, and applied prospectively from the date of reclassification.

2) Investment properties

The Company holds certain properties for the purposes of earning rentals or capital appreciation, whereas the some are for own use. When each part of a property cannot be sold separately and cannot be leased out separately through finance leases, the property is classified as investment property only if the part held for own use is not significant relative to the individual property,.

3) Revenue recognition

According to IFRS 15, the Company judges whether control over specific goods or service is obtained prior to the transfer of such products or service to customers and whether it is the principal or agent in the transaction. If the Company is the agent in the transaction, the net amount of the transaction is recognized as revenue.

The Company is the principal if any of the following conditions applies:

- a) The Company acquires control of the goods or assets in advance from another party before they are transferred to customers; or
- b) By controlling the right of provision of service by another party, the Company has the discretion to have another party to provide services to customers on behalf of the Company; or
- c) The goods or services provided to customers are a combination of other goods or services and the goods and services of which the control is obtained by the Company from another party.

Indicators used to help judge whether the Company controls specific products or service before the transfer of such products or service to customers include (but are not limited to):

- a) The Company takes main responsibility for the commitment of completing the provision of specific commodity or labor service.
- b) The Company bears the inventory risk before and after the specific goods or services is transferred to the customer.
- c) The Company has discretionary power to set prices.

4) Lease term

In determining the lease term, the Company considers all relevant facts and circumstances that give rise to an economic incentive to exercise (or not to exercise) the option, including all expected changes in facts and circumstances from the commencement date to the exercise date of the option. Factors to be considered include the contractual terms and conditions for the period covered by the option, significant leasehold improvements made (or anticipated) during the contract period, the significance of the underlying assets to the Company's operations, etc. The lease period is reassessed whenever there are significant events or changes in circumstances within the control of the Company.

b. Significant accounting related estimates and assumptions

1) Estimated impairment of financial assets

The estimated impairment of accounts receivable is based on the Company's assumed default rate and expected loss rate. The Company considers the historical experience, current market conditions, and forward-looking information to make assumptions and select the inputs for impairment assessment. Where the future cash flows are less than expected, a material impairment loss may arise.

2) Fair value measurement and valuation process

When assets and liabilities measured at fair value have no quoted prices in an active market, the Company determines based on relevant laws and regulations or its judgment whether assets and liabilities are valued externally and determines the appropriate fair value valuation techniques. If the estimated fair value cannot be derived from Level 1 inputs, the Company shall determine the inputs with reference to the analysis of financial conditions and operating results of investees, recent transaction prices, quoted prices of the same equity instruments in a non-active market, quoted prices of similar instruments, and valuation multiples of comparable companies. If changes in future inputs are not as expected, changes in the fair value may occur. The Company regularly updates inputs based on market conditions to monitor the appropriateness of fair value measurement. For descriptions of fair value evaluation techniques and input values, please refer to Note 12 (3) for details.

- 3) Impairment assessment of tangible assets and intangible assets
The company assesses the impairment of assets based on its subjective judgment and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilized and their industrial characteristics. Any changes in these estimates arising from changes in economic conditions or business strategies could lead to significant impairment losses in the future.
- 4) Investment loss assessment using the equity method
When there is an indication that an investment accounted for using the equity method may be impaired, the company will immediately assess the impairment of the investment. The company assesses the recoverable amount based on the discounted value of the expected future cash flows from the investee or the discounted value of future cash flows arising from expected cash dividends and disposal of the investment, and assesses the reasonableness of underlying assumptions.
- 5) Realizability of deferred income tax assets
Deferred tax assets are recognized only when it is probable that sufficient taxable profits will be available against which the deductible temporary differences can be utilized in the future. When the realizability of deferred tax assets is assessed, it is necessary to involve significant accounting judgments and estimates of the senior management, including assumptions on future growth in sales revenue and profit margins, tax exemption periods, available tax credits, and tax planning. Any changes in the global economic environment and industrial environment, as well as changes in laws and regulations may result in major adjustments to deferred tax assets.
- 6) Evaluation of inventories
As inventories are stated at the lower of cost and net realizable value, the Company must determine the net realizable value of inventories on balance sheet date using judgments and estimates. The Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value.
- 7) The calculation of a net defined benefit liability
When calculating the present value of the defined benefit obligations, the Company must use judgments and estimates to determine the relevant actuarial assumptions on the balance sheet date, including the discount rate and the future growth rate of salaries. Any changes in actuarial assumptions may lead to significant effects on the amount of the Company's defined benefit obligations.
- 8) Lessee's incremental borrowing rate of interest
When determining the lessee's incremental borrowing rate of interest used for lease payment discounting, the reference interest rate is the risk-free interest rate of the same currency and the relevant period, and the estimated lessee credit risk discount and lease specific adjustment (such as asset specific and secured factors) are taken into account.

(VI.) Explanation of Important Accounting items**a. Cash and cash equivalents**

Items	December 31, 2023	December 31, 2022
Cash	\$714	\$985
Bank deposits	840,882	1,169,501
Cash equivalents (short-term commercial papers due within three months)	1,021,417	655,733
Total	<u>\$1,863,013</u>	<u>\$1,826,219</u>

- 1) The Company deals with financial institutions having high credit quality. The Company also deals with various financial institutions in order that credit risks can be diversified. Therefore, the expected risk of default is pretty low.
- 2) The Company's original maturity date is more than three months' time deposits transferred to other financial assets - current, the details are as follows:

Items	December 31, 2023	December 31, 2022
Time deposit (the original maturities of more than three months)	\$375,538	\$580,710

- 3) The Company did not pledge cash or equivalent cash as of December 31, 2023 and 2022.

b. Financial assets and liabilities at fair value through comprehensive income

Items	December 31, 2023	December 31, 2022
Financial assets-current		
Forced measure at fair value through comprehensive income		
Non-derivative financial assets		
Beneficiary certificate of fund	\$2,265	\$1,978

1. The Company has not provided any collateral for financial assets measured at fair value through profit or loss.
2. Details of the related credit risk management and evaluation methods are shown in Note 12(2).

c. Financial assets at fair value through other comprehensive income - current

Items	December 31, 2023	December 31, 2022
Equity instruments		
Stocks listed in TWSE or TPEX	\$2,575,548	\$2,736,048
Fund beneficiary certificates	10,061	10,061
Subtotal	\$2,585,609	\$2,746,109
Valuation adjustments	1,244,269	1,159,732
Total	<u>\$3,829,878</u>	<u>\$3,905,841</u>

- 1) The Company has chosen to classify the equity investments of domestic listed companies with stable dividends as financial assets measured at FVTOCI, which were valued at NTD3,829,878 thousand and NTD3,905,841 thousand respectively for year December 31, 2023 and 2022.
- 2) In 2023 and 2022, the Company adjusted its investment position to diversify its risk. As for the sale of some common stocks and beneficiary certificates of the listed companies at fair value of NTD 342,164 thousand and NTD0 thousand, respectively, and the related other equity - unrealized gain (loss) on financial assets at fair value through other comprehensive income amounted to NTD 68,466 thousand and NTD0 thousand, respectively, were transferred to retained earnings.
- 3) The Company did not pledge financial assets (current) measured at fair value through other comprehensive income as of December 31, 2023 and 2022.
- 4) Please refer to Note 12(2) for details of relevant credit risk management and assessment methods.

d. (Net) Notes receivable and notes receivable - (Net) related parties

Items	December 31, 2023	December 31, 2022
Notes receivable		
Occurs due to business	\$39,611	\$45,593
Less: provision for losses	(1,188)	(1,368)
(Net) Notes receivable	<u>\$38,423</u>	<u>\$44,225</u>
Notes receivable - related parties		
Occurs due to business	\$1,003	\$1,710
Less: provision for losses	-	-
Accounts receivable - related parties, net	<u>\$1,003</u>	<u>\$1,710</u>

- 1) As of December 31, 2022 and 2021, the Company did not pledge any notes receivable as collateral.
- 2) Disclosure of allowance for losses on notes receivable, please refer to the description of accounts receivable below.

e. (Net) Accounts receivable and accounts receivable - (Net) related parties

Items	December 31, 2023	December 31, 2022
<u>Account receivables</u>		
Measured at amortized cost		
Total Carrying Amount	\$230,377	\$315,363
Less: provision for losses	(7,096)	(10,704)
(Net) Accounts receivable	<u>\$223,281</u>	<u>\$304,659</u>

Items	December 31, 2023	December 31, 2022
<u>Trade receivables - related party</u>		
Measured at amortized cost		
Total Carrying Amount	\$19,687	\$36,079
Less: provision for losses	(288)	(573)
(Net) Accounts receivable - related parties	<u>\$19,399</u>	<u>\$35,506</u>

- 1) The Company's accounts receivable from the sale of goods met the credit standards according to the industry characteristics, business scale, and profitability of its counterparties, where the average credit period was between 60-120 days.
- 2) The Company did not pledge the accounts receivable as of December 31, 2023 and 2022.
- 3) The Company adopts the simplified method to recognize the allowance loss of notes receivable and accounts receivable according to the expected credit loss during the duration. The lifetime expected credit losses took into account the past history of default and the current financial and operating conditions of customers. There was no significant difference in the loss patterns between different customer bases according to the historical experience of the company's credit losses. Therefore, the provision matrix did not further differentiate customer bases but only set the expected credit loss rate based on the overdue days of accounts receivable.

The Company uses the provision matrix to measure the loss of allowance on notes receivable and accounts receivable (including related parties) as follows:

December 31, 2023	Total Carrying Amount	Loss allowance (life-time ECLs)	Amortized Cost
Not past due	\$284,027	\$8,188	\$275,839
0 to 30 days overdue	5,603	278	5,325
31 to 180 days overdue	1,045	105	940
181 to 365 days overdue	3	1	2
More than one year overdue	-	-	-
Total	<u>\$290,678</u>	<u>\$8,572</u>	<u>\$282,106</u>

December 31, 2022	Total Carrying Amount	Loss allowance (life-time ECLs)	Amortized Cost
Not past due	\$379,633	\$10,829	\$368,804
0 to 30 days overdue	14,558	728	13,830
31 to 180 days overdue	2,973	297	2,676
181 to 365 days overdue	1,581	791	790
More than one year overdue	-	-	-
Total	\$398,745	\$12,645	\$386,100

The expected credit loss rate of the Company in each of the age of receivables mentioned on above (excluding abnormal accounts, 100% of which shall be presented), not overdue as 0%-3%, 2% -10% within 30 days overdue, 10%-15% within 180 days overdue, and 100% overdue for more than one year.

- 4) The changes in the allowance loss of notes receivables and accounts receivables (including notes receivables, accounts receivables and collections) are as follows:

Items	December 31, 2023	December 31, 2022
Beginning balance	\$12,645	\$11,354
Add: Provision of impairment loss	-	1,291
Less: Reversal of impairment loss	(4,073)	-
Less: Write-off of unrecoverable accounts	-	-
Effect of foreign currency exchange differences	-	-
Ending balance	\$8,572	\$12,645

The amounts shown above did not include other credit enhancements.

- 5) Please refer to Note 12 (2) for details of relevant credit risk management and assessment methods.

f. Inventories and operating cost

Items	December 31, 2023	December 31, 2022
Raw materials	\$67,361	\$72,437
Materials	47,392	49,555
Work in process	167,400	293,555
Finished goods	182,624	147,384
Total	\$464,777	\$562,931

- 1) The inventory gains (losses) recognized as operating costs in the current period are as follows:

Items	December 31, 2023	December 31, 2022
Cost of goods sold	\$1,571,105	\$1,984,537
Unallocated manufacturing costs	7,897	3,318
Write-downs of inventories and obsolescence loss (gain from price recovery)	9	(1,349)
Loss on discarding of inventory	307	-
Loss (gain) on physical inventory	4	-
Income from sale of scraps	(4,303)	(4,825)
Total operating costs	\$1,575,019	\$1,981,681

- 2) In 2023 and 2022, the Company offset the inventory to the net realizable value or recovered the net realizable value of the inventory due to the digestion of inventory. As a result, the loss (gains on inventory

value recoveries) of inventory depreciation recognized by the Company was NTD9 thousand and (NTD1,319 thousand), respectively.

3) The Company did not pledge the inventory as of December 31, 2023 and 2022.

g. Financial assets at fair value through other comprehensive income - non-current

Items	December 31, 2023	December 31, 2022
Investments in equity instruments		
Domestically unlisted stocks	\$127,287	\$127,091
Valuation adjustments	215,529	208,600
Subtotal	342,816	335,691
Investments in liability instruments		
Corporate Bonds	108,987	15,448
Valuation adjustments	236	(1,256)
Subtotal	109,223	14,192
Total	\$452,039	\$349,883

- 1) According to the long-term strategic objectives, Tahsin Group invested in the unquoted shares and corporate bonds of the domestic market mentioned above. The company invests in the stocks of the aforementioned domestic OTC companies pursuant to its medium-term and long-term strategies for the purpose of making a profit. The management of the Company believes that if the short-term fair value fluctuations of these investments are included in the profit and loss, it is inconsistent with the aforementioned long-term investment plan, so they choose to designate these investments as measured at fair value through other comprehensive income.
- 2) As of December 31, 2023 and 2022, the Company did not pledge any financial assets - non-current measured at fair value through other comprehensive income.
- 3) Please refer to Note 12 (2) for details of relevant credit risk management and assessment methods.

h. Investments Accounted for Using the Equity Method

Investee	December 31, 2023	December 31, 2022
Subsidiary:		
Tahsin Shoji Co., Ltd.	\$110,970	\$111,542
Tahsin Industrial Corporation, USA	5,679	-
Tai Ho Co., Ltd. (Tai Ho Co.)	39	39
DAFU Plastic Industry Co., Ltd.	210,181	182,944
Tah Viet Co., Ltd.	143,272	146,828
Myanmar Tah Hsin Industrial Co., Ltd.	289,708	288,099
Tah Fa Investment Co., Ltd.	1,008,743	941,823
TAHSIN INNOVATIVE MACHINERY VINA CO.,LTD.	33,222	-
Less: Recognized as treasury stock (Tah Fa Investment)	(83,230)	(83,230)
Subtotal	\$1,718,584	\$1,588,045
Affiliates: Individually insignificant affiliates	3,343	5,744
Subtotal	\$3,343	\$5,744
Total	\$1,721,927	\$1,593,789

Investments accounted for using the equity method - credit:

Investee	December 31, 2023	December 31, 2022
Subsidiary:		
Tahsin Industrial Corporation, USA	-	(\$13,254)

1) Subsidiaries:

For information of the subsidiaries, please refer to Note 4 (3) of the Company's consolidated financial statements for the year ended December 31, 2023.

2) Affiliates:

The Company's share of individually insignificant associates is summarized as follows:

	December 31, 2023	December 31, 2022
The Group's share of:		
Profit	(\$3,200)	(\$999)
Other comprehensive income (net income)	799	(362)
Total comprehensive income in 2021	<u>(\$2,401)</u>	<u>(\$1,361)</u>

3) The Company did not provide pledges for its investments using the equity method on December 31, 2023 and 2022.

i. Property, plant, and equipment

Items	December 31, 2023	December 31, 2022
Owner-occupied	\$1,575,783	\$1,471,146
Operating lease	906	81,926
Total	<u>\$1,576,680</u>	<u>\$1,553,072</u>

1) Owner-occupied

Items	December 31, 2023	December 31, 2022
Land	\$1,111,980	\$1,031,044
Buildings	686,695	498,122
Machinery and equipment	354,833	351,218
Transportation equipment	22,837	22,837
Other equipment	105,177	57,004
Construction in progress and equipment to be inspected	2,541	155,112
Total cost	<u>\$2,284,063</u>	<u>\$2,115,337</u>
Less: accumulated depreciation	(708,280)	(644,191)
Accumulated impairment	-	-
Total	<u>\$1,575,783</u>	<u>\$1,471,146</u>

	Land	Buildings	Machinery and equipment	Transportation equipment	Other equipment	Construction in progress and equipment to be inspected	Total
Cost							
Balance at January 1, 2023	\$1,031,044	\$498,122	\$351,218	\$22,837	\$57,004	\$155,112	\$2,115,337
Purchase	-	4,440	1,713	-	11,019	54,530	71,702
Disposal	-	-	(810)	-	(13,577)	-	(14,387)
Reclassification	80,936	184,133	2,712	-	50,731	(207,101)	111,411
Balance at December 31, 2023	<u>\$1,111,980</u>	<u>\$686,695</u>	<u>\$354,833</u>	<u>\$22,837</u>	<u>\$105,177</u>	<u>\$2,541</u>	<u>\$2,284,063</u>
Accumulated depreciation and impairment							
Balance at January 1, 2023	-	\$363,623	\$237,998	\$12,780	\$29,790	-	\$644,191
Depreciation expenses	-	13,537	21,810	2,425	10,215	-	47,987
Disposal	-	-	(805)	-	(13,556)	-	(14,361)
Reclassification	-	30,463	-	-	-	-	30,463

Recognized (reversed) impairment loss	-	-	-	-	-	-	-
Balance at December 31, 2023	-	\$407,623	\$259,003	\$15,205	\$26,449	-	\$708,280

	Land	Buildings	Machinery and equipment	Transportation equipment	Other equipment	Construction in progress and equipment to be inspected	Total
Cost							
Balance at January 1, 2022	\$1,031,044	\$487,209	\$291,513	\$17,196	\$58,284	\$70,836	\$1,956,082
Purchase	-	3,927	5,079	4,049	5,232	156,260	174,547
Disposal	-	-	(2,915)	(2,435)	(8,786)	-	(14,136)
Reclassification	-	6,986	57,541	4,027	2,274	(71,984)	(1,156)
Balance at December 31, 2022	\$1,031,044	\$498,122	\$351,218	\$22,837	\$57,004	\$155,112	\$2,115,337
Accumulated depreciation and impairment							
Balance at January 1, 2022	-	\$352,760	\$225,083	\$12,922	\$30,177	-	\$620,942
Depreciation expenses	-	10,863	15,798	2,024	8,202	-	36,887
Disposal	-	-	(2,912)	(2,228)	(8,741)	-	(13,881)
Reclassification	-	-	29	62	152	-	243
Balance at December 31, 2022	-	\$363,623	\$237,998	\$12,780	\$29,790	-	\$644,191

- a) Capitalization amount and interest rate range of borrowing costs for properties, plants and equipment:

	December 31, 2023	December 31, 2022
Amount capitalized	-	-
Interest rate collars	-	-

- b) For information on guarantees provided by owner-occupied property, plant and equipment, please refer to Note 8.

2) Operating lease

	Items	December 31, 2023	December 31, 2022
Land		-	\$80,936
Buildings		-	30,475
Machinery and equipment		\$1,856	1,859
Other equipment		46	46
Total cost		\$1,902	\$113,316
Less: accumulated depreciation		(996)	(31,390)
Accumulated impairment		-	-
Total		\$906	\$81,926

	Land	Buildings	Machinery and equipment	Other equipment	Total
Cost					
Balance at January 1, 2023	\$80,936	\$30,475	\$1,859	\$46	\$113,316
Purchase	-	-	205	-	205
Disposal	-	-	(208)	-	(208)
Reclassification	(80,936)	(30,475)	-	-	(111,411)
Balance at December 31, 2023	-	-	\$1,856	\$46	\$1,902
Accumulated depreciation and impairment					

Balance at January 1, 2023	-	\$30,454	\$927	\$9	\$31,390
Depreciation expenses	-	9	258	9	276
Disposal	-	-	(207)	-	(207)
Reclassification	-	(30,463)	-	-	(30,463)
Balance at December 31, 2023	-	-	\$978	\$18	\$996

	Land	Buildings	Machinery and equipment	Transportation equipment	Other equipment	Total
Cost					-	
Balance at January 1, 2022	\$80,936	\$30,475	\$1,182	\$512	\$341	\$112,985
Purchase	-	-	862	-	-	183
Disposal	-	-	(65)	(512)	-	(234)
Reclassification	-	-	(120)	-	-	
Balance at December 31, 2022	\$80,936	\$30,475	\$1,859		\$341	\$112,934
Accumulated depreciation and impairment					-	
Balance at January 1, 2022	-	\$30,442	\$779		\$107	\$31,328
Depreciation expenses	-	12	241	\$62-	53	368
Disposal	-	-	(64)	-	-	(64)
Reclassification	-	-	(29)	(62)	(151)	(242)
Balance at December 31, 2022	-	\$30,454	\$927	-	\$9	\$31,390

- a) The Company leases part of lands, plants and offices, and other assets under operating lease with lease terms of 1-2 years. The lessee has no preferential right to take over the asset at the end of the lease term.
- b) The total amount of lease payments that will be collected in the future for operating leases of owner-occupied property, plant and equipment is as follows:

	December 31, 2023	December 31, 2022
Year 1	\$31	\$7,484
Year 2	-	6,239
Year 3	-	-
Year 4	-	-
Year 5	-	-
More than 5 years	-	-
Total	\$31	\$13,723

- c) The Company did not pledge real estate, plant and equipment leased under operating leases for others on December 31, 2023 and 2022.
- 3) As of December 31, 2023 and 2022, property, plant and equipment showed yet no signs of impairment with assessment.
- 4) The adjustments to the acquisition of properties, plants and equipment listed in the statements of cash flows are as follows:

Items	December 31, 2023	December 31, 2022
Increased amount of property, plant and equipment	\$71,907	\$175,967
Increase or decrease in equipment payment	39,448	(28,100)
Cash paid for acquisition of property, plant, and equipment	\$111,355	\$147,867

- j. Tenancy agreement

1) Right-of-use assets

Items	December 31, 2023	December 31, 2022
Buildings	\$31,292	-
Transportation equipment	4,004	\$4,004
Total cost	\$35,296	\$4,004
Less: accumulated depreciation	(4,366)	(1,779)
Accumulated impairment	-	-
Net amount	<u>\$30,930</u>	<u>\$2,225</u>

Cost	Buildings	Transportation equipment	Total
Balance at January 1, 2023	-	\$4,004	\$4,004
Increase in this period	\$31,292	-	31,292
Decrease in this period	-	-	-
Balance at December 31, 2023	<u>\$31,292</u>	<u>\$4,004</u>	<u>\$4,004</u>
Accumulated depreciation and impairment			
Balance at January 1, 2023	-	\$1,779	\$1,779
Depreciation expenses	\$1,252	1,335	2,587
Decrease in this period	-	-	-
Balance at December 31, 2023	<u>\$1,252</u>	<u>\$3,114</u>	<u>\$4,366</u>

Cost	Buildings	Transportation equipment	Total
Balance at January 1, 2022	\$404	\$4,004	\$4,408
Increase in this period	-	-	-
Decrease in this period	(404)	-	(404)
Balance at December 31, 2022	<u>-</u>	<u>\$4,004</u>	<u>\$4,004</u>
Accumulated depreciation and impairment			
Balance at January 1, 2022	\$353	\$445	\$798
Depreciation expenses	51	1,334	1,385
Decrease in this period	(404)	-	(404)
Balance at December 31, 2022	<u>-</u>	<u>\$1,779</u>	<u>\$1,779</u>

2) Lease liabilities

Items	December 31, 2023	December 31, 2022
Carrying amount of lease liabilities		
Current	<u>\$8,159</u>	<u>\$1,339</u>
Non-current	<u>\$22,837</u>	<u>\$900</u>

The discount rate range for lease liabilities is 1%-1.84%.

Information on lease liability maturity analysis is as follows:

	December 31, 2023	December 31, 2022
Less than one year	\$8,642	\$1,354
1-5 year(s)	23,456	903
5-10 years	-	-
10-15 years	-	-
15-20 years	-	-
20 years or more	-	-

Total undiscounted lease payments	<u>\$32,098</u>	<u>\$2,257</u>
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3) Important lease activities and terms

The Company leases the building and transportation equipment as a sales office and use of operation for 2 years to 3 years. In accordance with the contract, the Company may not sublet the leased assets to others without the consent of the lessor.

As of December 31, 2023 and 2022, the right-of-use assets showed no signs of impairment with assessment.

4) Other lease information

a) Please refer to Note 6 (9) "Property, plant and equipment" and Note 6 (11) "Investment properties" for the agreement on the lease of the Company's own property, plant and equipment and investment property under operating leases.

b) In 2023 and 2022, the Company decided to apply recognition exemption to short-term lease and low value asset lease, and not recognize related right-of-use assets and lease liabilities for the said leases.

c) The information on lease-related expenses of the Company in 2023 and 2022 is as follows:

Items	December 31, 2023	December 31, 2022
Expenses relating to short-term leases	<u>\$677</u>	<u>\$476</u>
Expenses relating to low-value asset lease	<u>\$138</u>	<u>\$131</u>
Variable lease payments not included in lease liability measurement	<u>--</u>	<u>--</u>
Total cash flows on lease	<u>\$3,458</u>	<u>\$2,012</u>

k. Investment properties

Items	December 31, 2023	December 31, 2022
Land	\$345,444	\$345,444
Buildings	32,498	32,498
Total cost	\$377,942	\$377,942
Less: accumulated depreciation	(32,487)	(32,477)
Accumulated impairment	-	-
Total	<u>\$345,455</u>	<u>\$345,465</u>

1) The changes in the costs, accumulated depreciation and impairments of investment property are as follows:

	Land	Buildings	Total
Cost			
Balance at January 1, 2023	\$345,444	\$32,498	\$377,942
Increase in this period	-	-	-
Disposal	-	-	-
Balance at December 31, 2023	<u>\$345,444</u>	<u>\$32,498</u>	<u>\$377,942</u>
Accumulated depreciation and impairment			
Balance at January 1, 2023	-	\$32,477	\$32,477
Depreciation expenses	-	10	10
Disposal	-	-	-
Balance at December 31, 2023	<u>-</u>	<u>\$32,487</u>	<u>\$32,487</u>
	Land	Buildings	Total

Cost			
Balance at January 1, 2022	\$345,444	\$32,498	\$377,942
Increase in this period	-	-	-
Disposal	-	-	-
Balance at December 31, 2022	\$345,444	\$32,498	\$377,942
Accumulated depreciation and impairment			
Balance at January 1, 2022	-	\$32,466	\$32,466
Depreciation expenses	-	11	11
Disposal	-	-	-
Balance at December 31, 2022	-	\$32,477	\$32,477

2) Rental revenue and direct operating expenses of investment property:

Items	December 31, 2023	December 31, 2022
Rental income from investment property	\$21,511	\$18,368
Direct operating expenses incurred from investment properties that generate current rental income that generates rental income in the current period	\$618	\$624
Direct operating expense from investment property that do not generate rental income in the current period	\$846	\$840

- 3) The lease term of investment property is 2-3 years. The lessee does not have a bargain purchase option to acquire the asset at the expiration of the lease periods.
- 4) The total amount of lease payments that to be collected in the future for investment property by operating leases is as follows:

	December 31, 2023	December 31, 2022
Year 1	\$11,888	\$21,429
Year 2	890	10,917
Year 3	-	-
Year 4	-	-
Year 5	-	-
More than 5 years	-	-
Total	\$12,778	\$32,346

- 5) Depreciation of investment property-housing and construction on a straight-line basis in 10 to 20 years.
- 6) The fair value of the investment property held by the Company as at December 31, 2023 and 2022 was NTD1,523,171 thousand as estimated from the transaction prices of land or buildings located in the adjacent areas inquired by the "Registering the Actual Selling Price of Real Estate" of Department of Land Administration, Ministry of the Interior.
- 7) For information on guarantees provided by investment property, please refer to Note 8.

l. Provisions - Current

Item	December 31, 2023	December 31, 2022
Salaries and bonuses payable	\$63,545	\$63,491
Insurance premiums payable	4,327	4,224
Processing fees payable	4,095	8,896
Payables on equipment	316	39,764
Pension payable	973	924
Employees' remuneration payable	8,029	11,158
Directors' remuneration payable	1,800	3,600
Other payable	13,185	14,111
Total	<u>\$96,270</u>	<u>\$146,168</u>

m. Provisions - Current

Items	December 31, 2023	December 31, 2022
Beginning balance	\$8,458	\$8,458
Current additional provisions recognized	6,632	6,777
Current reductions arising from payments	(6,632)	(6,777)
Ending balance	<u>\$8,458</u>	<u>\$8,458</u>

Provisions were calculated by estimating compensation for employees' accumulated leaves that could occur based on the historical experience, judgments of the senior management, and other known reasons.

n. Pension

1) Defined contribution plans

- a) 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 at 6% of their monthly salaries to employees' individual pension accounts in the Bureau of Labor Insurance.
- b) Contributions made in accordance with the specific percentage stipulated in the defined contribution plan amounted to NTD5,352 thousand and NTD5,174 thousand for the years ended December 31, 2023 and 2022 respectively, and were recognized as expenses in the parent company only statements of comprehensive income.

2) Defined benefit plans

- a) The Company's pension system under the "Labor Standards Act" of the Republic of China (Taiwan) is a defined welfare retirement plan managed by the government. 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 Company contributes monthly an amount equal to 9% of the employees' monthly salaries to a retirement fund that is deposited in 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 to put in The Bureau of Labor Funds, Ministry of Labor administers the account. Once before the end of March of the following year. However, The Company has no right over its investment and administration strategies.
- b) The amounts recognized in the balance sheet for obligations from defined benefit plans are as follows:

Items	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	(\$275,578)	(\$272,904)
Fair value of plan assets	272,224	273,947
Net Defined Benefit (Liabilities) Assets	<u>(\$3,354)</u>	<u>\$1,043</u>

c) Changes in net defined benefit liabilities are as follows:

Items	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
Balance as of January 1, 2023	(\$272,904)	\$273,947	\$1,043
Service costs			
Current Service costs	(1,953)	-	(1,953)
Previous service cost	(324)	-	(324)
Interest expenses (income)	(3,839)	3,914	75
Recognized in profit or loss	(6,116)	3,914	(2,202)
Remeasurements			
Return on planned assets (excluding the amounts included in net interest)	--	1,875	1,875
Actuarial (profits) losses -			
Change of population statistic assumption	-	-	-
Changes in financial assumptions	(5,933)	-	(5,933)
Experience adjustments	(5,596)	-	(5,596)
Recognized in other comprehensive income	(11,529)	1,875	(9,654)
Employer provision	-	3,847	3,847
Welfare payment amount	14,971	(11,359)	3,612
Balance as of December 31, 2023	(\$275,578)	\$272,224	(\$3,354)

Items	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
Balance as of January 1, 2022	(\$270,816)	\$257,490	(\$13,326)
Service costs			
Current Service costs	(2,262)	-	(2,262)
Interest expenses (income)	(1,596)	1,544	(52)
Recognized in profit or loss	(3,858)	1,544	(2,314)
Remeasurements			
Return on planned assets (excluding the amounts included in net interest)	--	20,973	20,973
Actuarial (profits) losses -			
Changes in financial assumptions	(2,538)	-	(2,538)
Experience adjustments	(9,165)	-	(9,165)
Recognized in other comprehensive income	(11,703)	20,973	9,270
Employer provision	-	4,033	4,033
Welfare payment amount	13,473	(10,093)	3,380
Balance as of December 31, 2022	(\$272,904)	\$273,947	\$1,043

d) The Company is exposed to the following risks due to the implementation of the pension system under the Labor Standards Act: The Company is exposed to the following risks due to:

i. 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.

ii. Interest rate risk

The decline in the interest rate of government bonds will increase the present value of defined welfare obligations, and at the same time, the debt investment return of the planned assets will also increase accordingly. Both of which will partially offset the impact of the net defined welfare liabilities.

iii. Salary risk

The calculation basis for determining the present value of the benefit obligation is to refer to the future salaries of the project members. Therefore, the salary increase of plan members will increase the present value of the defined benefit obligation.

e) The present value of the determined benefit obligation formulated by the Company is calculated by certified actuaries. The principal assumptions adopted on the valuation date are as follows:

Items	Valuation date	
	December 31, 2023	December 31, 2022
Discount rate	1.25%	1.50%
Rate of future salary increase	2.50%	2.50%
Average duration of defined benefit obligations	8.8 years	9.4 years

- i. Future Mortality Rate is estimated based on the 2021 Taiwan Standard Ordinary Experience Mortality Table.
- ii. If the major actuarial assumptions are subject to reasonably possible changes with other assumptions unchanged, the present value of defined benefit obligations will increase (decrease) as follows:

Items	December 31, 2023	December 31, 2022
Discount rate	1.25%	1.50%
Increase 0.25%	(\$5,933)	(\$6,220)
Decrease 0.25%	\$6,124	\$6,431
Rate of future salary increase	2.50%	2.50%
Increase 0.25%	\$5,943	\$6,254
Decrease 0.25%	(\$5,788)	(\$6,081)

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.

- f) The Company expects to make contributions of NTD3,960 thousand to the pension plans in the year ended December 31, 2024.

o. Share capital

- 1) The reconciliation of the Company's outstanding number of common stocks and its amounts at beginning and end of period is as follows:

Items	December 31, 2023	
	Number of Shares (Thousands)	Amount
Balance at January 1	99,099	\$990,990
Balance at December 31	99,099	\$990,990

Items	December 31, 2022	
	Number of Shares (Thousands)	Amount
Balance at January 1	99,099	\$990,990
Balance at December 31	99,099	\$990,990

- 2) As of December 31, 2023 and December 31, 2022, the Company had a nominal capital of NTD2,415,227 thousand, which is divided into 241,523 thousand shares (NTD10 per share). The paid-in capital averaged NTD990,990 thousand. The actual number of shares issued was 99,099 thousand shares on average.

p. Capital Surplus

Items	December 31, 2023	December 31, 2022
Treasury share transactions	\$217,916	\$196,483
Difference between the price received from acquisition or disposal of interest in subsidiaries and book value	2,113	2,113
Value of the acquired or disposed shares of subsidiaries		
Others (return of overdue unclaimed dividends)	1,840	1,564
Total	<u>\$221,869</u>	<u>\$200,160</u>

q. Retained earnings and dividend policy

The surplus distribution policy stipulated in the original articles of association stipulates that if there is profit in its general final account, the Company shall first pay all taxes and dues and cover accumulated losses, and then set aside 10% of such profits as a legal reserve. However, where such legal reserve amounts to the total amount of capital stock, this provision shall not apply. In addition, special surplus reserve shall be allocated or reversed in accordance with laws and regulations or regulations of the competent authority. If there is any surplus, the balance shall be added to the accumulated undistributed surplus. The Board of Directors shall prepare a distribution motion, to be submitted to the shareholders' meeting for resolution before issuance of new shares.

After the shareholders' meeting on June 5, 2020, it was revised as follows: The Company's surplus distribution or loss allowance can be made after the end of each semi-financial year, if there is any surplus in the semi-financial year's final accounts, the Company shall first pay all taxes and dues and cover accumulated losses, and then set aside 10% of such profits as a legal reserve. However, where such legal reserve amounts to the total amount of capital stock, this provision shall not apply. As stipulated by law or regulations or competent authority, the remaining balance shall then be appropriated for provisions or special reserve reversed. If there are still surplus and/or accumulated undistributed earnings, the Board of Directors shall submit an allocation proposal, and where new shares are issued, resolution at the shareholders' meeting shall be adopted before allocation.

Pursuant to Paragraph 5 of Article 240 of the Company Act, the company may authorize the distributable dividends and bonuses or in whole or in part legal reserve and capital reserve as provided in Paragraph 1 of Article 241 of the Company Act may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. The Company has too diverse products to be divided by the stages of growth. With steady profitability and sound financial structure, the Company is able to distribute dividends and bonuses in cash at a ratio of 20% to 100% in principle. However, when there is any important investment, the company may reallocate all dividends and bonuses for a capital increase.

- 1) The statutory surplus reserve shall not be used except for the loss of the Company and the issuance of new shares or cash in proportion to the original share of the shareholders. However, if new shares or cash is issued, it shall be limited to the surplus exceeding 25% of the paid-in capital.
- 2) Special reserve
 - a) The Company may allocate earnings only after providing special reserve for debt balance under other equity on the balance sheet date, and the reversal of debit balance under other equity, if any, may be stated as distributable earnings.
 - b) As initial application of IFRSs, the special reserve set aside in accordance with the order issued by the FSC, the Company shall reverse the special reserve set aside proportionately as distributable retained earnings when the relevant assets are used, disposed of or reclassified subsequently.
- 3) The Company's resolutions on earnings distribution and dividends per share for the first half and second half of 2021 had been proposed by the Company's Board of Directors on August 11, 2021 and March 25, 2022, and they are as follows:

Items	Profit distribution plan		Dividends per Share (NTD)	
	First half of 2021	Second half of 2021	First half of 2021	Second half of 2021
Ordinary cash dividends	\$277,200	\$247,748	2.00	2.50

The distribution of cash dividends was reported to the shareholders' meeting on June 17, 2022; the reversal and appropriation of other earnings items were approved by electronic voting at the general meeting of shareholders before June 17, 2022.

- 4) The appropriations of earnings and dividends per share for the first half and second half of 2022 had been proposed by the Company's Board of Directors on August 12, 2022 and March 24, 2023, and they are as follows:

Items	Profit distribution plan		Dividends per Share (NTD)	
	First half of 2022	Second half of 2022	First half of 2022	Second half of 2022
Ordinary cash dividends	\$247,747	\$346,847	2.50	3.50

The distribution of cash dividends was reported to the shareholders' meeting on June 16, 2023; the reversal and appropriation of other earnings items were approved by electronic voting at the general meeting of shareholders before June 16, 2023.

- 5) The appropriations of earnings and dividends per share for the first half of 2023 had been proposed by the Company's Board of Directors on August 11, 2023, and they are as follows:

Items	Profit distribution plan	Dividends per Share (NTD)
	First half of 2023	First half of 2023
Ordinary cash dividends	\$247,747	2.50

- 6) The appropriations of earnings and dividends per share for the second half of 2023 had been proposed by the Company's Board of Directors on March 12, 2024, and they are as follows:

Items	Profit distribution plan	Dividends per Share (NTD)
	Second half of 2023	Second half of 2023
Ordinary cash dividends	\$247,748	2.50

- 7) Information on employee compensation resolved by the Board meetings is available on the "Market Observation Post System" of the Taiwan Stock Exchange Corporation.

r. Other equities

Items	Exchange differences on translation of foreign operating organizations' financial statements	Unrealized valuation (losses) gains from financial assets measured at fair value through other comprehensive income	Total
Balance at January 1, 2023	(\$77,742)	\$1,818,320	\$1,740,578
Exchange differences on translation of financial statements of foreign operations	(9,587)	-	(9,587)
Unrealized valuation profit or loss on investments in equity instruments at fair value through other comprehensive income	-	159,932	159,932
The shares of affiliates and joint ventures are recognized by the equity method	-	66,258	66,258
Disposals of equity instruments at fair value through other comprehensive income		(68,952)	(68,952)
Unrealized valuation profit or loss on investments in debt instruments at fair value through other comprehensive income		1,492	1,492
Balance at December 31, 2023	<u>(\$87,329)</u>	<u>\$1,977,050</u>	<u>\$1,889,721</u>

Items	Exchange differences on translation of foreign operating organizations' financial statements	Unrealized valuation (losses) gains from financial assets measured at fair value through other comprehensive income	Total
Balance at January 1, 2022	(\$106,328)	\$3,022,109	\$2,915,781
Exchange differences on translation of financial statements of foreign operations	28,586	-	28,586
Unrealized valuation profit or loss on investments in equity instruments at fair value through other comprehensive income	-	(992,065)	(992,065)
The shares of subsidiaries, affiliates and joint ventures are recognized by the equity method	-	(210,468)	(210,468)
Unrealized valuation gains or losses from investments in debt instruments measured at fair value through other comprehensive income		(1,256)	(1,256)
Balance at December 31, 2022	<u>(\$77,742)</u>	<u>\$1,818,320</u>	<u>\$1,740,578</u>

s. Treasury stock
December 31, 2023

Subsidiary Name	Number of shares at the beginning of the period	Net increase (decrease)	Unit: Thousand shares
			Number of shares at the end of the period
Tah Fa Investment Co., Ltd.	3,572	-	3,572

December 31, 2022

Subsidiary Name	Number of shares at the beginning of the period	Net increase (decrease)	Unit: Thousand shares
			Number of shares at the end of the period
Tah Fa Investment Co., Ltd.	3,572	-	3,572

Investments in the Company's shares held by its subsidiaries are regarded as treasury stock, where these subsidiaries can still receive dividends from the Company but are not able to exercise their voting rights. As of December 31, 2023 and December 31, 2022, the Company's investment company, Tah Fa Investment Co., Ltd., held 3,572 thousand shares issued by the Company, with a total cost of NT\$83,230 thousand. The investment company continued to hold its shares due to a stable share price, where its market price per share was NT\$72.80 and NT\$70.30 as of December 31, 2023 and December 31, 2022, respectively.

t. Operating revenue

Items	December 31, 2023	December 31, 2022
Revenue from customer contracts		
Sales revenue	\$1,825,802	\$2,339,951
Less: Sales Return	(5,766)	(1,693)
Sales Allowances	(2,182)	(2,046)
(Net) Revenue from Contracts with Customers	\$1,817,854	\$2,336,212

1) Description of customer contract

The Company produces plastic products for the midstream and downstream of the plastics industry. Applied to daily supplies, the main products include rainwear, garments, PP corrugated boards, and binding machines, and laminators. In terms of export, materials of rainwear and garments are prepared in Taiwan for production overseas; in terms of domestic sales, rainwear and garments, including workwear, are sold by distributors. The Company's products are sold at fixed prices according to the contractual terms.

2) Customer contract revenue breakdown

The Company derives revenue from the transfer of goods and services over time and at a point in time in the following operating segments:

Product Category	December 31, 2023	December 31, 2022
Raincoat	\$827,831	\$1,083,208
Garment	456,919	616,709
Binding machine	172,360	213,944
PP corrugated board	209,052	243,016
Others	151,692	179,335
Total	\$1,817,854	\$2,336,212

Region	December 31, 2023	December 31, 2022
Taiwan	\$381,074	\$409,421
America	324,141	368,335
Europe	666,650	1,014,098
Japan	173,121	250,534
Others	272,868	293,824
Total	<u>\$1,817,854</u>	<u>\$2,336,212</u>

3) Contract balance

The Company's accounts receivable and contract liabilities relating to revenue from contracts with customers are as follows:

Items	December 31, 2023	December 31, 2022
Notes receivable and payments	\$290,678	\$398,745
Less: provision for losses	(8,572)	(12,645)
Total	<u>\$282,106</u>	<u>\$386,100</u>
Contract liabilities – current	<u>\$5,974</u>	<u>\$11,686</u>

a) Significant changes in contract assets and liabilities

The changes in contract assets and contract liabilities mainly arise from the difference between the time of fulfilling the obligations and the time of customer payment, and there are no other significant changes.

b) The amount of contract liabilities from the beginning of the year that are recognized in operating revenue in 2023 and 2022 were NTD11,351 thousand and NTD11,114 thousand respectively.

4) Unfulfilled customer contracts

The Company's unfulfilled contracts for the sale of goods or services as of December 31, 2023 and 2022 are expected to last for less than one year and are expected to be fulfilled and recognized as revenue in the next year.

u. Employee benefits, depreciation and amortization expenses

Category	December 31, 2023		Total
	Classified as operating costs	Classified as operating expenses	
Employee benefits expense			
Salary expenses	\$107,691	\$115,026	\$222,717
Labor and health insurance	11,361	10,944	22,305
Pension expenses	3,145	4,409	7,554
Director's remuneration	-	6,950	6,950
Other employee benefits	4,968	6,529	11,497
	<u>\$127,165</u>	<u>\$143,858</u>	<u>\$271,023</u>
Depreciation expenses	<u>\$36,629</u>	<u>\$14,231</u>	<u>\$50,860</u>
Amortization expense	<u>-</u>	<u>-</u>	<u>-</u>

Category	December 31, 2022		Total
	Classified as operating costs	Classified as operating expenses	
Employee benefits expense			
Salary expenses	\$107,755	\$114,845	\$222,600
Labor and health insurance	11,065	10,471	21,536
Pension expenses	3,340	4,148	7,488
Director's remuneration	-	8,400	8,400
Other employee benefits	4,600	7,062	11,662
	<u>\$126,760</u>	<u>\$144,926</u>	<u>\$271,686</u>
Depreciation expenses	<u>\$28,123</u>	<u>\$10,529</u>	<u>\$38,652</u>
Amortization expense	<u>-</u>	<u>-</u>	<u>-</u>

- 1) Additional information on the number of employees and employee benefits expenses of the company as of December 31, 2023 and 2022 are as follows:

	December 31, 2023	December 31, 2022
Numbers of Employees	<u>348</u>	<u>351</u>
Number of directors who are not employees	<u>5</u>	<u>5</u>
Average employee benefits expenses	<u>\$770</u>	<u>\$761</u>
Average employee salary expenses	<u>\$649</u>	<u>\$643</u>
Adjustment of average employee salary expenses	<u>0.93%</u>	<u>4.61%</u>

The Company's salary and remuneration policies are as follows:

- a) The remuneration of the Directors and Supervisors of the Company is divided into two categories: 1) Monthly fixed remuneration and according to Article 27 of the Company's Articles of Incorporation. And 2) If the company makes a profit during the distribution period, the profits distributed as employee compensation shall be no less than 0.5% of the total profits and that distributed as remuneration to Directors and Supervisors shall be no more than 0.5% of the total profits. However, when the Company has accumulated losses, the amount to cover the losses should be reserved in advance. The resolution on the compensation of the employees and the remuneration of directors and supervisors in the preceding paragraph shall be approved and adopted by a special resolution of the board of directors and submitted to the shareholders' meeting. If the Director is also an employee, additional remuneration is provided according to the provisions of (2) and (3) below.
- b) For remuneration of General Manager and Deputy General Managers, in addition to fixed monthly salary in accordance to corporate standards, year-end bonus and festive bonuses are issued based on the operation of the Company. The remuneration of the General Manager and Deputy General Manager of the Company shall be paid in monthly fixed salary, and year-end bonus, festival bonus, etc. according to the Company's operating conditions. The salary structure of the manager and the payment standard of year-end bonus shall be reviewed by the salary Committee and submitted to the Board of Directors for approval.
- c) Employees' salaries are paid monthly at fixed rates in accordance with the Company's salary standards, and year-end bonuses, holiday bonuses, etc. are paid according to the Company's year-end bonus calculation methods and in accordance with Article 27 of the Company's Articles of Association: No less than 0.5% of the Company's profit shall be allocated for employees and no more than 0.5% for Directors and Supervisors, if the company makes a profit during the distribution period. However, when the Company has accumulated losses, the amount to cover the losses should be reserved in advance. The resolution on the compensation of the employees and the remuneration of directors and supervisors in the preceding paragraph shall be approved and adopted by a special resolution of the board of directors and submitted to the shareholders' meeting.

- 2) Compensation to employees and remuneration to directors and supervisors for the years of 2023 and 2022 were resolved and approved by the Board of Directors on March 24, 2023 and March 25, 2022. Relevant amounts recognized in the financial statement are as follows:

	December 31, 2023		December 31, 2022	
	Employee Compensation	Remuneration of directors	Employee Compensation	Remuneration of directors
Approved amount of distribution	\$1,900	\$1,800	\$4,000	\$3,600
Amounts recognized in the annual financial statements	1,900	1,800	4,000	3,600
Differences	-	-	-	-

- a) The employee remunerations listed above are all paid in cash.
b) If there are changes made to the amount after the annual financial statements are published, the changes shall be handled as changes in accounting estimates and recognized in the next year's financial statements.
- 3) 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.

V. Interest revenue

Items	December 31, 2023	December 31, 2022
Interest revenue		
Interest on bank deposits	\$74,987	\$31,570
Other interest income (overdue interest)	54	202
Interest income from financial assets measured at fair value through other comprehensive income	2,662	81
Total	\$77,703,	\$31,853

W. Other income

Items	December 31, 2023	December 31, 2022
Rental income		
Investment properties		
Variable rent not depending to index or rate changes	\$21,511	\$18,368
Other operating leases		
Variable rent not depending to index or rate changes	6,035	7,484
Other rent	267	356
Total rental income	27,813	26,208
Dividend revenue	177,446	348,774
Other income	4,509	3,780
Total	\$209,768	\$378,762

x. Other profits and losses

Items	December 31, 2023	December 31, 2022
Gain (loss) on disposal of property, plant and equipment	\$27	\$572
Net foreign exchange gains (losses)	4,849	155,851
Financial assets at fair value through profit and loss	287	(825)
Miscellaneous expenses	(5,237)	(9,141)

Total	<u>(\$74)</u>	<u>\$146,457</u>
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y. Financial costs

Items	December 31, 2023	December 31, 2022
Interest expense:		
Bank loans	\$155	\$160
Interest on lease liabilities	108	28
Subtotal	\$263	\$188
Less: Amount qualified for capitalization	-	-
Financial costs	<u>\$263</u>	<u>\$188</u>

z. Income tax

1) Income tax expense

a) Income tax expense (benefit) components:

Items	December 31, 2023	December 31, 2022
<u>Current income tax</u>		
Income tax generated in the current period	\$33,530	\$34,713
Income tax overestimate/underestimate for previous years	(13,397)	(1,460)
Total income tax for the year	20,133	33,253
<u>Deferred income tax</u>		
Origination and reversal of temporary differences	(9,558)	20,268
Deferred income tax expenses	(9,558)	20,268
Income tax expense (gains)	<u>\$10,575</u>	<u>\$53,521</u>

b) Income tax expense (benefit) related to other comprehensive income:

Items	December 31, 2023	December 31, 2022
Exchange differences on translation of foreign operating organizations' financial statements	(\$2,396)	\$7,146
Total	<u>(\$2,396)</u>	<u>\$7,146</u>

- 2) The reconciliation of accounting income and income tax expense recognized in profit and loss for the current year is as follows:

Items	December 31, 2023	December 31, 2022
Net profit before taxes	\$359,974	\$761,695
Net profit before tax is calculated at the statutory tax rate	\$71,995	\$152,339
Effect of taxes on adjusted items:		
Effect of items not included when calculating taxable income		
Unpaid pensions	(1,051)	(1,020)
Loss (Gain) on investments accounted for using equity method	(10,834)	(13,584)
Tax-free income and stopped taxable income from securities transactions	(35,489)	(69,690)
Financial assets evaluation profit and loss	(58)	164
Unrealized exchange gains and losses	9,613	(20,380)
Other adjustments	(646)	(13,116)
Income tax adjustment for the previous year	(13,397)	(1,460)
Net change in deferred income tax	(9,558)	20,268
Income tax expense (gains) recognized in profit or loss	\$10,575	\$53,521

The tax rate applicable to the Company was 20% and, and the tax rate applicable to undistributed earnings is 5%.

In July of 2019, the President announced the amendment to the Statute for Industrial Innovation, which clearly stipulated that the undistributed earnings from 2018 onwards to build or purchase specific assets or technologies to reach a certain amount can be recognized as deduction items in the calculation of undistributed earnings. The Company only deducted the capital expenses that has actually been invested when calculating the tax on unappropriated earnings.

- 3) Deferred income tax assets or liabilities from temporary difference, loss carry forwards and investment credits:

December 31, 2023				
Items	Beginning balance	Recognized in profit (loss)	Recognized in other comprehensive income	Ending balance
Deferred tax assets:				
Temporary differences				
Unrealized employee benefit liabilities	\$1,692	-	-	\$1,692
Financial asset valuation losses	164	(\$56)	-	108
Foreign investment losses under the equity method	49,083	-	-	49,083
Debit (credit) accounts of foreign operations exchange differences in financial statement translation	19,436	-	2,396	21,832
Subtotal	\$70,375	(\$56)	\$2,396	\$72,715

December 31, 2023

Items	Beginning balance	Recognized in profit (loss)	Recognized in other comprehensive income	Ending balance
Deferred tax liabilities				
Temporary differences				
Unrealized benefits of exchanging	(16,823)	\$9,614	-	(\$7,209)
Land Value Increment Tax	(\$180,746)	-	-	(180,746)
Subtotal	(\$197,569)	9,614	-	(\$187,955)
Total	(\$127,194)	\$9,558	\$2,396	(\$115,240)

December 31, 2022

Items	Beginning balance	Recognized in profit (loss)	Recognized in other comprehensive income	Ending balance
Deferred tax assets:				
Temporary differences				
Unrealized employee benefit liabilities	\$1,692	-	-	\$1,692
Financial asset valuation losses	-	\$164	-	164
Unrealized disposal asset loss	52	(52)	-	-
Unrealized benefits of exchanging	3,557	(3,557)	-	-
Foreign investment losses under the equity method	49,083	-	-	49,083
Debit (credit) accounts of foreign operations exchange differences in financial statement translation	26,582	-	(\$7,146)	19,436
Subtotal	\$80,966	(\$3,445)	(\$7,146)	\$70,375
Deferred tax liabilities				
Temporary differences				
Unrealized benefits of exchanging	-	(\$16,823)	-	(\$16,823)
Land Value Increment Tax	(\$180,746)	-	-	(180,746)
Subtotal	(\$180,746)	(16,823)	-	(\$197,569)
Total	(\$99,780)	(\$20,268)	(\$7,146)	(\$127,194)

4) Items not recognized as deferred tax assets

Items	December 31, 2023	December 31, 2022
Loss on investment accounted for using the equity method	\$42,912	\$46,118

5) The Company's corporate income tax returns have been assessed by the Tax Authorities until 2021.

aa. Other comprehensive income

Items	December 31, 2023		
	Pre-tax	Income Tax Expense (Gain)	Net Amount After Taxes
Items that are not reclassified to profit or loss:			
Re-measurements of defined benefit plans	(\$9,654)	-	(\$9,654)
Unrealized valuation profit or loss on investments in equity instruments at fair value through other comprehensive income	159,932	-	159,932
Unrealized valuation gain or loss on investments in equity instruments measured at FVTOCI - subsidiaries, associates, and joint ventures	66,258	-	66,258
Subtotal	216,536	-	216,536
Items that may be subsequently reclassified to profit or loss:			
Exchange margin on transaction of foreign operating organizations' financial statements	(11,983)	\$2,396	(9,587)
Unrealized valuation of gains or losses on investments measured at FVTOCI	1,492		1,492
Subtotal	(10,491)	2,396	(8,095)
Recognized in other comprehensive income	\$206,045	\$2,396	\$208,441

Items	December 31, 2022		
	Pre-tax	Income Tax Expense (Gain)	Net Amount After Taxes
Items that are not reclassified to profit or loss:			
Re-measurements of defined benefit plans	\$9,270	-	\$9,270
Unrealized valuation profit or loss on investments in equity instruments at fair value through other comprehensive income	(992,065)	-	(992,065)
Unrealized valuation gain or loss on investments in equity instruments measured at FVTOCI - subsidiaries, associates, and joint ventures	(210,468)	-	(210,468)
Subtotal	(1,193,263)	-	(1,193,263)
Items that may be subsequently reclassified to profit or loss:			
Exchange margins on transaction of foreign operating organizations' financial statements	35,732	(\$7,146)	28,586
Unrealized valuation of gains or losses on investments measured at FVTOCI	(1,256)		(1,256)
Subtotal	34,476	(7,146)	27,330
Recognized in other comprehensive income	(\$1,158,787)	(\$7,146)	(\$1,165,933)

bb. Earnings Per Share

Items	December 31, 2023	December 31, 2022
A. Basic earnings per share:		

Net profit attributable to common shareholders of the parent company	\$349,399	\$708,174
Weighted average number of outstanding shares (thousand shares)	95,527	95,527
Basic earnings per share (after tax) (NTD)	\$3.66	\$7.41
B. Diluted earnings per share:		
Net profit attributable to common shareholders of the parent company	\$349,399	\$708,174
Weighted average number of outstanding shares	95,527	95,527
The effect of diluting potential common stocks:		
Number of employees' compensation impacts (note)	39	61
Calculate the weighted average number of outstanding shares of diluted earnings per share	95,566	95,588
Diluted earnings per share (after tax) (NTD)	\$3.66	\$7.41

(Note) 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.

cc. Reconciliation of liabilities from fund-raising activities

Items	January 1, 2023	Cash flow	Non-cash Changes		December 31, 2021
			Fluctuation in exchange	Other Non-cash Changes	
Lease liabilities (including current and non-current)	\$2,239	(\$2,535)	-	\$31,292	\$30,996
Guarantee deposits received	6,900	(3,344)	-	-	3,556
Total liabilities from financing activities	\$9,139	(\$5,879)	-	\$31,292	\$34,552

Items	January 1, 2022	Cash flow	Non-cash Changes		December 31, 2022
			Fluctuation in exchange	Other Non-cash Changes	
Lease liabilities (including current and non-current)	\$3,616	(\$1,377)	-	-	\$2,239
Guarantee deposits received	5,938	962	-	-	6,900
Total liabilities from financing activities	\$9,554	(\$415)	-	-	\$9,139

(VII.) **Related Party Transactions**

- The parent company and the ultimate controlling party
The Company has no parent company and ultimate controller.
- Name and relation of related party

Name of Related Party	Relationship with the Company
Tahsin Shoji Co., Ltd. (Tahsin Shoji. Japan)	Subsidiary
TAHSIN INDUSTRIAL CORP U.S.A.	Subsidiary

(T.H.U.S.A.)

Tai Ho Co., Ltd. (Tai Ho Co.,)	Subsidiary
Fujian Putian DAFU Plastic Industry Co., Ltd. (Dafu Company)	Subsidiary
Tah Viet Co., Ltd. (Tah Viet)	Subsidiary
Myanmar Tah Hsin Industrial Co., Ltd. (Myanmar Tahsin)	Subsidiary
TAHSIN INNOVATIVE MACHINERY VINA CO.,LTD.	Subsidiary
Tah Fa Investment Co., Ltd. (Tah Fa)	Subsidiary
Tah Chi Enterprise Co., Ltd. (Tah Chi Co.)	Sub-subsidiary
Good Harvest Machinery Industrial Co., Ltd. (Good Harvest Co.)	Related enterprise
Truong Giang Garment Joint-stock Company (TGC)	Associate of subsidiary
TAHHSIN PHU MY JOINT STOCK COMPANY(TAHHSIN PHU MY CO)	Sub-subsidiary
Fujian Putian DAFU Plastic Industry Co., Ltd. (DAFU Co., Ltd.)	Other related party
TAMERICA PRODUCTS, INC.(T.P.I.)	Other related party
HAVE OUR PLASTIC INC. CANADA (HOP CANADA)	Other related party
HOP INDUSTRIAL CORP. U.S.A. (HOP U.S.A.)	Other related party
Yuk Wing Development Limited (Yuk Wing Limited)	Other related party
All directors, presidents, and vice presidents	Main members of the senior management

c. Substantial Transaction with Related Party

The Company's transactions with related parties are disclosed as follows:

1) Operating revenue

Ledger account	Type/name of related parties	December 31, 2023	December 31, 2022
Sales revenue	Subsidiary	\$95,201	\$114,978
	Sub-subsidiary	4,824	6,216
	Other related party	112,327	134,594
Total		<u>\$212,352</u>	<u>\$255,788</u>

The Company's transaction price of sales revenue to related parties is based on the transaction prices and conditions of customers, the terms and conditions conformed to normal business practices, and payment period is about 1 to 3 months.

2) Purchases

Type/name of related parties	December 31, 2023	December 31, 2022
Subsidiary	\$36,391	\$13,558

The transaction price of purchases made by the company from related parties is determined based on transaction prices and terms of general manufacturers.

3) Contract asset: None.

4) Contract liability: None.

5) Accounts receivable from related parties (excluding loans and contract assets to related parties)

Items	Type/name of related parties	December 31, 2023	December 31, 2022
Notes receivable	Sub-subsidiary	<u>\$1,003</u>	<u>\$1,710</u>
Account receivables	Subsidiary	\$9,384	\$16,363
	Sub-subsidiary	704	607

	Other related party	9,599	19,109
	Others	\$19,687	\$36,079
Total		(288)	(573)
Less: provision for losses		\$19,399	\$35,506
Net amount			
Other receivables	Subsidiary		
	TAHSIN INNOVATIVE MACHINERY VINA CO.,LTD.	\$3,571	-
	Others	107	\$1,182
	Other related party	895	834
Total		\$4,573	\$2,016
Less: provision for losses		-	-
Net amount		\$4,573	\$2,016

6) Accounts payable from related parties (excluding loans from related parties)

Items	Type/name of related parties	December 31, 2023	December 31, 2022
Accounts payable	Subsidiary		
	Fujian Putian DAFU Plastic Industry Co., Ltd. (Dafu Company)	\$7,855	\$2,503

Items	Type/name of related parties	December 31, 2023	December 31, 2022
Other payables	Subsidiary		
	Tah Viet Co., Ltd. (Tah Viet)	\$12,188	\$8,545
	Other	6,531	12,738
	Sub-subsidiary	19	-
	Related enterprise	-	2,568
	Other related party	471	845
Total		\$19,209	\$24,696

7) Prepayments

Items	Type/name of related parties	December 31, 2023	December 31, 2022
Prepayments	Subsidiary		
	Fujian Putian DAFU Plastic Industry Co., Ltd. (Dafu Company)	\$2,373	\$2,373
	Related enterprise	1,417	-
Total		\$3,790	\$2,373

8) Property transaction: None.

9) Tenancy agreement: None.

10) Rental agreement:

The Company leases part of its offices, machineries and equipment and other assets to Ta Chun and DAFU as operating lease. The machinery and equipment leased is used for processing products, and the rental income is calculated based on the amount of depreciation.

The lease term of all the above contracts is one year. As of December 31, 2023 and 2022, the total future lease payment to be received is zero. The rental income recognized for years 2023 and 2022 were NTD267 thousand and NTD356 thousand, respectively.

11) Loan to related parties: None.

12) Loan from related parties: None.

13) Endorsements/Guarantees Provided for Others

Details of guarantee and endorsement provided by the Company for related parties' bank loans are as follows:

Type/name of related parties	December 31, 2023	December 31, 2022
Subsidiary	\$138,791	\$116,200
	Including JPY 639,000 thousand	Including JPY 500,000 thousand

14) Others

a) Income items

Ledger account	Type/name of related parties	December 31, 2023	December 31, 2022
Commission income	Subsidiary		
	Tahsin Shoji Co., Ltd.	\$175	\$248
Interest income	Subsidiary	\$54	\$182
Overdue interest	Other related party	-	20
Total		\$54	\$202

b) Expenses

Ledger account	Type/name of related parties	December 31, 2023	December 31, 2022
Processing fees	Subsidiary		
	Tah Viet Co., Ltd.	\$61,682	\$74,637
	Tahsin Myanmar	147,590	191,430
	Others	16,984	29,693
	Sub-subsidiary	23,514	31,610
	Other related party	7,953	9,440
	Related enterprise		
	Truong Giang Garment Joint-stock Company (TGC)	50,779	73,890
Total		\$308,502	\$410,700
Miscellaneous fees	Other related party		-
	Yuk Wing Limited	\$357	\$1,032
Total		\$357	\$1,032

15) The Company's participation in the capital increase of related parties and the increase of the investment amount are as follows:

December 31, 2023:

Investee	Investment Increase		Shareholding Ratio	
	Number of Shares (Thousands)	Amount	Before Investment	After Investment
Subsidiary				
TAHSIN INNOVATIVE MACHINERY VINA CO.,LTD.	-	\$37,031	100.00%	100.00%
T.H.USA	-	26,017	100.00%	100.00%

Tah Viet Co., Ltd.	-	9,254	100.00%	100.00%
December 31, 2022:				

Investee	Investment Increase		Shareholding Ratio	
	Number of Shares (Thousands)	Amount	Before Investment	After Investment
Subsidiary				
T.H.USA	-	\$7,306	100.00%	100.00%
Tah Viet Co., Ltd. (Tah Viet)	-	11,690	100.00%	100.00%

d. Remuneration to the top management

Items	December 31, 2023	December 31, 2022
Salaries and other short-term employee benefits	\$27,848	\$26,954
Post-employment benefits	-	-
Other long-term employee benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
Total	\$27,848	\$26,954

(VIII.) Pledged Assets

The following assets were provided as collateral for various borrowings and performance guarantees:

Items	December 31, 2023	December 31, 2022
Property, Plant, and Equipment	\$581,516	\$553,348
Investment properties	147,805	147,805
Total	\$729,321	\$701,153

(IX.) Significant Contingent Liabilities and Unrecognized Contractual Commitments

- a. For the years ended December 31, 2023 and 2022, the guaranteed notes received by the Company for project performance guarantees and ensure payment claims, etc. were NTD27,372 thousand and NTD43,659 thousand, respectively.
- b. As of December 31, 2023 and 2022, For information on the Company's endorsements and guarantees for others, please refer to Note 7 (3) 13. and Note 13 (1)2.

(X.) Significant Disaster Losses: None.

(XI.) Significant Events after the Balance Sheet Date: None.

(XII.) Others

a. Capital Risk Management

The Company plans its needs for working capital and dividend payments in the future based on the characteristics of the industries to which its operations belong and future development of the company, and by taking into consideration changes in the external environment, to ensure that it can continue the operations, give back to shareholders, and protect the interests of stakeholders at the same time, as well as maintain the best capital structure to enhance shareholder value in the long run. To maintain an adjustable capital structure, the Company may adjust the amount of dividends paid to shareholders by issuing new shares, distributing cash to shareholders or buying back its shares.

The Company monitors its funds by regularly reviewing the asset-to-debt ratio.

b. Financial instruments

1) Financial risk of financial instruments

a) Financial risk management policies

The daily operations of the Company are affected by a number of financial risks, including market risk (exchange risk, interest rate risk, and other price risk), credit risk, and liquidity risk. To reduce related financial risks, the company is committed to identifying, assessing and avoiding market uncertainties, so as to reduce potentially unfavorable effects of market changes on its financial performance.

The Company's major financial activities are reviewed by its Board of Directors according to the relevant regulations and its internal control system. During the implementation of a financial plan, the Company must strictly comply with the financial procedures relating to overall financial risk management and segregation of duties.

b) The nature and degree of significant financial risks

i. Market risks

i) Exchange risks

The Company is exposed to exchange rate risks arising from sales, purchases and net investments in foreign operating entities that are not denominated in the functional currency of the Company. The company's functional currency is New Taiwan dollar. Such transactions are mainly denominated in U.S. dollars. The company's receivables and payables due in foreign currencies are denominated in the same currency. At this moment, natural hedges may arise in various sections. To avoid the decrease in the value of foreign currency assets and fluctuations in future cash flows due to changes in exchange rates, the company uses derivative instruments (including swap transactions) to hedge exchange rate risks. The use of such derivative instruments can assist the company in reducing the effects of changes in foreign exchange rates, but is still unable to fully eliminate such effects because the expiry dates are less than 12 months. The use of such derivative instruments can assist the company in reducing the effects of changes in foreign exchange rates, but is still unable to fully eliminate such effects.

Due to the fact that net investments in foreign operating entities are strategic investments, the company has not hedged these investments.

(a) The analysis of foreign exchange exposures and sensitivity is as follows:

Items	December 31, 2023			December 31, 2022		
	Foreign currency (in thousands)	Exchange rate currency (NTD)	Presented amount (New Taiwan Dollars)	Foreign currency (in thousands)	Exchange rate currency (NTD)	Presented amount (New Taiwan Dollars)
(Foreign currency: Functional currency)						
Financial assets						
Monetary items						
USD:NTD	\$46,538	30.705	\$1,428,955	\$52,637	30.71	\$1,616,471
Non-monetary items						
USD:NTD	22,213	30.705	682,063	19,688	30.71	604,618
JPY:NTD	510,911	0.2172	110,970	479,957	0.2324	111,542
Financial liabilities						
Monetary items						
USD:NTD	1,115	30.705	34,235	1,569	30.71	48,181

The sensitivity analysis of the Company's exchange rate risk is mainly performed to assess the effects of appreciation/depreciation of foreign currency monetary and non-monetary items on the company's profit or loss and equity at the end of the reporting period. The exchange rate risk of the Company is mainly affected by the fluctuation of the exchange rate of USD and JPY. When the appreciation/depreciation of USD and JPY is 5%, the after-tax net profit of the Company in 2023 and 2022 will increase/decrease by NTD55,789 thousand and NTD62,732 thousand respectively, and the equity will increase/decrease by NTD31,721 thousand and NTD28,646 thousand respectively.

(b) Due to the exchange rate volatility, total exchange gains and losses (including realized and unrealized) on the Company's monetary items amounted to NTD4849 thousand and NTD155,851 thousand as of December 31, 2023 and 2022, respectively.

ii) Other price risks

As the investment in equity instruments held by the Company in the parent company only balance sheets is classified as financial assets measured at fair value through other comprehensive income, the Company is exposed to the price risk of equity instruments. The Company mainly invests in stocks and beneficiary certificate of domestic listed and OTC companies. The price of these equity instruments will be affected by the certainty of the future value of the investment targets. If the price of equity instruments rises or falls by 5%, profit and loss after tax in 2023 and 2022 will increase or decrease by NTD113 thousand and NTD 99 thousand respectively due to the rise or decrease of fi-

financial assets measured at fair value through profits and losses. Other comprehensive profit and loss after tax in 2023 and 2022 will increase or decrease by NTD214,096 thousand and NTD 212,786 thousand respectively due to the rise or decrease of financial assets measured at fair value through other comprehensive profits and losses.

iii) Interest rate risk

The Company's financial assets and financial liabilities subject to interest rate exposure on the reporting date are as follows:

Items	Carrying amount	
	December 31, 2023	December 31, 2022
Interest rate risk with fair value		
Financial assets	\$109,223	\$14,192
Financial liabilities	-	-
Interest rate risk with cash flow		
Financial assets	\$2,219,946	\$2,354,883
Financial liabilities	-	-
Net amount	\$2,219,946	\$2,354,883

(a) Sensitivity analysis of interest rate risk with fair value instruments

The Company's fixed-rate financial assets expose the Group to fair value interest rate risk. A 1% increase or decrease in borrowing rates, assuming all other factors remain constant, would result in a decrease or increase of NTD1,092 thousand and NTD142 thousand, respectively, in the other comprehensive income for 2023 and 2022. This is primarily due to the classification of fixed-rate bond investments as financial assets measured at fair value through other comprehensive income, where changes in market interest rates result in corresponding changes in the fair value of bond investments.

The Company has yet to classify any fixed-rate financial assets and liabilities as measured at fair value through profit or loss. Besides, it has also yet to designate derivative instruments (interest rate swaps) as a hedging tool under the fair value hedge accounting model. Therefore, changes in interest rates on the reporting date will not affect profit or loss.

(b) Sensitivity analysis of interest rate risk with cash flow

The company's variable interest rate financial instruments belong to floating interest rate assets (liabilities). Therefore, changes in market interest rates will result in changes in effective interest rates, thereby causing fluctuations in future cash flows. Every 1 percent increase in the market interest rate would lead to an increase in net profit before tax, for 2023 and 2022 by NTD22,199 thousand and NTD23,549 thousand, respectively.

ii. Credit risk

Credit risk refers to the risk that a counterparty violates contractual obligations and causes financial loss to the company. The Company's credit risk comes mainly from accounts receivable arising from its operating activities, bank deposits arising from its investing activities, and other financial instruments. Operations-related credit risks and financial credit risks are managed separately.

i) Operation related credit risk

To maintain the quality of accounts receivable, the company has established procedures for the management of operations-related credit risks.

Factors that may affect customers' ability to pay, such as the financial status of a customer, the Company's internal credit rating, historical transaction records, and current economic conditions, are taken into account in the risk assessment of individual customers.

ii) Financial credit risk

The credit risks of bank deposits and other financial instruments are measured and monitored by the Company's financial department. The Company does not expect significant credit risk because the counterparties are creditworthy and investment-graded financial institutions, companies and government agencies without any significant default concerns. The management of credit risk of debt instruments is done through external agen-

cies that assess credit ratings, credit quality of bonds, regional conditions, and counter-party risks to identify credit risk.

(a) The risk of credit concentration

As of December 31, 2023 and 2022, the top ten clients accounted for 72.76% and 76.71%, respectively, of the Company's accounts receivable. No significant credit concentration risk was shown from the remaining accounts receivables.

(b) Measurement of expected credit impairment losses

- (1) Accounts receivable: A simplified approach is adopted, please refer to Note 6 (5) for more information.
- (2) Basis for judging whether the credit risk increases significantly: The Company's investments in debt instruments measured at amortized cost or investments in debt instruments measured at FVTOCI have acquired a good valuation with low credit risk.
- (3) The Company obtained collateral of NTD91,000 thousand from some customers to avoid the credit risks of some financial assets.

iii. Liquidity risk

i) Liquidity risk management:

The objective of the company's liquidity risk management is to maintain cash and cash equivalents, highly liquid securities and sufficient bank facilities required for its operations, so as to ensure that the company possesses adequate financial flexibility.

ii) Analysis of maturity of financial liabilities:

The following table shows the analysis of the company's financial liabilities based on the maturity and undiscounted due amount of these financial liabilities within the agreed repayment periods, as for the leasing expiry dates, please refer to Note 6 (10) 2:

		December 31, 2023							
Non-derivative financial liabilities	fi-	less than 6 months	7-12 months	1-2 year(s)	2-5 years	More than 5 years	Contractual cash flows	Carrying amount	
Accounts payable (including related parties)	payable related	\$87,081	-	-	-	-	\$87,081	\$87,081	
Trade payables (including related parties)	related parties	36,219	-	-	-	-	36,219	36,219	
Other payables (including related parties)	related parties	36,805	-	-	-	-	36,805	36,805	
Guarantee deposits received	deposits	1,686	\$1,710	\$160	-	-	3,556	3,556	
Total		<u>\$161,791</u>	<u>\$1,710</u>	<u>\$160</u>	<u>-</u>	<u>-</u>	<u>\$163,661</u>	<u>\$163,661</u>	

		December 31, 2022							
Non-derivative financial liabilities	fi-	less than 6 months	7-12 months	1-2 year(s)	2-5 years	More than 5 years	Contractual cash flows	Carrying amount	
Accounts payable (including related parties)	payable related	\$122,289	-	-	-	-	\$122,289	\$122,289	
Trade payables (including related parties)	related parties	49,059	-	-	-	-	49,059	49,059	
Other payables (including related parties)	related parties	87,467	-	-	-	-	87,467	87,467	
Guarantee deposits received	deposits	861	\$740	\$5,299	-	-	6,900	6,900	
Total		<u>\$259,676</u>	<u>\$740</u>	<u>\$5,299</u>	<u>-</u>	<u>-</u>	<u>\$265,715</u>	<u>\$265,715</u>	

The Company does not expect a significant difference in the cash flows timing or the actual amount from the maturity analysis.

2) Types of financial instruments

The book value of various financial assets and financial liabilities of the Company as at December 31, 2023 and 2022 are as follows:

	December 31, 2023	December 31, 2022
<u>Financial assets</u>		
Financial assets at amortized cost		
Cash and cash equivalents	\$1,863,013	\$1,826,219
Notes and accounts receivable (including related parties)	282,106	386,100
Other receivables (including related parties)	18,583	17,427
Other financial assets - current	375,538	580,710
Refundable deposits	3,202	1,818
Financial assets measured at fair value through profit and loss - current	2,265	1,978
Financial assets at fair value through other comprehensive income - current	3,829,878	3,905,841
Financial assets at fair value through other comprehensive income - non-current	452,039	349,883
<u>Financial liabilities</u>		
Financial liabilities measured at amortized cost		
Notes and accounts payable (including related parties)	123,300	171,348
Other payables (including related parties)	36,805	87,467
Guarantee deposits received	3,556	6,900

c. Information on fair value:

1) Please refer to Note 12 (3)2. for the information on fair value of financial assets and financial liabilities of the Company not measured at fair value. Please refer to Note 6 (10) for information on the fair value of financial assets and investments in real estate measured at cost of the Company.

2) Definition of fair value hierarchy

Level 1:

Level 1 inputs are quoted prices in active markets for identical assets or liabilities. An active market is a market that meets all of the conditions set below: the items traded in the market are homogeneous, willing buyers and sellers can normally be found at any time and prices are available to the public. The Company invests in listed and OTC stocks, beneficiary certificates, investments in on-the-run Taiwan's government bonds, and derivative instruments with quoted prices in active markets are all included.

Level 2:

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (e.g., price) or indirectly (e.g., derived from price) from the active markets. The fair value of the company's investments in off-the-run government bonds, corporate bonds, financial bonds, convertible corporate bonds, and most derivative instruments belong to this level.

Level 3:

Level 3 inputs refer to inputs that measure fair value to the extent that relevant observable inputs are not available in the market. Some of the Company's investments in derivative instruments and equity instruments without active market.

3) Financial instruments not measured by fair value:

The Company's financial instruments not measured at fair value, such as cash and cash equivalents, notes and amounts receivable, other financial assets, deposits, notes and amounts payable, and the carrying value of guarantee deposits, are reasonable approximations to their fair values.

4) Fair value hierarchy

The financial instruments measured at fair value by the Company is on a recurring basis, and the information on the fair value hierarchy of the Company is as follows:

	December 31, 2023			
Items	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value</u>				

Financial assets measured at fair value through profit and loss				
Beneficiary certificate	\$2,265	-	-	\$2,265
Financial assets measured at fair value through other comprehensive income				
Equity securities				
Corporate bonds	3,829,878	-	\$342,816	4,172,694
Total	-	\$109,223	-	109,223
	<u>\$3,832,143</u>	<u>\$109,223</u>	<u>\$342,816</u>	<u>\$4,284,182</u>

Items	December 31, 2022			Total
	Level 1	Level 2	Level 3	
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit and loss				
Beneficiary certificate	\$1,978	-	-	\$1,978
Financial assets at fair value through other comprehensive income				
Equity securities	3,905,841	-	\$335,691	4,241,532
Corporate bonds	-	\$14,192	-	14,192
Total	<u>\$3,907,819</u>	<u>\$14,192</u>	<u>\$335,691</u>	<u>\$4,257,702</u>

- 5) Fair value valuation technique for instruments measured at fair value:
- If a financial instrument has a quoted price in an active market, the quoted price will be adopted as the fair value.
The categories and characteristics of fair value measurement for the financial instruments with active markets held by the Company were as follows:
 - Listed company stocks: closing prices.
 - Open-end funds: net worth.
 - The fair value of stocks of unlisted (OTC) companies without an active market held by the Company is mainly estimated by the market method, and the judgment is made with reference to the evaluation of similar companies, third-party quotations, company net worth and operating conditions.
 - When evaluating non-standardized and less complex financial instruments, such as debt instruments, interest rate swaps, foreign exchange contracts and options in illiquid markets, the Company uses valuation techniques widely used by market participants. The parameters used in the valuation model of such financial instruments are usually from observable market information.
 - Valuation of derivative financial instruments adopts valuation models that are commonly used by market participants, such as discounted cash flows method and option pricing model. Forward foreign exchange contracts are usually valued based on the current forward exchange rates.
 - The output of the valuation model is the estimated value, and the valuation methods may not reflect all relevant factors of the financial and non-financial instruments held by the Company. Therefore, the estimated value of the valuation model will be adjusted according to additional parameters, such as model risk or liquidity risk. According to the Company's fair value valuation model management policy and related control procedures, the management believes that it is appropriate and necessary to make appropriate adjustments to express the fair value of financial and non-financial instruments in the individual balance sheet. The price information and parameters used in the valuation process are carefully evaluated and properly adjusted according to the current market situation.
 - The Company takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Company's credit quality.
 - Transfers between Level 1 and Level 2 fair value hierarchy: None.
 - Statement of changes in Level 3 fair value hierarchy:

Equity securities

Items	December 31, 2023	December 31, 2022
Beginning balance	\$335,691	\$464,800
Recognized in other comprehensive income	6,929	(131,200)
Acquisition in the current period	196	2,091
Disposal in the current period	-	-
Transfer into Level 3	-	-
Transfer out of Level 3	-	-
Ending balance	<u>\$342,816</u>	<u>\$335,691</u>

- 8) Quantitative information about the significant unobservable inputs (Level 3) used in the fair value measurement:

	Fair value as of December 31, 2023	Valuation Technique	Material Unobservable Inputs	Percentage	Relationship of inputs to fair value
Non-derivative equity instruments:					
Investment in shares of companies	\$339,700	Net asset value method	Not applicable	Not applicable	Not applicable
Non-listed company stocks	3,116	Market approach	Lack of market liquidity discount	20%	The higher the lack of market liquidity discount, the lower the fair value

	Fair value as of December 31, 2022	Valuation Technique	Material Unobservable Inputs	Percentage	Relationship of inputs to fair value
Non-derivative equity instruments:					
Investment in shares of companies	\$355,691	Net asset value method	Not applicable	Not applicable	Not applicable

- 9) Valuation process for Level 3 fair value measurement:
The valuation process regarding Level 3 fair value is conducted by the Company's finance department, by which the independence of fair value of financial instruments is verified through use of independent data source in order to make the valuation results close to market conditions. Such valuation results are regularly reviewed therefrom so as to ensure their reasonableness.

- d. Transfer of financial assets: None.
e. Offsetting financial assets and financial liabilities: None.

(XIII.) Additional Disclosures

1. Information on significant transactions
 - 1) Loaning to Others: None.
 - 2) Endorsements/Guarantees Provided for Others: Table 1.
 - 3) Securities Held at End of Period (Excluding Investments in Subsidiaries, Associates, and Joint Ventures): Table 2.
 - 4) The Accumulated Purchase or Sale of the Same Securities Amounting to NTD300 Million or More Than 20% of Paid-in Capital: Table 3.
 - 5) Acquisition of Property Amounting to NTD300 million or More Than 20% of Paid-in Capital: None.
 - 6) Disposal of Property Amounting to NTD300 million or More Than 20% of Paid-in Capital: None.
 - 7) Purchases or Sales with Related Parties Amounting to NTD100 Million or More than 20% of Paid-in Capital: None.
 - 8) Receivables From Related Parties Amounting to NTD100 Million or More Than 20% of Paid-in Capital: None.
 - 9) Derivatives Transactions: None.
2. Information on Investee Companies: Table 4.
3. Information on investments in mainland China
 - 1) Information on any investee company in mainland China (name, main business, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income, car-

rying amount of investment at end of period, repatriations of investment income, and limit on the amount of investment in mainland China): Table 5.

- 2) Significant transactions with Hong Kong Tai Ho Co., Ltd. for reinvestment in DAFU Plastic Industry Co., Ltd.:
- a) Amount of sales and balance of the account payables at the end of the period: The purchase amount is NTD36,391 thousand and account payable at the end of the period is NTD7,855 thousand.
 - b) Amount of sales and balance of the receivables at the end of the period: Sales amount is NTD435 thousand.
 - c) The amount of property transactions and the amount of the gains or losses: none
 - d) Bill endorsement, guarantee or provision of collateral: none
 - e) Financial accommodation: none
 - f) In 2023, product processing fees of NTD16,984 thousand by DAFU Plastic Industry Co., Ltd. through Tai Ho Co., Ltd. Other payables (include purchasing of raw materials) at the end of the period were NTD1,363 thousand.
 - g) The Company (hereafter referred to as the Principal) entrusts Hong Kong Tai Ho Co., Ltd. (hereafter referred to as the Agent) to invest in DAFU Plastic Industry Co., Ltd. in Putian, China, and both parties agree to abide by the following terms and conditions:
 - i. The client appointed the trustee to invest in mainland China to establish Fujian Putian Dafu Plastic Industry Co., Ltd. with a total amount of USD8,100,000.
 - ii. The Agent shall apply to the Chinese competent authority for investment and capital increase in DAFU Plastic Industry Co., Ltd. in the Agent's name. The fund is to be remitted to the Mainland Area from Hong Kong by the Agent.
 - iii. Should Fujian Putian DAFU Plastic Industry Co., Ltd. has any income or interest distribution, the trustee shall first receive the interest and then remit it to it to the client.
 - iv. If DAFU Plastic Industry Co., Ltd. is required to return the investment fund due to capital reduction, cessation of operation or other reasons, the Agent shall firstly obtain the said amount and then transfer the amount in full to the Principal.
 - v. If the Agent is required to transfer the investment fund, dividends, or profits due to the reasons listed in the preceding two paragraphs, the Agent shall notify the Principal and the payment shall be made in the way specified by the Principal.
 - vi. Based on the entrusted investment relationship, the rights and obligations of the trustee to Fujian Putian DAFU Plastic Industry Co., Ltd. are transferred to the client, and the trustee does not guarantee its profits and losses
 - vii. The Agent shall exercise due care of a prudent administrator in discretionary investment, capital increase, exchange settlement, and receipt of dividends.
 - viii. The Agent shall send the financial statements of DAFU Plastic Industry Co., Ltd. to the Principal regularly, and the Principal may entrust certified public accountant or other audit personnel to audit the financial statements.
 - ix. Matters not stipulated in this power of attorney shall be handled in accordance with relevant laws and regulations of the Republic of China on domestic and foreign financial practices, etc.
 - h) The Company increased investment in Hong Kong Tai Ho Co., Ltd. by HKD10,075,000 (equivalent to USD1,300,000), which was then to be re-invested in DAFU Plastic Industry Co., Ltd.

4. Information of Major Shareholders: Table 6.

Table 1

Tahsin Industrial Corporation

**Endorsements/Guarantees Provided for Others
January 1 to December 31, 2023**

Unit: Thousand NTD

Number	Endorser/Guarantor	Counterparty of endorsements/guarantees		Limit on Endorsements/Guarantees Provided for Single Entity	Maximum balance of endorsement/guarantee amount for current period	Endorsement/Guarantee Balance, End of Period	Actual drawdown amount	Endorsement/Guarantee Amount Secured by Property	Ratio of Cumulative Endorsement/Guarantee Amount to Net Worth in Latest Financial Statements	Endorsement/Guarantee Ceiling	Endorsements/guarantees provided by the parent company to the subsidiaries	Endorsements/guarantees provided by the subsidiaries to the parent company	Endorsement/Guarantee to Investee in the Mainland Area
		Name	Relationships										
0	Tahsin Industrial Corporation Ltd	Tahsin Shoji Co., Ltd.	Subsidiaries in which the Group directly holds more than 50% of the common shares.	\$2,118,880	\$146,203	\$138,791	\$127,931	\$-	1.31%	\$5,297,200	Y	N	N

Note 1. The amounts/guarantees of endorsement by the Company to a single enterprise shall not exceed 20% of the net worth of the Company's latest financial statements (December 31, 2023).

Note 2. The total amount of the Company's external endorsements/guarantees is limited to 50% of the Company's net worth as stated in its latest financial statements (as of December 31, 2023).

Table 2

Tahsin Industrial Corporation

Securities Held at End of Period (Excluding Investments in Subsidiaries, Associates, and Joint Ventures)
December 31, 2023

Unit: NTD Thousand/ Number of shares(unit): Thousand

Holding Company	Type and Name of Securities	Relationship with Securities Issuer	Ledger account	End of Period			Remarks
				Shares	Carrying amount	Shareholding Ratio	
Tahsin Industrial Corporation	Stocks/Nan Ya Plastic Corporation	-	Financial assets at fair value through other comprehensive income - current	35,000	\$2,327,500	0.44%	\$2,327,500
	Stocks/Formosa Taffeta Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	200	5,040	0.01%	5,040
	Stocks/Feng Hsin Steel Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	600	41,460	0.10%	41,460
	Stocks/Mega Financial Holding Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	3,300	129,360	0.02%	129,360
	Stocks/Formosa Plastics Corporation	-	Financial assets at fair value through other comprehensive income - current	1,500	118,800	0.02%	118,800
	Stocks/Taiwan Semiconductor Manufacturing Company Limited	-	Financial assets at fair value through other comprehensive income - current	1,100	652,300	-	652,300
	Stocks/Sinon Corporation	-	Financial assets at fair value through other comprehensive income - current	2,500	96,125	0.59%	96,125
	Stocks/YungShin Global Holding Corporation	-	Financial assets at fair value through other comprehensive income - current	1,000	46,500	0.38%	46,500
	Stocks/Taiwan Cement Corporation	-	Financial assets at fair value through other comprehensive income - current	3,850	134,173	0.05%	134,173
	Stocks/Asia Cement Corporation	-	Financial assets at fair value through other comprehensive income - current	2,000	82,900	0.06%	82,900
	Stocks/ Taiwan Pailho Limited	-	Financial assets at fair value through other comprehensive income - current	1,000	57,600	0.34%	57,600
	Stocks/Te Chang Construction Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	155	11,175	0.14%	11,175
	Stocks/ CTBC Financial Holding Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	4,000	113,400	0.02%	113,400

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Table 2

Tahsin Industrial Corporation

Securities Held at End of Period (Excluding Investments in Subsidiaries, Associates, and Joint Ventures)

December 31, 2022
Unit: NTD Thousand/ Number of shares(unit): Thousand

Holding Company	Type and Name of Securities	Relationship with Securities Issuer	Ledger account	End of Period			Remarks
				Shares	Carrying amount	Shareholding Ratio	
Tah Fa Investment Co., Ltd.	Beneficiary certificate/ Yuanfa/P-- shares Taiwan Top 50 ETF	The investment company which values the equity method Company using the equity method	Financial assets at fair value through other comprehensive income - current	100	\$13,545	-	\$13,545
	Stock/ Vetrostrum Animal Health Co-		Financial assets at fair value through other comprehensive income - current	10	2,265	-	2,265
	Stock/ ASIA PACIFIC INVESTMENT CORPORATION		Financial assets at fair value through other comprehensive income - non-current	10,000	339,700	2.35%	339,700
	Stock/ Vetrostrum Animal Health Co., Ltd.		Financial assets at fair value through other comprehensive income - non-current	100	3,116	0.15%	3,116
	Corporate bond/ TSMC Arizona(3)		Financial assets at fair value through other comprehensive income - non-current	-	14,891	-	14,891
	Corporate bond/3M Company		Financial assets at fair value through other comprehensive income - non-current	-	16,614	-	16,614
	Corporate bond/ TSMC Arizona Corp.		Financial assets at fair value through other comprehensive income - non-current	-	15,024	-	15,024
	Corporate bond/ Johnson & Johnson JNJ US		Financial assets at fair value through other comprehensive income - non-current	-	15,801	-	15,801
	Corporate bond/ United Parcel Service, Inc.		Financial assets at fair value through other comprehensive income - non-current	-	15,936	-	15,936
	Corporate bond/Bank of America		Financial assets at fair value through other comprehensive income - non-current	-	15,317	-	15,317
	Corporate bond/Apple Inc.		Financial assets at fair value through other comprehensive income - non-current	-	15,640	-	15,640
	Stocks/Chunghwa Telecom Co., Ltd.		Financial assets at fair value through other comprehensive income - current	90	10,800	-	10,800
	Stocks/Tahsin Industrial Corporation		Financial assets at fair value through other comprehensive income - non-current	3,572	260,047	3.60%	260,047
							Note 1
	Stocks/Tah Cheng Investment Co., Ltd.		Financial assets at fair value through other comprehensive income - non-current	2,500	\$245,050	33.33%	\$245,050
							Note 2

Note 1. A subsidiary holding shares of the parent company has been presented as treasury stock according to the original investment cost.

Note 2. It was approved for dissolution on June 20, 2002 and is currently under liquidation.

Table 3

Tahsin Industrial Corporation

The Accumulated Purchase or Sale of the Same Securities Amounting to NTD300 Million or More Than 20% of Paid-in Capital
January 1 to December 31, 2023

Unit: NTD Thousand/ Number of shares: Thousand

Company Name	Type and Name of Securities	Ledger account	Counterparty	Relationships	Beginning of Period (Note 1)		Purchase		Sale				End of Period	
					Shares	Amount (Note 2)	Shares	Amount (Note 2)	Shares	Selling Price	Carrying Cost	Gains or losses on disposal (Note 3)	Shares	Amount (Note 2)
Tahsin Industrial Corporation	Stocks/Taiwan Semiconductor Manufacturing Company Limited	Financial assets at fair value through other comprehensive income - current	-	-	1,520	\$754,061	-	\$-	420	\$241,879	\$208,359	\$33,520	1,100	\$545,702
					300	176,805	-	-	300	177,291	176,805	486	-	-
Tah Fa Investment Co., Ltd.	Stocks/Taiwan Semiconductor Manufacturing Company Limited	Financial assets at fair value through other comprehensive income - current	-	-	300	176,805	-	-	300	177,291	176,805	486	-	-

Note 1. The beginning date is June 14, 2022.

Note 2. Refer to the original acquisition cost.

Note 3. Gain on disposal of investments is directly transferred to retained earnings.

Table 4

Tahsin Industrial Corporation

Related information on Name and Location of Investee, etc. (Excluding mainland China investees)

December 31, 2023

Unit: NTD Thousand/Number of Shares: Thousand

Name of investors	Company's names and location of investees	Location	Principal Business Activities	Initial investment amount		Held at the end		Profit or Loss of Investee for Current Period	Investment Profit/Loss Recognized in the Current Period	Remarks
				End of Current Period	End of Previous Period	Shares	Ratio	Carrying amount		
Tahsin Industrial Corporation	Tahsin Shoji Co., Ltd.	8-2, 2-Chome, Imagome Higashi-Osaka-shi, Japan	1. Domestic trading of artificial leather, other synthetic resins and various fiber products 2. Import and export business of handbags, packaging bags, clothing and other supplies and merchandises	\$90,196 ¥400,000	\$90,196 ¥400,000	800	100.00%	\$110,970	\$6,651	Note 1
	Tahsin Industrial Corporation, USA Link Fund, Ltd.	111 Howard Blvd., Suite 206, Mt. Arlington, N.J. 07856 No. 16, Wang Hoi Road, Kowloon Bay, Hong Kong (Room 1503, Telford Building)	Sale of Tahsin products, ready-to-wear, raincoats, PVC products, etc. Trading	216,655 USD7,060 35 HK10	190,638 USD6,210 35 HK10	1	100.00%	5,679	(7,279)	Note 1
	Tah Viet Co., Ltd.	Tân Thuận Đông, Quận 7, Hồ Chí Minh, Vietnam	Processing of raincoats, ready-to-wear garments, leather goods, wardrobes, etc.	217,953 USD7,503	208,699 USD7,203	-	100.00%	143,272	(12,179)	
	Myanmar Tah Hsin Industrial Co., Ltd.	Plot No.D-1 Mingaladon Industrial Park, Mingaladon	Processing of raincoats, ready-to-wear garments, leather goods, wardrobes, etc.	472,523 USD14,700	472,523 USD14,700	-	100.00%	289,708	1,681	Note 1
	TAHSIN INNO-VATIVE MA-CHINERY VINA CO.,LTD.	Renchau Industrial Zone in Thanh Hoa Province, Vietnam	Office machinery manufacturing and processing of binding machines and laminators, etc.	37,031 USD1,200	-	-	100.00%	33,222	(3,680)	
	Tah Fa Investment Co., Ltd.	West District, Taichung City	Generic investments, property purchase, sales and leases	180,000	180,000	18,000	100.00%	1,008,743	62,770	Note 2
	Good Harvest Machinery Industrial Co., Ltd.	Zhunan Township, Miaoli County, Taiwan	Chemical machinery, piping system, rubber machinery, plastic machinery, and other machineries.	50,000	50,000	5,000	26.51%	3,343	(12,071)	

(Continued on next page)

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Table 4

Tahsin Industrial Corporation

**Related information on Name and Location of Investee, etc. (Excluding mainland China investees)
December 31, 2023**

Unit: NTD Thousand/Number of Shares: Thousand

Name of investors	Company's names and location of investees	Location	Principal Business Activities	Initial investment amount		Held at the end			Profit or Loss of Investee for Current Period	Investment Profit/Loss Recognized in the Current Period	Remarks
				End of Current Period	End of Previous Period	Shares	Ratio	Carrying amount			
Tah Fa Investment Co., Ltd.	Tah Cheng Investment Co., Ltd.	West District, Taichung City	Generic investments	21,000	21,000	2,100	41.18%	137,911	23,070	9,499	
	Tah Quan Investment Co., Ltd.	West District, Taichung City	Generic investments	87,000	87,000	8,700	44.39%	322,545	44,509	19,756	
	Tah Chi Enterprise Co., Ltd.	DaanDist., Taipei City, Taiwan	Wholesale and retail of fabric, clothing, shoes, caps, umbrellas, clothing products; furniture, bedding, kitchen appliance, installation products; daily necessities; cultural and educational products, musical instruments, sports and recreational products; food, beverages industry	23,000	23,000	2,300	100.00%	6,383	(1,540)	(1,540)	
Tah Viet Co., Ltd.	TRUONG GIANG GARMENT JOINT-STOCK COMPANY	No. 239, Huynh Thuc Khang St, An Xuan, Tam Ky, Quang Nam Province, Vietnam	Manufacture and processing of ready-to-wear garments for export and domestic sales; sales and marketing of various garment supplies, equipment and raw materials; provision of consultancy services in fashion and textile industry	12,945 USD435	12,945 USD435	37	44.17%	13,088	1,640	725	Note1
	TAHHSIN PHU MY JOINT STOCK COMPANY	Phu My Industrial Zone, Tam, Phuoc Soci Phu Ninh District, Quang Nam Province, Vietnam	Manufacturing and processing of ready-to-wear garments for export and domestic sales	21,851 USD732	21,851 USD732	-	65.00%	15,973	(5,312)	(3,453)	

Note 1. The investment gains and losses recognized during the period include the net (un)realized gains and losses between affiliated companies.

Note 2. The investment gains and losses recognized in the current period include the amount of write-off of cash dividends received by the company of NTD21,432 thousand

Table 5

Tahsin Industrial Corporation

Information on investments in mainland China

January 1 to December 31, 2023

Unit: Thousand NTD

Investees in the Mainland China	Principal Business Activities	Paid-up capital	Investment method (Note 1)	Accumulated Investment Amount Remitted from Taiwan at Beginning of Period	Investment Amount Remitted or Received in Current Period		Accumulated Investment Amount Remitted from Taiwan at End of Period	Profit or Loss of Investee for Current Period	Shareholding Percentage of Direct or Indirect Investments by the Company	Recognized Investment Profit or Loss for Current Period	Carrying Amount of Investments at End of Period	Repatriated Investment Profit or Loss as of End of Period
					Remitted	Received						
DAFU Plastic Industry Co., Ltd.	Mainly produce rain-coats and other plastic products.	\$291,605	2	\$263,164	\$-	\$-	\$263,164	\$33,959	91.26%	\$30,966	\$210,181	\$-

Accumulated Investment Amount Remitted from Taiwan to the Mainland Area at End of Period	Investment Amount Approved by the Investment Commission, M.O.E.A	Investment quota in mainland China as stipulated by Investment Commission, M.O.E.A. (Note 2)
\$263,164	\$263,164	\$6,373,878

Note 1. Investment method: The Company entrusted Hong Kong Tai Ho Co., Ltd. to invest USD8,100,000 in the establishment of Fujian Putian DAFU Plastic Industry Co., Ltd. In 2011, the invested amount in Hong Kong Tai Ho Co. Ltd was increased to HKD10,075,000 (USD1,300,000) which was subsequently reinvested into Fujian Putian DAFU Plastic Industry Co., Ltd.

Note 2. Calculate the upper limit of the cumulative amount or proportion of investment in mainland China at 60% of the net value or consolidated net value (whichever is higher) in accordance with the investment review committee of the Ministry of Economic Affairs.

Table 6

Tahsin Industrial Corporation
Information of Major Shareholders
December 31, 2023
Unit: Thousand shares

Name of major shareholders	Shares	
	Number of shares held	Shareholding Ratio
Tah Cheng Investment Co., Ltd.	10,075	10.16%
Tah Quan Investment Co., Ltd.	9,500	9.58%
Chang Cai Industry Co., Ltd.	9,099	9.18%

- Note 1. The major shareholders in this table are shareholders holding more than 5% of the ordinary and special shares that are issued and delivered without physical registration (including treasury stocks) on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation. However, the share capital recorded in the Company's financial statements and the number of shares actually delivered by the Company without physical registration may differ due to calculation basis.
- Note 2. If a shareholder delivers its shareholding information to the trust, the aforesaid information shall be disclosed by the individual trustee who opened the trust account. For information on shareholders, who declare to be insiders holding more than 10% of shares in accordance with the Securities and Exchange Act, and their shareholdings include their shareholdings plus their delivery of trust and shares with the right to make decisions on trust property, please refer to MOPS.

(XIV.) Department Information

Information regarding business segments has been disclosed in the consolidated financial statements. Therefore, the Company does not disclose such information in the parent company only financial statements.

Lists of Statements of Significant Accounting Items

Items	Number / index
Statements of Assets, Liabilities and Equity Items	
Statement of cash and cash equivalents	Statement 1
Statement of financial assets at fair value through profit and loss- changes in current	Statement 2
Statement of financial assets at fair value through other comprehensive income - current	Statement 3
Statement of notes receivable - unrelated parties	Statement 4
Statement of accounts receivable - unrelated related parties	Statement 5
Statement of other receivables	Statement 6
Statement of inventories	Statement 7
Statement of Prepayments	Statement 8
Statement of financial assets at fair value through other comprehensive income - non-current	Statement 9
Statement of changes in investments accounted for using the equity method	Statement 10
Statement of changes in property, plant, and equipment	Note 6 (9)
Statement of changes in accumulated depreciation of property, plant, and equipment	Note 6 (9)
Statement of changes in right-of-use assets	Note 6 (10)
Statement of changes in accumulated depreciation of right-of-use assets	Note 6 (10)
Statement of changes in investment properties	Note 6 (11)
Statement of changes in accumulated depreciation of investment properties	Note 6 (11)
Statement of deferred income tax assets	Note 6 (26)
Statement of changes in long-term investments	Statement 11
Statement of Notes Payable	Statement 12
Statement of Accounts Payable	Statement 13
Statement of other payables	Statement 14
Statement of provisions - current	Note 6 (13)
Statement of deferred tax liabilities	Note 6 (26)
Statement of profit or loss items	
Statement of operating revenue	Statement 15
Statement of operating costs	Statement 16
Statement of manufacturing expenses	Statement 17
Statement of marketing expenses	Statement 18
Statement of general and administrative expenses	Statement 18
Statement of employee benefits and depreciation, amortization expenses by function	Note 6 (21)
Statement of other net operating income and expenses	Statement 19
Statement of Finance Costs	Note 6 (25)

Tahsin Industrial Corporation

Statement of cash and cash equivalents

December 31, 2023

Unit: NTD and Foreign Currency / Thousand

Items	Summary	Amount
Cash		
Cash on hand		\$174
Working capital		161
Foreign currency	Including USD4, JPY106, EUR5, HK1, CNY3	379
Subtotal in cash		714
Bank deposits		
Check deposits		17,891
Demand deposits - NTD		41,896
Foreign currencies demand deposits	Including USD3,536 、 JPY10,859 、 CNY47 、 HK1	111,141
Time deposits		280,000
Foreign currency time deposit	Including USD12,700	389,954
Subtotal of bank deposits		840,882
Short-term notes and bills within three months	Including USD17,000	1,021,417
Total		\$1,863,013

Foreign currency exchange rate on December 31, 2023

USD : NTD = 1:30.705

JPY : NTD = 1:0.2127

EUR : NTD = 1:33.98

CNY : NTD = 1:4.327

SGP : NTD = 1:23.29

GBP : NTD = 1:39.15

HK : NTD = 1:3.929

Tahsin Industrial Corporation
Statement of financial assets at fair value through profit and loss - current
December 31, 2023

Unit: NTD Thousand/Number of shares: 1000

<u>Financial instru- ments</u>	<u>Summary</u>	<u>Stock units</u>	<u>Carrying amount(</u>		<u>Rate</u>	<u>Acquisition cost</u>	<u>Fair value</u>		<u>The fair value changes of credit risk at fair value</u>	<u>Remarks</u>
			<u>(USD)</u>	<u>Total</u>			<u>Unit(USD)</u>	<u>Total</u>		
Closed-end fund	Jih Sun Vietnam Op- portunity Fund A(USD)	10	10	\$2,803	-	\$2,803	\$226.52	\$2,265	-	
Total				<u>\$2,803</u>		<u>\$2,803</u>		<u>\$2,265</u>		

Note: The fair value of the closed-end fund is the closing market price on December 31, 2023

Tahsin Industrial Corporation

Statement of financial assets at fair value through other comprehensive income - current

December 31, 2023

Unit: NTD Thousand/Number of shares: 1000

Name of Financial Instruments	Summary	Number of Shares	Carrying amount (NTD)	Total Amount	Interest Rate	Acquisition cost	Accumulated impairment	Fair Value	
								Unit price (NTD)	Total Amount
Shares of listed company	Nan Ya Plastics Corporation	35,000	10	\$350,000	-	\$1,191,754	Not applicable	\$66.50	\$2,327,500
Shares of listed company	Formosa Tafteta Co., Ltd	200	10	2,000	-	5,842	Not applicable	25.20	5,040
Shares of listed company	Feng Hsin Steel Co., Ltd.	600	10	6,000	-	39,679	Not applicable	69.10	41,460
Shares of listed company	Mega Financial Holding Co., Ltd.	3,300	10	33,000	-	101,392	Not applicable	39.20	129,360
Shares of listed company	Formosa Plastics Corporation	1,500	10	15,000	-	139,373	Not applicable	79.20	118,800
Shares of listed company	TSMC	1,100	10	11,000	-	545,702	Not applicable	593.00	652,300
Beneficiary certificates	Yuantia/P-shares Taiwan Top 50 ETF	100	-	10,000	-	10,061	Not applicable	135.45	13,545
Shares of listed company	Sinon Corporation	2,500	10	25,000	-	58,695	Not applicable	38.45	96,125
Shares of listed company	YungShin Global Holding Corporation	1,000	10	10,000	-	43,245	Not applicable	46.50	46,500
Shares of listed company	Taiwan Cement Corporation	3,850	10	38,500	-	166,196	Not applicable	34.85	134,173
Shares of OTC company	Asia Cement Corporation	2,000	10	20,000	-	99,475	Not applicable	41.45	82,900
Shares of OTC company	Tai Cheng Investment Co., Ltd.	155	10	1,550	-	10,724	Not applicable	72.10	11,175
Shares of listed company	CTBC Financial Holding Co., Ltd.	4,000	10	40,000	-	98,199	Not applicable	28.35	113,400
Shares of listed company	Taiwan Pailho Limited	1,000	10	10,000	-	75,272	Not applicable	57.60	57,600
Total				\$ 572,050		\$2,585,609			\$3,829,878

Note: The fair value of public shares/beneficiary certificate is the closing market price on December 31, 2023

Statement 4**Tahsin Industrial Corporation****Statement of notes receivable - unrelated parties****December 31, 2023**

Unit: Thousand NTD

Customer name	Summary	Amount	Remarks
Total amount of notes receivable			
Company A		\$4,901	
Company B		3,105	
Company C		3,018	
Others		28,587	
Total		\$39,611	(5% and under)
Less: provision for losses		(1,188)	
Net amount		\$38,423	

Statement 5**Tahsin Industrial Corporation****Statement of accounts receivable - unrelated related parties****December 31, 2023**

Unit: NTD and foreign currency/ Thousand

Customer name	Summary	Amount	Remarks
Unrelated party			
Company A	USD 2,479	\$76,128	
Company B	USD 1,399	42,945	
Company C	USD 430	13,205	
Others	(Including USD1,636)	98,099	
Total		230,377	(Under 5%)
Less: provision for losses		(7,096)	
Net amount		\$223,281	

Foreign exchange rate on
December 31, 2023
USD:NTD=1:30.705

Tahsin Industrial Corporation**Statement of other receivables****December 31, 2023**

Unit: NTD and foreign currency/ Thousand

Items	Summary	Amount	Remarks
Other receivables			
	Business tax refundable	\$2,573	
	Dividends receivable	3,300	
	Others	8,137	
Total		<u>\$14,010</u>	
Other receivables - related parties			
	Overdue interest receivable	\$2	
	Receivable from money advanced for others	4,571	
Total		<u>\$4,573</u>	

Tahsin Industrial Corporation

Statement of inventories

December 31, 2023

Unit: Thousand NTD

Items	Summary	Amount		Remarks
		Cost	Net Realizable Value	
Raw materials		\$67,361	\$67,361	
	PP Compound COPO	30,106		
	TAFFETA	5,244		
	Three-layer laminated cloth	2,352		
	Others	29,659		
Materials		\$47,392	\$47,392	
	New machine materials	34,123		
	Others	13,269		
Work in process		\$167,400	\$167,400	
	Raincoat	120,967		
	Garment	24,478		
	Laminator	14,299		
	PP Corrugated Board	7,656		
Finished goods		\$184,883	\$182,624	
	Garment	72,760		
	Raincoat	73,065		
	PP Corrugated Board	22,372		
	Others	16,686		
Total inventory		\$467,036	\$464,777	
Less: Allowance for loss for market price decline and obsolete and slow-moving inventories.		(2,259)		
Net inventory		\$464,777	\$464,777	

Tahsin Industrial Corporation**Statement of Prepayments****December 31, 2023**

Unit: NTD and foreign currency/ Thousand

Items	Summary	Amount	Remarks
Prepayments for purchases		\$7,257	
Prepaid expenses	Prepaid insurance premiums	512	
	Prepaid repairs and maintenance	484	
	Prepaid processing fees	2,676	
	Others	9,226	
Office supplies		1,193	
Total		\$21,348	

Tahsin Industrial Corporation

Statement of financial assets at fair value through other comprehensive income - non-current

January 1 to December 31, 2023

Unit: NTD Thousand/Number of shares: 1000

Name	Beginning balance		Increase in this period		Decrease in this period		Ending balance		Accumulated impairment	Provide guarantee or pledge	Remarks
	Shares	Fair Value	Shares	Amount	Shares	Amount	Shares	Fair Value			
Investments in equity instruments at fair value through other comprehensive income:	10,000	\$333,600	-	\$6,100	-	-	10,000	\$339,700	Not applicable	None	
Asia Pacific Investment Corporation											
Yennostrum Animal Health Co., Ltd.	95	2,091	5	1,025	-	-	100	3,116	Not applicable	None	
subtotal		335,691		7,125		-		342,816		None	
Investments in liability instruments at fair value through other comprehensive income:											
TSMC Arizona Corp Bond (3)	-	14,192	-	699	-	-	-	14,891	-	None	
3M Company Bond	-	-	-	16,614	-	-	-	16,614	-	None	
TSMC Arizona Corp. Bond	-	-	-	15,024	-	-	-	15,024	-	None	
Johnson & Johnson JNJ US Bond	-	-	-	15,801	-	-	-	15,801	-	None	
United Parcel Service, Inc. Bond	-	-	-	15,936	-	-	-	15,936	-	None	
Bank of America	-	-	-	15,317	-	-	-	15,317	-	None	
Apple Inc. Bond	-	-	-	15,640	-	-	-	15,640	-	None	
Subtotal		14,192		95,031		-		109,223			
Total		\$349,883		\$102,156	-	-		\$452,039			

Description: Current period increases (decreases) includes recognized unrealized valuation gains (losses) and difference in interest income amortized by effective interest rate.

Tahsin Industrial Corporation

Statement of changes in investments accounted for using the equity method (including investments accounted for using the equity method - credit)
January 1 to December 31, 2023

Unit: NTD Thousand/Number of shares: 1000

Name	Beginning balance		Increase in this period		Decrease in this period		Ending balance		Market value or Net Equity Value		Provide guarantee or pledge Remarks
	Shares	Amount	Shares	Amount	Shares	Amount	Shareholding Ratio	Amount	Unit price (NTD)	Net equity	
Subsidiaries:											
Tahsin Shoji Co., Ltd.	800	\$111,542	-	-	-	\$572	100.00	\$110,970	\$139.84	\$111,873	None
Tahsin Industrial Corporation CORP. (T. H. USA)	1	-	-	\$26,017	-	20,338	100.00	5,679	5,679.27	5,679	None
Yuk Wing Development, Ltd.		39	-	-	-	-	100.00	39		39	None
DAFU Plastic Industry Co., Ltd.		182,944	-	27,237	-	-	91.26	210,181		210,238	None
Tah Viet Co., Ltd.		146,828	-	9,254	-	12,810	100.00	143,272		143,272	None
Myanmar Tah Hsin Industrial Co., Ltd.		288,099	-	1,609	-	-	100.00	289,708		289,708	None
TAHSIN INNOVATIVE MA-CHINERY VINA CO.,LTD.		-	-	37,031	-	3,809	100.00	33,222		33,222	None
Tah Fa Investment Co., Ltd.	18,000	941,823	-	128,120	-	61,200	100.00	1,008,743	65.88	1,185,825	None
Less: Recognized as treasury stock (Tah Fa Investment Co., Ltd)		(83,230)	-	-	-	-		(83,230)			
(Tah Fa Investment Co., Ltd)											
Subtotal of subsidiary Affiliates:		1,588,045		229,268		98,729		1,718,584			
Good Harvest Machinery Industrial Co., Ltd.	5,000	5,744	-	-	-	2,401	26.51	3,343	0.67	3,343	None
Total		<u>\$1,593,789</u>		<u>\$229,268</u>		<u>\$101,130</u>		<u>\$1,721,927</u>			
Investments accounted for using the equity method - credit											
Subsidiary:											
USA TAHSININDUSTRIALCORP.	1	(\$13,254)	-	\$13,254	-	-	100.00	-	-	-	None
Total		<u>(\$13,254)</u>		<u>\$13,254</u>		<u>-</u>		<u>-</u>			

Tahsin Industrial Corporation

Statement of changes in long-term investments

January 1 to December 31, 2023

Unit: NTD Thousand/Number of shares: 1000

Name	Beginning balance		Increase in this period		Decrease in this period		Ending balance		Market value or Net Equity Value		Provide guarantee or Remarks
	Shares	Fair Value	Shares	Amount	Shares	Amount	Shares	Fair Value	Unit Price	Total	
Golf license		\$810	-	-	-	-	-	\$810	-	-	None
Total		\$810	-	-	-	-	-	\$810			

Statement 12**Tahsin Industrial Corporation****Statement of Notes Payable****December 31, 2023**

Unit: Thousand NTD

Object	Summary	Amount	Remarks
Company A		\$18,375	
Company B		5,639	
Company C		5,584	
Company D		4,758	
Others		52,725	(Under 5%)
Total		<u>\$87,081</u>	

Statement 13**Tahsin Industrial Corporation****Statement of Accounts Payable (Related-parties included)****December 31, 2023**

Unit: (Thousand NTD/ Thousand Foreign Currency)

Object	Summary	Amount	Remarks
Unrelated party			
Company A		\$4,487	
Company B		3,251	
Company C	Including USD62	1,982	
Company D		1,846	
Company E		1,512	
Others	Including USD40、HK1	15,286	(Under 5%)
Total		<u>\$28,364</u>	

Related parties:

Fujian Putian DAFU Plastic Industry Co., Ltd.	Including USD253	<u>\$7,855</u>
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Tahsin Industrial Corporation

Statement of Other Payables (including related party)

December 31, 2023

Unit: NTD and foreign currency/ Thousand

Items	Summary	Amount	Remarks
Salary payable		\$12,136	
Bonus payable		59,479	
	Year-end bonus payable	51,409	
	Bonuses payable to outsourced processing entities	7,621	Including USD240
	Bonuses payable to distribution dealers	449	
Processing fees payable		15,614	Including USD346
Equipment expenses payable		316	
Insurance premiums payable		4,327	
Freight payable		2,790	
Employee compensation payable		8,029	
Utility expenses payable		882	
Remuneration for directors and supervisors payable		1,800	
Pension payable		973	
Meals expenses payable		659	
Employee benefits payable		220	
Others		8,254	Including USD153
Total		\$115,479	

Tahsin Industrial Corporation**Statement of operating revenue****December 31, 2023**

Unit: Thousand NTD

Items	Quantity	Amount	Remarks
Raincoat	102,299Dozens	\$833,099	
Garment	769,654Pieces	458,643	
Wardrobe	4,425Sets	2,568	
Household fittings	1,722,143PCS	83,013	
Binding machine	49,963Sets	172,589	
Processing of Miscellaneous Items	17,819Dozens	44,221	
PP Corrugated Board	10,381,337PCS	209,127	
Waterproof fabrics	94,196Yard	22,542	
Total Revenue		1,825,802	
Less: Sales Return		(5,766)	
Sales Allowances		(2,182)	
Net operating revenue		\$1,817,854	

Tahsin Industrial Corporation

Statement of operating costs

December 31, 2023

Unit: Thousand NTD

Items	Amount	
	Subtotal	Total
Raw materials at beginning of period	\$72,437	
Purchase	431,013	
Less: Raw materials - end of period	(67,361)	
Disposals	(418)	
Raw materials consumed		\$435,671
Materials, beginning of period	49,555	
Purchase	204,897	
Inventory gain	1	
Less: Supplies, end of the period	(47,392)	
Inventory loss	(2)	
Disposals	(606)	
Materials consumed		206,453
Direct labor		43,421
Manufacturing expenses (Statement 16)		604,741
Manufacturing cost		1,290,286
Less: work-in-process at beginning of period		293,555
Less: work-in-process at end of period		(167,400)
Disposal		(22)
Cost of finished goods		1,416,419
Finished products at beginning of period		149,635
Finished goods purchased from external sources		194,782
Less: finished products at end of period		(184,883)
Inventory loss		(3)
Disposals		(4,845)
Cost of sales		1,571,105
Add (less): Net gain or loss on inventory		4
Add (less): Loss due to inventory write-down (gain on recovery)		9
Add: Loss on inventory scraps		307
Add: Unallocated manufacturing expenses		7,897
Less: Gains on sale of scraps		(4,303)
Total operating costs		\$1,575,019

Tahsin Industrial Corporation

Statement of manufacturing expenses

December 31, 2023

Unit: Thousand NTD

Items	Summary	Amount
Salary expenses		\$71,758
Rent expenses		469
Stationery		294
Traveling Expenses		1,144
Freight cost		340
Cable Fee		242
Repair and maintenance expenses		3,677
Water, electricity, and gas fees		14,590
Insurance expenses		8,253
Subcontract processing expenses		463,054
Entertainment expenses		20
Tax expense		28
Depreciation		36,629
Meal expenses		2,892
Training expenses		122
R&D expenses		150
Gasoline expenses		333
Pension		2,340
Fuel expenses		352
Die-cut and printing plate expenses		162
Consumables		1,685
Sample fees		629
Business operation expenses		3,475
Less: Unallocated manufacturing expenses		(7,897)
Total		<u>\$604,741</u>

Tahsin Industrial Corporation

Statement of operating expenses

December 31, 2023

Unit: Thousand NTD

Items	Marketing expenses	Administrative expenses	Total
Salary expenses	\$57,587	\$62,588	\$120,175
Rent expenses	260	84	344
Stationery	345	326	671
Traveling Expenses	3,759	3,288	7,047
Freight cost	15,729	15	15,744
Cable Fee	812	334	1,146
Repair and maintenance expenses	131	1,734	1,865
Advertisement expenses	592	48	640
Water, electricity, and gas fees	278	2,742	3,020
Insurance expenses	6,109	6,129	12,238
Entertainment expenses	453	501	954
Charity Donations	3,844	633	4,477
Tax expense	819	2,495	3,314
Depreciation	1,817	12,414	14,231
Meal expenses	1,812	1,922	3,734
Employee benefits	-	2,795	2,795
Training expenses	3	101	104
Labor costs	29	2,583	2,612
Pension	2,136	2,273	4,409
Harbor due	375	-	375
Gasoline expenses	773	485	1,258
Custom clearance expenses	1,204	-	1,204
Cleaning expenses	321	1,224	1,545
Sample fees	2,470	-	2,470
Air/Sea freight expenses	3,331	-	3,331
Negotiation charges	439	-	439
Building management fees	1,395	109	1,504
General operating expenses	7,154	-	7,154
Business operation expenses	1,469	8,382	9,851
Subtotal	\$115,446	\$113,205	\$228,651
Expected credit losses			(4,073)
Total			\$224,578

Tahsin Industrial Corporation**Statement of other net operating income and expenses****December 31, 2023**

Unit: Thousand NTD

Items	Summary	Amount	Remarks
Gain (loss) on disposal of property, plant and equipment		\$27	
Net foreign exchange gains (losses)		4,849	
Gain (loss) of financial assets(liabilities) at fair value through P/L		287	
Miscellaneous expenses		(5,237)	
	Stock affairs agency fees	(1,373)	
	House tax and land value tax on land and property leased to others	(3,054)	
	Others	(810)	
Total		(\$74)	

Independent Auditors' Report

To Tahsin Industrial Corporation:

Audit Opinion

Tahsin Industrial Corporation and subsidiaries' Consolidated Balance Sheets as of December 31, 2023 and 2022, in addition to the Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity, Consolidated Statements of Cash Flows, and Notes to Consolidated Financial Statements (including the Summary of Significant Accounting Policies) for the years then ended, have been audited by the CPAs.

In our opinion, the Consolidated Financial Statements mentioned above have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", which bring impact of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (hereinafter referred to as "IFRSs") endorsed and effected by the Financial Supervisory Commission (hereinafter referred to as the "FSC") in all material aspects, and are considered to have reasonably expressed the Tahsin Industrial Corporation's and subsidiaries' financial conditions as of December 31, 2023 and 2022, as well as the consolidated financial performance and cash flows from January 1 to December 31, 2023 and 2022.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards. Our responsibilities under those standards are further described in the section titled "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements." We are independent from Tahsin Group pursuant to the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other responsibilities in accordance with these requirements. We believe we have obtained sufficient and appropriate audit evidence to serve as a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of Tahsin Industrial Corporation and its subsidiaries for the year ended December 31, 2023. Such matters have been dealt with in the course of auditing the consolidated financial statements and in the preparation of our audit opinion. As such, we do not respond to each key matter individually. The key audit matters for the consolidated financial statements of Tahsin Industrial Corporation and its subsidiaries for the year ended December 31, 2023 are as follows:

Revenue recognition

Please refer to Note 4 (18) of the Consolidated Financial Statements for accounting policies regarding revenue recognition; please see Note 5 (1) 3 of the Consolidated Financial Statements for critical accounting judgments, estimates, and assumptions regarding revenue recognition; please see Note 6 (23) of the Consolidated Financial Statement for disclosure of information related to income.

Key Audit Matters:

The operating revenue of Tahsin Industrial Corporation and subsidiaries comes mainly from sale of products. Recognition of sales revenue is mainly to verify whether the control over goods is transferred to buyers and whether there are no non-performance obligations that may affect the acceptance of products, and also is the main indicator for investors and the management to assess the financial or business performance of Tahsin Industrial Corporation and subsidiaries. As the accuracy of the amount and timing of revenue recognition has a great influence on the financial statements, we have thus included it as one of the key audit matters.

Audit

procedures

adopted:

Our audit procedures include (i) understanding and testing the effectiveness of internal control mechanisms adopted by the management on revenue recognition; (ii) sampling and reviewing records of sales revenue recognition (including shipping documents) over a certain period of time before the balance sheet date, and determining the appropriateness of recognition timing thereof; (iii) testing selected underlying transactions before and after the end of the reporting date to verify if they were recognized in the correct period; (iv) assessing whether the risks and rewards of goods, of which the revenue had been recognized, have been transferred; and (v) performing a trend analysis on major buyers and revenues by product to determine if material irregularities exist.

Cash and cash equivalents

Please refer to Note 4 (6) of the consolidated financial statements for details of the accounting policies for cash and cash equivalents. Please refer to note 6 (1) of the consolidated financial statements for details of the accounting items of cash, equivalent cash and time deposits with an original maturity of more than three months.

Key Audit Matters:

As of December 31, 2023, the cash and cash equivalents held by Tahsin Industrial Corporation and subsidiaries and time deposits with original maturities of more than three months and more than one year carrying value (listed in other financial of assets-current and other financial assets-non-current) is NTD2,727,512 thousand, accounting for approximately 24.05% of total assets, and the amount is significant to the consolidated financial statements. Due to the inherent risk of cash and cash equivalents and time deposits with an original maturity of more than three months and more than one year, we list these items as one of the key audit items.

Audit procedures adopted:

1. Evaluate and test the effectiveness of the design and implementation of the internal control system for cash and cash equivalents and term deposits with initial terms of over three months and over one year.
2. Conduct significant transactions test and verification procedures for frequent bank accounts, including understanding the purpose of the bank account and reviewing relevant transaction vouchers to confirm the reasonableness of the receipt and payment of huge bank deposits.
3. Conduct an inventory verification process on cash and term deposits, including checking whether term deposits have provided guarantees or pledged to confirm consistency with the disclosures in the financial statements.
4. To obtain a breakdown of the balances of cash and cash equivalents and term deposits with initial terms of over three months and over one year and to check the balance on bank statements and the relevant transaction evidence to confirm the existence. In addition, check the amount on the correspondence response letter for all financial institutions and examine whether there are any restricted incidents, which have been properly disclosed.

Financial assets measured at fair value through other comprehensive income

Accounting policies related to financial assets measured at fair value through other comprehensive income are detailed in Note 4 (7) of the consolidated financial statements; significant accounting judgments, estimates, and assumptions regarding the classification and fair value measurement of financial assets are provided in Note 5 (1) and 5 (2) of the consolidated financial statements; explanations regarding the accounting items of financial assets measured at fair value through other comprehensive income are disclosed in Note 6 (3) and 6 (7) of the consolidated financial statements.

Key Audit Matters:

As of December 31, 2023, the carrying amount of financial assets measured at fair value through other comprehensive income held by Tahsin Industrial Corporation and subsidiaries amounted to NTD4,537,767 thousand, accounting for approximately 40% of the total assets. The amount is significant to the overall consolidated financial statements. Therefore, the auditor considers these items as one of the key audit matters.

Audit procedures adopted:

1. Evaluate and test the effectiveness of internal control systems design and execution related to investment operations, including whether transactions are appropriately approved.
2. Perform substantive audit procedures on financial assets measured at fair value through other comprehensive income, including verifying the accuracy of initial recognition and subsequent measurement amounts, cross-checking relevant documents, obtaining confirmations or verifying relevant documents to confirm whether collateral or pledges have been provided, ensuring consistency with financial reporting information disclosure.

Other Matters

We have also audited the Parent Company Only Financial Statements of Tahsin Industrial Corporation for 2023 and 2021, on which we have issued an unqualified opinion.

Responsibilities of the Management and the Governance Unit for the Consolidated Financial Statements

To ensure that the Consolidated Financial Statements do not contain material misstatements caused by fraud or errors, the management is responsible for preparing prudent Consolidated Financial Statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," as well as the IFRS, IAS, law and regulation reviews and their announcements recognized and announced by the Financial Supervisory Commission, and for preparing and maintaining necessary internal control procedures pertaining to the Consolidated Financial Statements.

In preparing the Consolidated Financial Statements, the responsibility of management includes assessing the ability of Tahsin Industrial Corporation and its subsidiaries to continue as going concerns, disclosing related matters, as well as adopting the going-concern basis of accounting, unless the management intends to liquidate Tahsin Industrial Corporation and subsidiaries or terminate the business, or no practicable measure other than liquidation or termination of the business can be taken.

Those charged with governance (including the Audit Committee) are responsible for overseeing Tahsin Industrial Corporation's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditors' report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. There may still be material misstatements due to fraud or errors. If it could be reasonably anticipated that misstated amounts, individually or in aggregate, could have influenced the economic decisions made by the users of the consolidated financial statements, it will be deemed as material.

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

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. As fraud may involve collusion, forgery, deliberate omissions, false statements, or violations of internal controls, the risk of an undetected material misstatement due to fraud is greater than that due to errors.
2. Acquired necessary understanding of internal controls pertaining to the audit in order to develop audit procedures appropriate under the circumstances. Nevertheless, the purpose of such understanding is not to provide any opinion on the effectiveness of the internal controls of Tahsin Industrial Corporation and subsidiaries.
3. Assess the appropriateness of the accounting policies adopted by the management and the reasonableness of the accounting estimates and related disclosures has made.
4. Based on the audit evidence acquired, on the appropriateness of the management's use of the going-concern basis of accounting, and determined whether a material uncertainty exists where

events or conditions that might cast significant doubt on the ability of Tahsin Industrial Corporation and subsidiaries to continue to operate as going concerns. If we believe there may be factors causing significant uncertainties, we are required to remind the users of the consolidated financial statements in our audit report of the relevant disclosures therein, or to amend our report if inappropriate disclosure was made. Our conclusions are based on information available at the date of the auditor's report. However, future events or circumstances may cause Tahsin Industrial Corporation and subsidiaries to cease to continue as a going concern.

5. Evaluate the overall expression, structure and contents of the Consolidated Financial Statements (including relevant Notes), and whether the Consolidated Financial Statements fairly present relevant transactions and events.
6. To obtain sufficient and appropriate audit evidence on the financial information from Tahsin Group members to express opinions on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit, and responsible for forming our opinions on the Group.

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.

We determined the key audit matters of the consolidated financial statements of Tahsin Industrial Corporation and subsidiaries of 2023 from the matters communicated with the governance authorities. Such matters have been explicitly stated in our audit report, unless laws or regulations prevent their disclosures, or, in extremely rare cases, we decide not to communicate such matters in our audit report in consideration that the reasonably anticipated adverse impacts of such communication would be greater than the public interest it would promote.

Crowe Horwath (TW) CPAs

CPA: Wang, Wu-Chang

CPA: Chiu, Kuei-Ling

No. of the official approval: FSC No. 10200032833

March 12, 2024

Tahsin Industrial Corporation and subsidiaries

**Consolidated Balance Sheets
December 31, 2023 and 2022**

Unit: Thousand NTD

Code	Assets	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
	Current Assets				
1100	Cash and cash equivalents (Notes 4 and 6 (1))	\$2,249,460	20	\$2,019,589	18
1110	Financial assets at fair value through profit and loss-current (Notes 4 and 6(2))	3,282	-	1,978	-
1120	Financial assets at fair value through other comprehensive income - current (Notes 6 (3))	3,840,678	34	4,050,561	35
1150	(Net) Notes receivables (Note 6 (4))	57,555	-	76,177	1
1170	(Net) Accounts receivable (Note 6 (5))	256,909	2	339,514	3
1180	(Net) Accounts receivable – related parties (Note 6 (5))	9,311	-	18,535	-
1200	Other receivables	16,936	-	20,914	-
1210	Other receivables - related parties	895	-	833	-
1220	Current income tax assets	14,689	-	8,472	-
130x	Inventories (Notes 4 and 6 (6))	631,501	6	749,392	6
1410	Prepayments	31,186	-	25,219	-
1476	Other financial assets - current (Note 6 (1))	406,656	4	640,876	6
1479	Other current assets - Others	758	-	988	-
11xx	Total current assets	7,519,816	66	7,953,048	69
	Non-current Assets				
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 6 (7))	697,089	6	586,578	5
1550	Investments accounted for using the equity method (Notes 4 and 6 (8))	476,887	4	471,598	4
1600	Property, plant and equipment (Notes 4 and 6 (9))	1,971,976	18	1,970,028	17
1755	Right-of-use asset (Notes 4 and 6 (10))	134,241	1	74,039	1
1760	Investment properties - net (Notes 4 and 6 (11))	345,455	3	345,465	3
1840	Deferred tax assets (Note 6 (29))	97,185	1	95,918	1
1920	Refundable deposits	7,128	-	3,807	-
1970	Other long-term investment (net)	810	-	810	-
1975	Net defined benefit asset – non-current (Note 6 (16))	-	-	1,043	-
1980	Other financial assets – non-current (Note 6 (1))	71,396	1	26,448	-
1995	Other non-current assets, others	20,836	-	5,759	-
15xx	Total non-current assets	3,823,003	34	3,581,493	31
1xxx	Total Assets	\$11,342,819	100	\$11,534,541	100

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Tahsin Industrial Corporation and its subsidiaries
Consolidated Balance Sheets
December 31, 2023 and 2022

Unit: Thousand NTD

Code	Liabilities and equity	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
	Current liabilities				
2100	Short-term loans (Note 6 (12))	\$129,017	1	\$160,541	1
2110	Short-term bonds payable(Note 6(13))	-	-	25,000	-
2120	Financial assets at fair value through profit or loss - current (Note 6 (2))	-	-	3,209	-
2130	Contract liabilities - current (Note 6 (23))	7,379	-	12,117	-
2150	Notes payable	87,081	1	122,289	1
2170	Accounts payable	38,787	-	60,245	1
2180	Accounts payable-related parties	-	-	140	-
2200	Other payables (Note 6 (14))	163,004	2	229,807	2
2220	Other payables- related parties	471	-	3,413	-
2230	Current income tax liabilities	11,615	-	50,252	1
2250	Provisions - current (Notes 4 and 6 (15))	8,458	-	8,458	-
2280	Lease liabilities - current (Note 6 (10))	13,009	-	2,904	-
2399	Other current liabilities - others	1,411	-	2,002	-
21xx	Total current liabilities	460,232	4	680,377	6
	Non-current liabilities				
2570	Deferred tax liabilities (Note 6 (29))	188,267	2	197,569	2
2580	Lease liabilities - non-current (Notes 6 (10))	61,629	-	8,250	-
2640	Net defined benefit liabilities - non-current (Notes 4 and 6 (16))	3,354	-	-	-
2645	Guarantee deposits received	6,207	-	9,601	-
25xx	Total non-current liabilities	259,457	2	215,420	2
2xxx	Total liabilities	719,689	6	895,797	8
	Equity				
	Equity Attributable to the Shareholders of the Parent Company				
3100	Share capital (Note 4 and 6 (17))	990,990	9	990,990	9
3200	Capital surplus (Note 6 (18))	221,869	2	200,160	2
3300	Retained earnings (Note 6 (19))	7,575,050	67	7,760,947	67
3400	Other equity (Note 6 (20))	1,889,721	17	1,740,578	15
3500	Treasury shares (Note 6 (21))	(83,230)	(1)	(83,230)	(1)
31xx	Total equity attributable to owners of the parent company	10,594,400	94	10,609,445	92
36xx	Non-controlling interests (Note 6 (22))	28,730	-	29,299	-
3xxx	Total equity	10,623,130	94	10,638,744	92
	Total liabilities and equity	\$11,342,819	100	\$11,534,541	100

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

Chairman: Wu, Zi-Cong

Manager: Chen, Yi-Chien

Chief Accountant: Chen, Ming-Je

Tahsin Industrial Corporation and its subsidiaries
Consolidated Statements of Comprehensive Income
For the Years Ended December 31, 2023 and 2022

Unit: Thousand NTD

Code	Items	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
4000	Operating revenue (Notes 4 and 6 (23))	\$2,157,193	100	\$2,669,360	100
5000	Operating Costs (Note 6 (6) (24))	(1,804,934)	(84)	(2,164,045)	(81)
5900	Gross Profit	352,259	16	505,315	19
	Operating expenses (Note 6 (24))				
6100	Marketing expenses	(112,875)	(5)	(108,441)	(4)
6200	Administrative expenses	(229,238)	(10)	(225,260)	(8)
6450	Expected credit losses (benefits)	4,196	-	(1,181)	-
6000	Total operating expenses	(337,917)	(15)	(334,882)	(12)
6900	Operating profit	14,342	1	170,433	7
	Non-operating income and expenses				
7100	Interest income (Note 6 (25))	82,062	4	33,568	1
7010	Other income (Note 6 (26))	244,673	11	431,635	16
7020	Other gains and losses (Note 6 (27))	2,079	-	130,305	5
7050	Finance costs (Notes 4 and 6 (28))	(2,214)	-	(2,342)	-
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method	26,780	1	23,146	1
7000	Total non-operating income and expenses	353,380	16	616,312	23
7900	Net profit before tax	367,722	17	786,745	30
7950	Benefit of income tax (expense) (Note 6 (29))	(17,215)	(1)	(75,521)	(3)
8000	Profit from continuing operations	350,507	16	711,224	27
8200	Profit	350,507	16	711,224	27
	Other comprehensive income (Note 6 (30))				
	Items that will not be reclassified to profit or loss:				
8311	Remeasurement of defined benefit plans (Note 6 (16))	(9,654)	-	9,270	-
8316	Unrealized valuation profit or loss on investments in equity instruments at fair value through other comprehensive income	211,658	10	(1,108,888)	(42)
8326	Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income of affiliated enterprises and joint ventures	14,532	-	(93,645)	(3)
8310	Components of other comprehensive income that will not be reclassified to profit or loss:	216,536	10	(1,193,263)	(45)
	Items that may be reclassified to profit or loss				
8361	Exchange differences on translating the financial statements of foreign operations	(12,497)	-	36,819	1
8367	Unrealized valuation profit or loss on investment in debt instruments financial assets at fair value through other comprehensive income at FVTOCI	1,492	-	(1,256)	-
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	2,396	-	(7,146)	-
8360	Items that may be reclassified subsequently to profit or loss:	(8,609)	-	28,417	1
8300	Other comprehensive income - net after tax	\$207,927	10	(\$1,164,846)	(44)
8500	Total Comprehensive Income for the Year	\$558,434	26	(\$453,622)	(17)
8600	Profit (loss), attributable to:				
8610	Shareholders of the parent company (net income/loss)	\$349,399	16	\$708,174	27
8620	Non-controlling interests (profit or loss)	1,108	-	3,050	-
		\$350,507	16	\$711,224	27
8700	Total comprehensive income attributable to:				
8710	Owners of the parent company (consolidated profit and loss)	\$557,840	26	(\$457,759)	(17)
8720	Non-controlling interests (consolidated profit and loss)	594	-	4,137	-
		\$558,434	26	(\$453,622)	(17)
	Earnings Per Share				
9750	Basic earnings per share (Note 6 (31))	\$3.66		\$7.41	
9850	Diluted earnings per share	\$3.66		\$7.41	

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

Chairman: Wu, Zi-Cong

Manager: Chen, Yi-Chien

Chief Accountant: Chen, Ming-Je

Tahsin Industrial Corporation and its subsidiaries

Consolidated Statements of Changes in Equity For the Years Ended December 31, 2023 and 2022

Unit: Thousand NTD

	Equity Attributable to the Shareholders of the Parent Company								Total equity to owners of the parent company	Non-controlling interests	Total Equity
	Retained earnings			Other Equity							
	Share capital of common stock	Capital surplus	Legal reserve	Special re-serve	Undistributed earnings (or loss to be compensated)	Exchange differ-ences on translating the financial state-ments of foreign operations	Unrealized valuation (losses) gains from financial assets meas-ured at fair value through other compre-hensive income	Treasury stock			
Balance as of January 1, 2022	990,990	182,030	1,570,733	573,800	5,394,465	(106,328)	3,022,109	(83,230)	11,544,569	25,713	11,570,282
Appropriation and distribution of earnings:											
Ordinary cash dividends	-	-	-	-	(495,495)	-	-	-	(495,495)	-	(495,495)
Other changes in capital surplus	-	270	-	-	-	-	-	-	270	-	270
Profit after tax of 2022	-	-	-	-	708,174	-	-	-	708,174	3,050	711,224
Other comprehensive income after tax in 2022	-	-	-	-	9,270	28,586	(1,203,789)	-	(1,165,933)	1,087	(1,164,846)
Total Comprehensive Income for the Year	-	-	-	-	717,444	28,586	(1,203,789)	-	(457,759)	4,137	(453,622)
Adjustments of capital surplus for the Company's cash dividends received by subsidiaries	-	17,860	-	-	-	-	-	-	17,860	-	17,860
Increase and decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	(551)	(551)
Balance as of December 31, 2022	\$990,990	\$200,160	\$1,570,733	\$573,800	\$5,616,414	(\$77,742)	\$1,818,320	(\$83,230)	\$10,609,445	\$29,299	\$10,638,744
Balance as of January 1, 2023	990,990	200,160	1,570,733	573,800	5,616,414	(77,742)	1,818,320	(83,230)	10,609,445	29,299	10,638,744
Appropriation and distribution of earnings:											
Ordinary cash dividends	-	-	-	-	(594,594)	-	-	-	(594,594)	-	(594,594)
Other changes in capital surplus	-	277	-	-	-	-	-	-	277	-	277
Profit after tax of 2023	-	-	-	-	349,399	-	-	-	349,399	1,108	350,507
Other comprehensive income after tax in 2023	-	-	-	-	(9,654)	(9,587)	227,682	-	208,441	(514)	207,927
Total Comprehensive Income for the Year	-	-	-	-	339,745	(9,587)	227,682	-	557,840	594	558,434
Adjustments of capital surplus for the Company's cash dividends received by subsidiaries	-	21,432	-	-	-	-	-	-	21,432	-	21,432
Increase and decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	(1,163)	(1,163)
Disposals of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	68,952	-	(68,952)	-	-	-	-
Balance as of December 31, 2023	\$990,990	\$221,869	\$1,570,733	\$573,800	\$5,430,517	(\$87,329)	\$1,977,050	(\$83,230)	\$10,594,400	\$28,730	\$10,623,130

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

Chairman: Wu, Zi-Cong

Manager: Chen, Yi-Chien

Chief Accountant: Chen,Ming-Je

Tahsin Industrial Corporation and its subsidiaries

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

Unit: Thousand NTD

Items	December 31, 2023	December 31, 2022
Cash flows from (used in) operating activities		
Net profit before tax	\$367,722	\$786,745
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation expenses	86,228	66,710
Expected credit losses (benefits)	(4,196)	1,181
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(4,391)	3,974
Interest expenses	2,214	2,342
Interest revenue	(82,062)	(33,568)
Dividend revenue	(198,694)	(382,489)
Share of loss (profit) of associates and joint ventures accounted for using equity method	(26,780)	(23,146)
Loss (gain) on disposal and disposition of property, plant and equipment	(451)	(705)
Reversal of provision for property, plant, and equipment	-	3,194
Unrealized exchange loss (gain)	138	2,281
Other adjustments to reconcile profit (loss)	277	270
Total adjustments to reconcile profit (loss)	(227,717)	(359,956)
Changes in operating assets and liabilities		
Changes in operating assets		
Decrease (increase) in notes receivable	18,802	12,925
Decrease (increase) in accounts receivable	81,517	(26,952)
Decrease (increase) in accounts receivable - related parties	9,169	(2,100)
Decrease (increase) in other receivables	2,580	2,130
Decrease (increase) in other receivables - related parties	(62)	1,001
Decrease (increase) in inventories	117,891	7,027
Decrease (increase) in prepayments	(5,967)	15,157
Decrease (increase) in other non-current assets	230	165
Decrease (increase) in other financial assets	29,048	(37,804)
Decrease (increase) in net defined benefit assets	1,043	(1,043)
Total changes in operating assets	254,251	(29,494)
Changes in operating liabilities		
Increase (decrease) in contract liabilities	(4,738)	660
Increase (decrease) in notes payable	(35,208)	(23,886)
Increase (decrease) in accounts payable	(21,458)	(19,694)
Increase (decrease) in accounts payable to related parties	(140)	140
Increase (decrease) in other payables	(26,825)	1,564
Increases (decreases) in other payables to related parties	(2,942)	2,202
Increase (decrease) in other current liabilities	(591)	(110)
Increase (decrease) in net defined benefit liabilities	(6,300)	(4,056)
Total changes in operating liabilities	(98,202)	(43,180)
Total changes in operating assets and liabilities	156,049	(72,674)
Total adjustments	(71,668)	(432,630)
Cash inflow (outflow) generated from operations	296,054	354,115

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Tahsin Industrial Corporation and its subsidiaries

**Consolidated Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022**

Unit: Thousand NTD

Items	December 31, 2023	December 31, 2022
Interest received	\$81,638	\$29,530
Dividends received	236,069	419,367
Interest paid	(2,213)	(2,321)
Income tax refunded (paid)	(71,011)	(274,407)
Net cash provided by (used in) operating activities	540,537	526,284
Cash flows from (used in) investing activities		
Acquisition of financial assets at fair value through other comprehensive income	(201,609)	(414,313)
Disposal of financial assets at fair value through other comprehensive income	519,455	-
Acquisition of financial assets at fair value through profit and loss	-	(2,803)
Acquisition of investments using equity methods	-	(4,180)
Acquisition of property, plant and equipment	(127,919)	(171,669)
Disposal of property, plant, and equipment	598	971
Increase in refundable deposits	(3,321)	-
Decrease in refundable deposits	-	76
Acquisition of investment properties	-	(780)
Increase in other financial assets	(44,948)	-
Decrease in other financial assets	205,172	1,119,766
Increase in other non-current assets	(15,077)	(4,274)
Net cash flows from (used in) investing activities	332,351	522,794
Cash flows from financing activities		
Decrease in short-term loans	(22,202)	(89,839)
Increase in short-term bonds payable	(25,000)	25,000
Increase in guarantee deposits received	-	2,170
Decrease in guarantee deposits received	(3,344)	(1,659)
Repayments of principal portion of the lease	(5,931)	(2,674)
Cash dividends paid	(573,162)	(477,635)
Changes in non-controlling interests	(1,163)	(551)
Net cash provided by (used in) financing activities	(630,802)	(545,188)
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	(12,215)	6,004
Net increase (decrease) in cash and cash equivalents	229,871	509,894
Cash and cash equivalents at beginning of the period	2,019,589	1,509,695
Cash and cash equivalents at end of period	\$2,249,460	\$2,019,589

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

Chairman: Wu, Zi-Cong

Manager: Chen, Yi-Chien

Chief Accountant: Chen, Ming-Je

Tahsin Industrial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2023 and 2022

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

(I.) Company History

Tahsin Industrial Corporation ("The Company") was incorporated under the Company Act of Taiwan, Republic of China (R.O.C.) in 1958. The Company and its subsidiaries are primarily engaged in manufacturing and trading of a variety of plastic raincoats, nylon raincoats, overalls, wardrobes, nylon jackets, PP corrugated boards, TC garments, leather goods, handbags, file folders, plastic film, carrier bags and laminating machines, etc. The Company was approved by the Securities and Futures Bureau under the Financial Supervisory Commission (formerly the Securities and Futures Commission) for listing in 1992. For the main business activities of the Company and its subsidiaries (collectively, "Tahsin Group"), please refer to Note 4 (3)2. In addition, the Company has no ultimate parent company.

(II.) Date and Procedures of Authorization for Issuance of the Financial Statements

The consolidated financial statements were published upon approval by the Board of Directors on March 12, 2024.

(III.) Application of Newly Issued, Revised, and Amended Standards and Interpretations

- a. The impact of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (hereinafter referred to as "IFRSs") endorsed and effected by the Financial Supervisory Commission (hereinafter referred to as the "FSC"):
- The following table summarizes the new, revised, amended standards and interpretations of IFRSs endorsed by the FSC and are applicable in 2023.

New/Revised/Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IAS 1 in "Disclosure of Accounting Policies"	January 1, 2023 (Note.1)
Amendments to IAS 8 "Definition of accounting Estimates"	January 1, 2023(Note.2)
Amendments to IAS 12 "Deferred Income Tax related to Assets and Liabilities Derived from Single Transaction"	January 1, 2023(Note.3)
Amendments to IAS 12 "International Tax Reform—Pillar Two Model Rules"	(Note 4)

Note.1: The amendments are used in the annual reports from January 1, 2023

Note.2: The variation of accounting estimates and accounting policies are used from the annual reports starting January 1, 2023

Note.3: Aside from leases and obligatory related temporary differences are abided by additional regulations, the earliest transactions expressed in the comparable period have been starting since January 1, 2022 are used by the amendments.

Note.4: Regarding the temporary exemption provision as per IAS 12 (i.e., entities shall not recognize deferred tax assets and liabilities related to Pillar Two income taxes, nor disclose related information; however, entities shall disclose their application of this exemption in the financial statements), upon the issuance of this amendment (May 23, 2023), immediate retrospective application should be made in accordance with IAS 8. Other disclosure requirements apply to annual reporting periods beginning on or after January 1, 2023; there is no requirement to disclose such additional information for interim reporting periods ending before December 31, 2023.

1. Amendments to IAS 1 "Disclosure of Accounting Policies"

The amendment clarifies that the related significant accounting policy information should be disclosed whenever a single transaction, other issues or situations are valued significantly, or the related accounting policy information brings significant effects to financial reports. Vice versa, when a business recognizes that, a single transaction, other issues or situations is insignificant or although it is significant, yet the related accounting information policies are not important, then it is unnecessary to make disclosure of the insignificant accounting policy information. The conclusion of the insignificance of the accounting policy information made by businesses does not affect other regulations related to IFRS disclosure.

2. Amendments to IAS 8 "Definition of Accounting Estimates"

The amendment defines accounting estimates as the currency amount measure affected by uncertainty in financial statements and provides further explanation. Apart from the cause of the early corrected mistakes, the effects of input values or evaluation of skill variance also refer to as the variation of accounting estimates.

3. Amendments to IAS 12 "Deferred Income Tax related to Assets and Liabilities Derived from Single Transaction"

The amendment restricts IAS12 (No.15 and 24) the exclusive range of recognition for deferred income tax debts and assets. The transactions are excluded, if one single transaction has the same amount of temporary taxable variance and temporary deductible variance in the original recognition. The businesses should adopt the adjustment from the earliest comparable period on starting date (January 1, 2022) during the first time using the amendment, and recognize leases and all of the decommissioning obligatory related temporary variance as deferred income tax. Meanwhile, recognize the affected accumulated numbers as R/E (or depends, as other equity-related components) in the day, and adjust the beginning amount. For the other transactions happening after January 1, 2022, should be deferred to use the amendment.

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

The amendment stipulates that, as a temporary exemption under IAS 12, entities are not allowed to recognize deferred tax assets and liabilities related to Pillar Two income taxes associated with international tax reform, nor disclose related information. However, entities should disclose their application of this exemption in the financial statements. Additionally, entities are required to separately disclose the current income tax expense (benefit) related to Pillar Two income taxes. If the Pillar Two legislation has been enacted or substantially enacted but has not yet become effective, entities should disclose qualitative and quantitative information regarding their exposure to Pillar Two income taxes that are known or reasonably estimable.

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

b. Influence of new standards issued by IASB but not yet included in the IFRSs endorsed by the FSC

The following new standards, interpretations and amendments have been issued by IASB but not yet included in the IFRSs endorsed by the FSC:

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

Note.1: The seller-lessee should retrospectively apply the provisions of this amendment in accordance with the requirements of IAS 8 to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note.2: This amendment provides certain transitional relief provisions, whereby entities are not required to disclose comparative information, interim period information, or the initial information as specified in paragraph 44H(b)(ii)-(iii) upon initial application.

1) Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

This amendment clarifies that for sale and leaseback transactions, if the transfer of assets is accounted for as a sale under the provisions of IFRS 15, the seller-lessee should account for the liabilities arising from the leaseback in accordance with the provisions of IFRS 16 related to lease liabilities. However, if the lease payments involve variable lease payments that are not dependent on an index or a rate, the seller-lessee should still determine and recognize the lease liability arising from such variable payments in a manner that does not recognize profit or loss related to the retained right of use. The difference between the following actual lease payments and the reduction in the carrying amount of the lease liability is recognized in profit or loss.

2) Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"

This amendment clarifies that in determining whether a liability should be classified as non-current, an entity should assess whether it has the right, at the end of the reporting period, to defer settlement of the liability for at least 12 months after the reporting period. If the entity has this right at the end of the reporting period, regardless of whether it expects to exercise that right, the liability should be classified as non-current. If the entity must meet specific conditions to have the right to defer settlement, those conditions must be met at the end of the reporting period for the liability to be classified as non-current, even if the creditor assesses compliance with those conditions at a later date.

Additionally, for the purpose of liability classification, "settlement" as mentioned above refers to the extinguishment of the liability by transferring cash, other financial assets, or equity instruments of the Group to the counterparty. However, if the terms of the liability could result in its settlement by the transfer of equity instruments of the Group at the counterparty's option, and if that option is separately recognized as equity in accordance with IAS 32 "Financial Instruments: Presentation", then those terms do not affect the classification of the liability.

3) Amendments to IAS 1 “Non-current Liabilities with Covenants”

This amendment further clarifies that only contractual terms in effect at the end of the reporting period affect the classification of the liability as of that date. Contractual terms that must be complied with within 12 months after the reporting period do not affect the classification of the liability. However, if an entity has classified a liability as non-current as of the end of the reporting period, but it may be required to settle the liability within 12 months after the reporting period because it may not be able to comply with contractual terms, the entity should disclose relevant facts and circumstances in the notes to the financial statements.

4) Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”

Supplier Finance Arrangements refers that one or more financing providers pay the suppliers on behalf of the entity, and the entity agrees to make payments to the financing providers based on the payment date agreed with the suppliers or a later date. This disclosure is aimed at enabling users of the financial statements to assess the impact of these arrangements on the entity's liabilities, cash flows, and liquidity risk exposure. The amendment to IAS 7 requires entities to disclose information about their supplier financing arrangements, aiming at enabling users of the financial statements to assess the impact of these arrangements on the entity's liabilities, cash flows, and liquidity risk exposure. The amendment to IFRS 7, in its application guidance, incorporates consideration of whether entities, when disclosing how they manage liquidity risk associated with financial liabilities, may also consider whether they have obtained or can obtain financing facilities through supplier financing arrangements, and whether such arrangements may lead to concentration of liquidity risk.

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

- c. Effects of IFRSs issued by IASB but not yet endorsed by FSC:
The following table summarizes the new, amended and revised standards in the IFRSs that have already been issued by the IASB but are yet to be endorsed by the FSC and related interpretations:

New/Revised/Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture"	Yet to be decided
IFRS 17 - "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025

As of the date of authorization of the Parent Company Only Financial Statements, the Company has continued to assess the effects of amendments to other standards and interpretations on its financial conditions and financial performance. Related impacts will be disclosed upon completion of the assessment.

(IV.) Summary of Significant Accounting Policies

The main accounting policies used in preparing the financial statements are described as follows. Unless otherwise stated, these policies are consistently applicable throughout all reporting periods.

- a. Compliance declaration
This Consolidated Financial Statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the IFRSs endorsed and effected by the FSC.
- b. Preparation basis
 - 1) In addition to the following important items, this consolidated financial statement has been prepared on the historical cost basis:
 - a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - b) Financial assets measured at fair value through other comprehensive income are measured at fair value.
 - c) Liability based on cash-settled share-based payment arrangement measured at fair value.
 - d) Defined benefit liability is derived from retirement plan assets less the present value of net defined benefit obligation.
 - 2) The preparation of consolidated financial statements that complies with the IFRSs recognized by the FSC requires the use of some important accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.
- c. Basis of consolidation
 - 1) Principles for the preparation of consolidated financial statements.
 - a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries refer to entities (including structured entities) under the control of Tahsin Group. Control is achieved when Tahsin Group is exposed, or has rights, to variable returns from its involvement with the entity or has the right over such changes in returns, and affects such returns through its ability over the power of the entity, and has the ability to affect those returns through its power over the entity. Subsidiaries are included in the consolidated financial statements starting from the date when Tahsin Group obtains control over them, and such consolidation shall be terminated on the day when Tahsin Group loses control over them.
 - b) Inter-company transactions, balances, and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of its subsidiaries have been adjusted where necessary, and are consistent with the policies adopted by Tahsin Group.
 - c) The profit or loss and each component of other comprehensive income are attributed to the owners of the parent company and to the non-controlling interest. Total comprehensive income is also attributed to the owners of the parent company and non-controlling interest even if this results in the non-controlling interests having a deficit balance.
 - d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, namely transactions with owners in their capacity as owners. The difference between the adjusted amount of non-controlling interest and the fair value of the consideration paid or received is directly recognized in equity.
 - e) When the Group loses control of a subsidiary, the Group re-measures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recog-

dition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts recognized in other comprehensive income in relation to that subsidiary should be accounted for on the same basis as would be required if Tahsin Group had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss on the disposal of the related assets or liabilities, Tahsin Group reclassifies the gain or loss from equity to profit or loss when it loses control on that subsidiary.

2) The subsidiaries listed in the consolidated financial statements are as follows:

Name of investors	Subsidiary Name	Principal Business Activities	Percentage of ownership or capital contributed	
			2023.12.31	2022.12.31
Tahsin Industrial Corporation Ltd	Tahsin Shoji Co., Ltd. (Tahsin Shoji. Japan)	1. Domestic trading of artificial leather, other synthetic resins and various fiber products. 2. Import and export business of handbags, packaging bags, clothing and other supplies and merchandises.	100.00%	100.00%
Tahsin Industrial Corporation Ltd	Tahsin Industrial Corporation CORP. (T. H. USA)	Sale of Tahsin products, ready-to-wear, raincoats, PVC products, etc.	100.00%	100.00%
Tahsin Industrial Corporation Ltd	Tai Ho Co., Ltd. (Tai Ho Co.,)	Trading	100.00%	100.00%
Tahsin Industrial Corporation Ltd	Fujian Putian DAFU Plastic Industry Co., Ltd. (Dafu Company)	Production of plastic raincoats, folders, file folders, other plastic products, ancillary products, and plastic machinery	91.26%	91.26%
Tahsin Industrial Corporation Ltd	Tah Viet Co., Ltd. (Tah Viet)	Processing of raincoats, ready-to-wear garments, leather goods, wardrobes, etc.	100.00%	100.00%
Tahsin Industrial Corporation Ltd	Myanmar Tah Hsin Industrial Co., Ltd. (Myanmar Tahsin)	Processing of raincoats, ready-to-wear garments, leather goods, wardrobes, etc.	100.00%	100.00%
Tahsin Industrial Corporation Ltd	Tah Fa Investment Co., Ltd. (Tah Fa)	Generic investments, Purchase and sale of property and leases	100.00%	100.00%
Tahsin Industrial Corporation Ltd	TAHSIN INNOVATIVE MACHINERY VINA CO.,LTD.	Office machinery manufacturing and processing of binding machines and laminators, etc.	100.00%	-
Tah Fa Investment Co., Ltd.	Tah Chi Enterprise Co., Ltd. (Tah Chi Co.)	Wholesaling and retailing of fabrics, clothing, shoes, caps, umbrellas, and apparel	100.00%	100.00%
Tah Viet Co., Ltd.	TAHHSIN PHU MY JOINT STOCK COMPANY (TAHHSIN PHU MY CO)	Manufacturing and processing of ready-to-wear garments for export and domestic sales	65.00%	65.00%

Increase or decrease in the number of consolidated subsidiaries: TAHSIN INNOVATIVE MACHINERY VINA CO.,LTD. was newly established in November 2023 and included in consolidated financial report on December 31, 2023.

3) Subsidiaries not included in the consolidated financial statements: None.

4) Adjustment for subsidiaries with different balance sheet: None.

5) Major restrictions:

Regions / Items	December 31, 2023	December 31, 2022
China:		
Cash and bank deposits		
Other financial assets – current (time deposits with original maturity of more than three months)	\$24,291	\$9,950
	17,308	41,876
Other financial assets - non-current (time deposits with original maturity of more than one year)	71,396	26,448
Vietnam:		
Cash and bank deposits	39,219	11,831
Time deposits	8,863	10,682
Other financial assets- current (time deposits with original maturity of more than three months)	1,266	5,008
Myanmar:		
Cash and bank deposits	102,865	100,310
Total	<u>\$265,208</u>	<u>\$206,105</u>

The above cash and bank deposits are deposited in China, Vietnam, and Myanmar, and are subject to local foreign exchange control. Such foreign exchange control restricts the remittance of funds out of these countries (except for the remittance of regular dividends).

- 6) The contents of securities issued by the parent company and held by subsidiaries: Refer to Note 6 (21).
7) Details on subsidiaries that have non-controlling interests that are material to the Group: Assessed that the Group has no subsidiaries with significant non-controlling interests.

d. Foreign currency conversion

Foreign currency transactions and balances

- 1) Items listed in each of Tahsin Group's financial statements are denominated in the currency of the primary economic environment in which the entity operates (i.e., functional currency). The consolidated financial statements are presented in the Company's functional currency, New Taiwan dollar.
 - 2) In the preparation of each parent company only financial statements, transactions denominated in a currency other than the entity's functional currency (i.e., foreign currency) are translated into the entity's functional currency by using the exchange rate at the date of the transaction. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing that date. Exchange differences on monetary items arising from settlement or translation are recognized as profit or loss in the period in which they arise. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the year, except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly 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.
 - 3) For the preparation of consolidated financial statements, the assets and liabilities of foreign operating entities are translated into New Taiwan dollars at the spot exchange rates at the end of the reporting period. Revenue and expense items are converted at the average exchange rates for the current period. any exchange differences arising therefrom are accumulated in other comprehensive income, and accumulated in exchange differences on translation of foreign financial statements under equity (and appropriately allocated to non-controlling interests).
- e. The standards for assets and liabilities classified as current and non-current
- 1) Assets that meet one of the following criteria are classified as current assets:
 - a) Assets that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle.
 - b) The holder primarily for trading purposes.
 - c) Assets expected to be realized within 12 months after the balance sheet date.
 - d) Cash or equivalent cash, except for those used to exchange or settle liabilities or subject to other restrictions more than 12 months after the balance sheet date.

Tahsin Group classifies all the assets that do not meet the above-mentioned criteria as non-current.

2) Liabilities that meet one of the following criteria are classified as current liabilities:

- a) Liabilities that are expected to be settled within the normal operating cycle.
- b) The holder primarily for trading purposes.
- c) Those who are restricted by the exchange or liquidation of debts within 12 months after the end of each reporting period (after the end of each reporting period and the completion of the long-term refinancing or rescheduling payment agreement before the release of the financial statements, it is also considered as a current liability).
- d) Where the repayment period cannot be extended unconditionally to at least 12 months after the balance sheet date. Terms of a liability that could, at the option of the counter-party, result in its settlement by the issue of equity instruments do not affect its classification.

Tahsin Group classifies all the liabilities that do not meet the above-mentioned criteria as non-current.

f. Cash and cash equivalents

The cash and cash equivalents include cash in treasury, bank discount and short-term investments that can be converted into fixed cash at any time with little change in value at risk and high liquidity (including fixed deposit with an original date due within three months).

g. Financial instruments

Financial assets and financial liabilities are recognized when Tahsin Group becomes a party to the contractual provisions of the financial instrument.

Initially, financial assets and liabilities should be recognized at fair value. Upon initial recognition, transaction costs that are directly attributable to the acquisition or issuance of the financial assets and financial liabilities (except for financial assets and financial liabilities at fair value through profit or loss) should be added to, or subtracted from the fair value of such financial assets and financial liabilities. Transaction costs that are directly attributable to financial assets and financial liabilities measured at FVTPL are immediately recognized in profit or loss.

1) Financial assets

a) Types of measurement

Financial assets purchased or sold in a regular way are recognized using transaction date accounting.

Financial assets held by the Group comprise financial assets measured at fair value through profit or loss (FVTPL), financial assets at amortized cost, investments in debt instruments measured at fair value through other comprehensive income (FVTOCI), and investments in equity instruments measured at FVTOCI.

i. Financial assets at fair value through profit or loss

Financial assets measured at FVTPL include financial assets measured at FVTPL and financial assets designated as measured at FVTPL. Financial assets measured at FVTPL include investments in equity instruments not designated by Tahsin Group as measured at FVTOCI and investments in debt instruments not classified as measured at amortized cost or FVTOCI. The financial assets measured at amortized cost or fair value through other comprehensive income at initial recognition would eliminate or significantly reduce a measurement or recognition inconsistency which would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases, the Company shall make an irrevocable choice to, at initial recognition, designate the financial asset as a financial asset measured at FVTPL.

Such assets are measured at fair value, of which any dividends accrued are recognized as other revenue, interest revenue and the benefits or losses arising from the re-measurement are recognized in other profits and losses. Please refer to Note 12 (3) for the methods of determination of fair value

ii. Financial assets at amortized cost

A financial asset of Tahsin Group is measured at amortized cost if both of the following conditions are met:

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

After initial recognition, financial assets measured at amortized cost are measured at the gross carrying amount determined based on the effective interest method less any impairment losses, and any gains or losses on foreign exchange are recognized in profit or loss.

Except for the following two situations, interest revenue is calculated by the effective interest rate multiplied by the gross carrying amount of financial assets:

- i) For purchased or initial credit-impaired financial assets, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial assets.
 - ii) For financial assets that are not purchased or originated credit-impaired but subsequently have become credit-impaired, interest income is calculated by applying the effective interest rate to the amortized cost balance of such financial assets.
 - iii. Investments in debt instrument at fair value through other comprehensive income
Investments in debt instruments of Tahsin Group are classified as financial assets at FVTOCI if both of the following conditions are met:
 - i) It is held under a certain business model whose purpose is achieved by collecting contractual cash flows and selling financial assets; and
 - ii) 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.
 Investments in debt instruments at FVTOCI are measured at fair value. Among changes in the carrying amount, interest revenue calculated using the effective interest method, gain or loss on foreign exchange, and impairment loss of foreign exchange or gain on reversal of impairment loss of foreign exchange are recognized in profit or loss; other changes are recognized in other comprehensive income and reclassified as profit or loss upon disposal of investments.
 - iv. Investments in equity instruments at fair value through other comprehensive income
The Group at the time of initial recognition may 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 FVTOCI are measured at fair value, and subsequent changes in the fair value are recognized in other comprehensive income and accumulated in other equity. Upon disposal of investments, the cumulative profit or loss is directly transferred to retained earnings and is not reclassified as profit or loss.
Dividends on investments in equity instruments at FVTOCI are recognized in profit or loss when Tahsin Group's right to receive payments is established, unless such dividends clearly represent the recovery of the investment cost in part.
- b) Impairment of financial assets
- i. The Group evaluates credit losses based on expected credit loss at each balance sheet date for financial assets (including accounts receivable), investments in debt instruments at fair value through other comprehensive income, and impairment losses on contract assets.
 - ii. Accounts receivable, contract assets and operating lease receivables are all recognized as allowance for losses based on the expected credit losses during the term of duration. For other financial assets, whether there is a significant increase in credit risk after initial recognition shall be determined first. If there is no significant increase in credit risk, the allowance for loss is recognized based on the 12-month expected credit losses. If there is a significant increase in credit risk, the allowance for loss is recognized based on the lifetime expected credit losses.
 - iii. The expected credit loss is based on the weighted average credit loss determined by the risk of default. The 12-month expected credit losses refer to expected credit losses arising from possible default of financial instruments within 12 months after the reporting date. The lifetime expected credit losses refer to expected credit losses arising from all possible default of financial instruments in the expected duration.
 - iv. The impairment loss of all financial assets is reduced by the allowance account to reduce its carrying amount, but the loss allowance of debt instrument investment measured at fair value through other comprehensive income is recognized in other comprehensive income and does not reduce its carrying amount.
- c) Derecognition of financial assets
The Group derecognizes a financial asset when one of the following criteria is met:
- i. The right to a contract from the financial asset cash flow is void.
 - ii. When transfer the contractual right to receive the cash flow of financial assets and almost all the risks and rewards of the ownership of the financial assets have been transferred.
 - iii. It neither transfers nor retains almost all the risks and rewards of the ownership of the financial assets, but does not retain the control over the financial assets.
- On de-recognition 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. On derecognizing an investment in a debt instrument in its entirety at FVTOCI, the difference between the carrying amount and the sum of the consideration received and receivable and the cumulative

gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss. On derecognizing an investment in an equity instrument at FVTOCI, the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, rather than reclassified as profit or loss.

2) Equity instruments

Tahsin Group classifies its issuance of debts and equity instruments as financial liabilities or equity instruments in accordance with the definition of financial liabilities and equity instruments and the contractual substance.

Equity instruments refer to any contracts containing an enterprise's residual interest after subtracting liabilities from assets. Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

3) Financial liabilities

a) Subsequent measurement

Except the following situation, all the financial liabilities are measured at amortized cost using the effective interest method.

i. Financial liabilities measured at fair value through profit or loss refer to financial liabilities held for trading or designated as financial liabilities measured at fair value through profit or loss at the time of original recognition. A financial liability is classified as held for trading if has been acquired principally for the purpose of repurchasing it in the near term and is a derivative that is not designated and effective as a hedging instrument. When financial liabilities meet one of the following conditions, the Group designates them as measured at fair value through profit or loss in initial recognition:

i) It is a hybrid (combined) contract containing embedded derivatives, where the main contract does not fall within the scope of IFRS 9 assets; or

ii) It is able to eliminate or significantly reduce a measurement or recognition inconsistency; or

iii) It is a tool to manage and evaluate its performance on a fair value basis in accordance with a documented risk management or investment strategy.

ii. Financial liabilities at fair value through profit or loss are initially recognized at fair value. Related transaction costs are recognized in profits or losses. For subsequent fair value measurements, changes in fair value are recognized in current profit or loss.

iii. Designated as a financial liability measured at fair value through profit or loss, the amount of changes in fair value due to changes in credit risk is recognized in other comprehensive income, and will not be reclassified to profits or losses in the future. The remaining fair value changes in the liability are reported in profit or loss. However, if the above accounting treatment causes or exacerbates the improper accounting ratio, the profit or loss of the liability will be fully listed in profit or loss.

b) Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. 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.

4) The revision of Financial Instruments

When contractual cash flows of a financial instrument are renegotiated or modified without requiring the derecognition of the financial instruments, the group will re-calculate the total book value amount or amortized cost of the financial liabilities using the contractual cash flows discounting at the original effective interest rate, and recognize the modified benefits and losses as profits and loss. Any costs or fees incurred will be reflected as an adjustment to the carrying book value amount of the modified financial instrument and amortized over the remaining period. If the renegotiation or revision leads to the derecognition of the financial instruments, then it should be in accordance with derecognition requirements.

The index rate revolution results in the variation of the contractual cash flows of financial instruments-determined bases and if such variation is directly required by the change in the index rate and the new basis is substantially the same as the basis before the change in the effective interest rate when determining. Aside from the change in rate in contractual cash flows bases, the variable changes in financial instruments also incurred. The group will first adopt the practice of discretion to the changes required by to the changes required by the index rate change, then apply the regulations of financial instrument modification to any additional changes that are not applicable to the practical discretion.

h. Inventories

Inventories are measured at the lower of cost and net realizable value. The perpetual inventory system is adopted and the cost is determined using the weighted average method. The cost of finished goods and work in process comprises raw materials, direct labor, other direct costs and related production overheads (allocat-

ed based on normal operating capacity). It excludes borrowing costs. The item-by-item approach is used in applying lower of cost and net realizable value. Net realizable value refers to the balance of the estimated selling price in the ordinary course of business less the estimated costs to be incurred till completion and related variable selling expenses.

i. Investments accounted for using the equity method - associates

- 1) Associates are all entities over which Tahsin Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20% or more of the voting power of the investee. Investments in related enterprises by Tahsin Group are treated using the equity method and recognized at cost when acquired.
- 2) Tahsin Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. If Tahsin Group's share of loss in any of its related enterprises equals or exceeds its interest in the related enterprise (including the carrying amount and any long-term benefits from the net investment by the associated enterprises determined by equity method), it does not recognize further losses, unless it has legal obligations and constructive obligations in the related enterprise, or makes payments on behalf of the related enterprise.
- 3) Unrealized gains on transactions between Tahsin Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of related enterprises have been adjusted as necessary, and are consistent with the policies adopted by Tahsin Group.
- 4) In the case that an associate issues new shares and Tahsin Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then "capital surplus" and "investments accounted for under the equity method" shall be adjusted for the increase or decrease of its share of equity interest. Where its investment proportion decreases, in addition to the above adjustments, the profit or loss previously recognized in other comprehensive income due to decrease in its ownership interest and the profit or loss to be reclassified to profit or loss during the disposal of assets or liabilities shall be reclassified to profit or loss based on the proportion of decrease.
- 5) Upon loss of significant influence over an associate, Tahsin Group shall remeasure the remaining investment retained in the former associate at its fair value. Any difference between the fair value and the carrying amount is recognized in current profits or losses.
- 6) When Tahsin Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If the Company still has a significant influence on the related enterprise, only the amount of previously recognized in other comprehensive income is transferred according to the above-mentioned method.
- 7) When Tahsin Group disposes its investment in an associate and loses significant influence over this associate. The amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, it shall be transferred to profit and loss according to the proportion of disposal.

j. Property, plant, and equipment

- 1) Property, plant, and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- 2) Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Tahsin Group and the cost of the item can be measured reliably. The replaced part of the carrying amount shall be derecognized. All other repair and maintenance costs incurred are recognized in current profit or loss during the period in which they are incurred.
- 3) Depreciation is not mentioned for land. The cost model is adopted for other property, plant and equipment, which is depreciated on a straight-line basis based on the estimated useful life. Tahsin Group reviews each assets' residual values, useful lives and depreciation methods at the end of each financial year. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate value under IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" from the date of the change. The useful life of each asset is as follows:

Buildings	5 - 55 years
Machinery and equipment	5 - 18 years
Transportation equipment	5 - 12 years

Miscellaneous equipment

5 - 20 years

- 4) Property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The amount of gain or loss arising from the derecognition of property, plant and equipment is the difference between the net disposal value and the carrying amount of the asset, and is recognized in current profit or loss.

k. Leases

Tahsin Group assesses whether the contract is (or includes) a lease on the date of its establishment. Where a contract includes a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to the lease component on the basis of the relative separate price of each lease component and the aggregate separate price of non-lease components.

1) Where Tahsin Group is a lessee:

Except for the lease of low value assets and short-term lease, which are recognized as expenses on a straight-line basis, Tahsin Group recognizes the right to use assets and lease liabilities for other leases on the lease commencement date.

Right-of-use assets

The right-of-use asset is initially measured at cost (including the original measured amount of the lease liability, the lease payment paid before the lease commencement date minus the lease incentive received, the original direct cost and the estimated cost of the recovery target asset), and subsequently measured at cost minus the accumulated depreciation and the accumulated impairment loss and adjusted for the remeasurement of the lease liability.

Except for right-of-use assets that meet the definition of investment property, right-of-use assets are presented as a line item in the consolidated balance sheets.

The right-of-use assets shall be depreciated on a straight-line basis from the beginning of the lease to the expiration of the term of the useful life or the expiration of the lease period, whichever is earlier. However, if the ownership of the underlying assets will be acquired at the end of the lease term, or if the cost of the right-of-use assets reflects the exercise of the purchase option, the depreciation shall be accrued from the beginning of the lease to the expiration of the term of the useful life of the underlying assets.

Lease liabilities

Lease liabilities are initially measured at the present value of lease payments (including fixed payments; substantive fixed payments; variable lease payments that are determined by an index or a rate; amounts expected to be paid by the lessee under residual value guarantee; the exercise price of a purchase option when it is reasonably certain to exercise the option; the term of the lease reflects the termination penalty that the lessee will exercise the option to terminate the lease, deducting the present value measurement of the lease incentives received. If the implied interest rate on the lease is easy to defined, the lease payment is discounted with the interest rate. If the interest rate is not easy to determine, the lessee's incremental borrowing rate shall be used.

Subsequently, the lease liability is measured on the basis of amortized cost using the effective interest method, and the interest expense is apportioned during the lease period. During lease term, if the evaluation of the option to purchase the underlying asset, the amount expected to be paid under the residual value guarantee, or the index or rate used to determine the lease payment changes in the future lease payment, the Group re-measures the lease liability and adjusts the right to use asset relatively. However, if the carrying amount of the right-to-use asset has been reduced to zero, the remaining re-measured amount is recognized in profit and loss. For lease modifications that are not treated as a separate lease, remeasurement of the lease liabilities due to the reduction in the scope of the lease is to reduce the right-of-use assets, and to recognize the profit or loss on the partial or full termination of the lease; the remeasurement of the lease due to other modifications is to adjust the right-of-use assets. Lease liabilities are presented as a single line item in the consolidated balance sheets.

Changes in the lease agreement that do not depend on index or rate are recognized as expenses in the period in which they are incurred.

2) Where Tahsin Group is a lessor

If a lease transfers almost all the risks and rewards attached to the ownership of the underlying asset, it is classified as a financial lease; otherwise, it is classified as an operating lease.

When a lease includes both land and building elements, Tahsin Group assesses the classification of each element separately as a finance lease or an operating lease. The lease payments (including one-time front-end payment) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of a contract. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

When Tahsin Group subleases the right-of-use asset, the classification of the sublease is determined by the right-of-use asset (instead of the underlying asset). However, if the main lease is a short-term lease

where the recognition exemption is applicable to Tahsin Group, the sublease is classified as an operating lease.

Finance lease liabilities are initially measured at the present value of lease payments (including fixed payments; in-substance fixed payments; variable lease payments that are determined by an index or a rate; amounts expected to be paid by the lessee under residual value guarantees; the exercise price of a purchase option when it is reasonably certain to exercise the option; and penalties for terminating the lease reflected in the lease term; less any lease incentives receivable). Net carrying amount of lease investment is measured as the sum of the present value of lease receivables and unguaranteed residual value plus the original direct cost and expressed as finance lease receivable. On the basis of systematic portfolio, the Group allocates the financing income to the lease period to reflect the fixed rate of return of the group's unexpired net lease investment in each period.

In the case of operating leases, the lease payment after deducting the lease incentives is recognized as the lease income on a straight-line basis over the 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.

Changes in leases that do not depend on an index or a rate in lease agreements are recognized as expenses in the period in which they take place.

l. Investment properties

Investment real estate refers to real estate held for rent or capital appreciation or both (including real estate in the process of construction for these purposes) Investment property also includes land whose future use is yet to be decided. Investment property also includes right-of-use assets that meet the definition of investment property.

Self-owned investment property is initially measured at cost (including transaction costs), and subsequently measured at cost less accumulated depreciation and accumulated impairment losses. Tahsin Group adopts straight-line basis for depreciation.

Investment property under construction is recognized at cost less accumulated impairment loss. Cost includes professional service fees and borrowing costs that are eligible for capitalization. Depreciation of such assets begins when they reach the expected state of use.

In the event of derecognition of an investment property, it is the difference between the net disposal price and the carrying amount of the asset, and is recognized in the current profits and losses.

m. Impairment of financial assets

Tahsin Group estimates the recoverable amount of assets that have signs of impairment on the balance sheet date. When the recoverable amount is lower than its carrying amount, impairment loss is recognized. Recoverable amount refers to the fair value of an asset less costs to sell or its value in use, whichever is higher. When the recognition of asset impairment in the previous year no longer exists, the impairment loss is reversed to the extent of the amount of losses recognized in the previous year.

n. Provisions

Provision is a present legal or constructive obligation arising from a past event, where an inflow of economic benefits is probably required to pay off the obligation. The obligation can also be recognized when its amount can be estimated reliably. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense. Provisions are not recognized for future operating losses.

o. Employee Benefits

1) Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid and should be recognized as expenses in the period when the employees render service.

2) Pension

a) Defined contribution plans

Under a defined contribution plan, the amount of pension funds that should be contributed on an accrual basis is recognized as current pension expense. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

b) Defined benefit plans

i. The determination of the net obligation under the defined benefit plan is based on the discounted amount of future benefits earned by employees during the current or past periods when services are (were) rendered. Such obligation is recognized at the amount of the net of the present value of the net defined obligation less the fair value of the plan asset. The defined benefit obligations are calculated each year by the actuary through the projected unit credit method. The discount rate employed is the market yields on high quality corporate bonds (on the balance sheet date) of which the currency and term are consistent with the currency and

term of the defined benefit plan. The discount rate employed can also be the market yields on corporate bonds if there is no deep market for such high-quality corporate bonds in the country.

ii. Determine the re-measurement amount caused by the benefit plan and recognize it as other comprehensive profits or losses during the occurrence period, and express it as retained earnings.

iii. Expenses related to past service costs are immediately recognized as gains or losses.

3) Compensation to directors and employees

Employees' compensation and directors' and supervisors' compensation are recognized in expenses and liabilities when they are subject to legal or constructive obligations, and when the amounts can be reasonably estimated. Any difference between the actual amount allocated after the resolution and the estimated amount is treated as changes in accounting estimates.

4) Termination benefits

Termination benefits are benefits that are provided when an employee is dismissed before the normal retirement date or when an employee decides to accept the Company's offer of benefits in exchange for earlier termination of employment. Tahsin Group recognizes expenses at the earlier of when it can no longer withdraw the termination contracts or when it recognizes relevant restructuring costs. Benefits that are not expected to be fully settled within 12 months after the balance sheet date shall be discounted.

p. Share capital and treasury shares

1) Share capital

Common stock is listed as equity. An incremental cost directly attributable to the issuance of new shares or warrants stated in equity is presented under equity as a deduction to proceeds.

2) Treasury stock

Issued shares repurchased by Tahsin Group are recognized in "treasury stock" as a deduction to equity based on the amount of consideration paid during share buyback (including directly attributable costs). When the disposal price for a treasury stock is higher than its carrying amount, the difference between its disposal price and its carrying amount is listed as capital reserve - treasury stock transactions. When its disposal price is lower than its carrying amount, the difference between the above shall offset against capital reserve arising from the trading of the same type of treasury stock. If deficiency arises, it is debited into retained earnings. The carrying amount of a treasury stock is determined using weighted average and calculated separately based on reasons for repurchase.

During retirement, treasury stock is debited into capital reserve - premium on issued shares and share capital according to the proportion of shares. If its carrying amount is higher than the sum of its face value and premium on issued shares, the difference between both of the above shall be offset against capital reserve arising from the trading of the same type of treasury shares. If deficiency arises, it is then offset against retained earnings. If its carrying amount is lower than the sum of its face value and premium on issued shares, the difference between the aforementioned shall be debited into capital reserve arising from the trading of the same type of treasury share.

q. Income tax

1) The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

2) The current income tax is calculated based on the country where the Group operates and generates taxable income, using the tax rate that has been legislated or substantively legislated on the balance sheet date. Senior management regularly assesses the status of income tax returns in accordance with applicable income tax-related regulations, and shall estimate income tax liabilities based on taxes that are expected to be paid to the tax authority when necessary. An additional income tax is levied on undistributed earnings in accordance with the Income Tax Act. After the distribution plan for the earnings generated in the current year is approved at the shareholders' meeting in the following year, undistributed earnings shall be recognized as income tax expense based on the actual distribution of earnings.

3) Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. The deferred income tax liabilities arising from the originally recognized goodwill are not recognized. If the deferred income tax originates from the initial recognition of assets or liabilities in transactions (excluding merger), does not affect accounting profits or taxable incomes (taxable losses) and result in equal amounts of taxable and deductible temporary differences at the time of transactions, it is not recognized. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by Tahsin Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted.

ed by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

- 4) Deferred income tax assets are recognized to the extent that temporary differences, unused tax losses and unused tax credits are likely to be available for future tax income. The unrecognized and recognized deferred income tax assets are reassessed on each balance sheet date.
 - 5) Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis, or realize the asset and settle the liability, simultaneously.
 - 6) Tax incentives from acquisitions of equipment or technology, research and development expenditures, employees' training costs and equity investments are recognized in the form of tax credits.
- r. Revenue recognition
- Tahsin Group recognizes revenue from contracts with customers by the following steps:
- 1) Identify the customer contracts;
 - 2) Identify the performance obligations in the contract;
 - 3) Determine the transaction price;
 - 4) Allocate the transaction price to the performance obligations in contracts; and
 - 5) Recognize revenue upon satisfaction of performance obligations.
- a) Sales revenue
- Tahsin Group recognizes revenue when control over products is transferred to customers. The transfer of control over products means that products are delivered to customers with no unfulfilled obligations that may affect customers' acceptance of the products. Deliver refers to the time when customers accept products based on the terms of transactions, the risk of obsolescence and loss is transferred to customers, and Tahsin Group has objective evidence that all acceptance conditions are met.
- Tahsin Group recognizes accounts receivable when goods are delivered, as it has the right to receive the payment unconditionally at that time.
- When material is supplied for processing, control over the ownership of processed goods is not transferred. Thus, supply of material is not recognized as revenue.
- b) Service revenue
- Tahsin Group provides service as an OEM and recognizes revenue when service is transferred to customers (that is, control over assets is obtained by customers) without subsequent obligations.
- s. Borrowing costs
- Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.
- Investment income earned on the temporary investment of specific borrowings pending their capital expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.
- Other than those stated above, all other borrowing costs are recognized as profit or loss in the period in which they are incurred.

(V.) Major Sources of Uncertainties in Material Accounting Judgments, Estimates, and Assumptions

The Group incorporates the economic impacts resulting from the COVID-19 pandemic/climate change and related government policies and regulations/Russia and Ukraine military conflicts and associated international sanctions/inflation and market interest rate fluctuations into significant accounting estimates and continuously monitors underlying assumptions and estimates. If the revision of estimates affects only the current period, it is recognized in the period of revision; if the revision of accounting estimates affects both the current period and future periods, it is recognized in both the current period and future periods.

When Tahsin Group prepares the consolidated financial statements, the significant judgments, estimates, and assumptions used in the accounting policies adopted by Tahsin Group are as follows:

- a. Significant judgments for applying the accounting policies
 - 1) Judgments on the business model of classification of financial assets
- Tahsin Group assesses the business model of financial assets based on the class of financial assets managed to achieve the specific business purpose. This assessment requires all relevant evidence, including the measurement method for asset performance, risk of impact on performance, and compensation for the management, and also requires judgment. Tahsin Group continues to assess whether the business model is judged appropriately and monitor the financial assets measured at amortized cost and investments in debt instruments at FVTOCI derecognized before maturity to determine whether such disposal is consistent with the purpose of the Group's business model. If a change in the business model is identi-

fied, Tahsin Group will reclassify financial assets as required by IFRS 9 and will apply prospectively from the date of reclassification.

2) Investment properties

The Group holds certain properties for the purposes of earning rentals or capital appreciation, whereas the some are for own use. When each part of a property cannot be sold separately and cannot be leased out separately through finance leases, the property is classified as investment property only if the part held for own use is not significant relative to the individual property,.

3) Revenue recognition

According to IFRS 15, the Group judges whether control over specific goods or service is obtained prior to the transfer of such products or service to customers and whether it is the principal or agent in the transaction. If the Group is the agent in the transaction, the net amount of the transaction is recognized as revenue.

The Group is the principal if any of the following conditions applies:

- a) Tahsin Group acquires control of the good or asset in advance from another party before they are transferred to customers; or
- b) By controlling the right of provision of service by another party, the Group has discretion to have another party to provide service to customers on behalf of the Group; or
- c) The goods or services provided to customers are a combination of other goods or services and the goods and services of which the control is obtained by Tahsin Group from another party.

Indicators used to help judge whether Tahsin Group controls specific products or service before the transfer of such products or service to customers include (but are not limited to):

- a) The Group has primary responsibility for fulfilling the commitment to provide specific goods or services.
- b) Inventory risk borne by Tahsin Group before and after the specific merchandise or service is transferred to the customer.
- c) Tahsin Group has discretion to establish pricing.

4) Lease term

In determining the lease term, Tahsin Group considers all relevant facts and circumstances that give rise to an economic incentive to exercise (or not to exercise) the option, including all expected changes in facts and circumstances from the commencement date to the exercise date of the option. Factors to be considered include the contractual terms and conditions for the period covered by the option, significant leasehold improvements made (or anticipated) during the contract period, the significance of the underlying assets to Tahsin Group's operations, etc. The lease term is reassessed whenever there are significant events or changes in circumstances within the control of Tahsin Group.

b. Significant accounting related estimates and assumptions

1) Estimated impairment of financial assets

The estimated impairment of accounts receivable, debt instrument investments and financial guarantee contract is based on Tahsin Group's assumed default rate and expected loss rate. Tahsin Group considers the historical experience, current market conditions, and forward-looking information to make assumptions and select the inputs for impairment assessment. Where the future cash flows are less than expected, a material impairment loss may arise.

2) Fair value measurement and valuation process

When assets and liabilities measured at fair value have no quoted prices in an active market, Tahsin Group determines based on relevant laws and regulations or its judgment whether assets and liabilities are valued externally and determines the appropriate fair value valuation techniques. If it is impossible to obtain the Level 1 input value: the Group determines the input value by referring to the analysis of the financial situation and operation results of the investee, the most recent transaction price, the quotation of the same equity instrument in the non-active market, the quotation of similar instrument in the active market and the evaluation multiplier of comparable companies. If the actual change of the input value is different from the expected one, the fair value may change. The Group regularly updates various inputs based on market conditions to monitor whether fair value measurements are appropriate. For descriptions of fair value evaluation techniques and input values, please refer to Note 12 (3) for details.

3) Impairment assessment of tangible assets and intangible assets

Tahsin Group assesses the impairment of assets based on its subjective judgment and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilized and their industrial characteristics. Any changes in these estimates arising from changes in economic conditions or business strategies could lead to significant impairment losses in the future.

4) Investment loss assessment using the equity method

When there is an indication that an investment accounted for using the equity method may be impaired, Tahsin Group will immediately assess the impairment of the investment. Tahsin Group assesses the re-

coverable amount based on the discounted value of the expected future cash flows from the investee or the discounted value of future cash flows arising from expected cash dividends and disposal of the investment, and assesses the reasonableness of underlying assumptions.

5) Realizability of deferred income tax assets

Deferred tax assets are recognized only when it is probable that sufficient taxable profits will be available against which the deductible temporary differences can be utilized in the future. When the realizability of deferred tax assets is assessed, it is necessary to involve significant accounting judgments and estimates of the senior management, including assumptions on future growth in sales revenue and profit margins, tax exemption periods, available tax credits, and tax planning. Any changes in the global economic environment and industrial environment, as well as changes in laws and regulations may result in major adjustments to deferred tax assets.

6) Evaluation of inventories

Because inventories must be valued at the lower of cost and net realizable value, Tahsin Group must use judgments and estimates to determine the net realizable value of inventories on the balance sheet date.

Tahsin Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on the balance sheet date, and writes down the cost of inventories to the net realizable value.

7) The calculation of a net defined benefit liability

When calculating the present value of the defined benefit obligations, Tahsin Group must use judgments and estimates to determine the relevant actuarial assumptions on the balance sheet date, including the discount rate and the future growth rate of salaries. Any changes in actuarial assumptions may lead to significant effects on the amount of Tahsin Group's defined benefit obligations.

8) Lessee's incremental borrowing rate of interest

When determining the lessee's incremental borrowing rate of interest used for lease payment discounting, the reference interest rate is the risk-free interest rate of the same currency and the relevant period, and the estimated lessee credit risk discount and lease specific adjustment (such as asset specific and secured factors) are taken into account.

(VI.) Explanation of Important Accounting items

a. Cash and cash equivalents

Items	December 31, 2023	December 31, 2022
Cash and bank deposits	\$406,562	\$341,395
Time deposits	685,617	1,022,461
Cash equivalents (short-term commercial papers due within three months)	1,157,281	655,733
Total	<u>\$2,249,460</u>	<u>\$2,019,589</u>

1) Tahsin Group deals with financial institutions having high credit quality. The Group also deals with various financial institutions in order that credit risks can be diversified. Therefore, the expected risk of default is rather low.

2) Tahsin Group's pledge and fixed deposits with original maturity of more than three months and more than one year are transferred to other financial assets - current and other financial assets - non-current, as follows:

Items	December 31, 2023	December 31, 2022
Pledged time deposits	\$5,114	\$5,471
Time deposit (the original maturities of more than three months)	401,542	635,405
Other financial assets - total current	<u>\$406,656</u>	<u>\$640,876</u>
Time deposit (Original maturities of more than one year)	\$71,396	\$26,448
Other financial assets-total non-current	<u>\$71,396</u>	<u>\$26,448</u>

b. Financial assets and liabilities at fair value through profit and loss

Items	December 31, 2023	December 31, 2022
Financial assets-current		

Forced measure at fair value through comprehensive income		
Non-derivative financial assets		
Beneficiary certificate of fund	\$2,265	\$1,978
Derivative financial assets (non-designated risk avoiding)		
Forward exchange contracts	1,017	-
Total	\$3,282	\$1,978
Financial assets-current		
Forced measure at fair value through comprehensive income		
Derivative financial assets (non-designated risk avoiding)		\$3,209
Forward exchange contracts		

- 1) Tahsin Group's forward exchange contracts that have not applied hedging accounting at the balance sheet date and yet to have expired are as follows:

December 31, 2023	Currency	Maturity	Contractual Amount (in Thousand)
Pre-purchase forward exchange	US Dollar/Japanese Yen	January 2024-May 2024	USD2,000/JPY273,038

December 31, 2022	Currency	Maturity	Contractual Amount (in Thousand)
Pre-purchase forward exchange	US Dollar/Japanese Yen	January 2023-May 2023	USD2,000/JPY279,108

The main purpose of Tahsin Group's engagement in derivatives trading is to avoid risks associated with foreign currency assets and liabilities due to exchange rate fluctuations.

- 2) Tahsin Group has not pledged financial assets at fair value through profit or loss
3) Please refer to Note 12 (2) for credit risk management and evaluation method.

c. Financial assets at fair value through other comprehensive income - current

Items	December 31, 2023	December 31, 2022
Equity instruments		
Stocks listed in TWSE or TPEx	\$2,585,499	\$2,922,804
Fund beneficiary certificates	10,061	10,061
Subtotal	\$2,595,560	\$2,932,865
Valuation adjustments	1,245,118	1,117,696
Total	\$3,840,678	\$4,050,561

- 1) Tahsin Group has chosen to classify the equity investments of domestic listed companies with stable dividends as financial assets measured at FVTOCI, which were valued at NTD 3,840,678 thousand and NTD 4,050,561 thousand respectively for December 31, 2023 and 2022.
- 2) In 2023 and 2022, Tahsin Group adjusted its investment position to diversify its risk. As for the sale of some common stocks of the listed companies at fair value of NTD 519,455 thousand and NTD 0 thousand, respectively, and the related other equity - unrealized gain (loss) on financial assets at fair value through other comprehensive income amounted to NTD 68,952 thousand and NTD 0 thousand, respectively, were transferred to retained earnings.
- 3) Please refer to Note 8 for details of the Group's pledge financial assets (current) at fair value through other comprehensive income as of December 31, 2023 and 2022.
- 4) Please refer to Note 12(2) for details of relevant credit risk management and assessment methods.

d. (Net) Notes receivable and notes receivable - (Net) related parties

Items	December 31, 2023	December 31, 2022
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Items	December 31, 2023	December 31, 2022
Notes receivable		
Occurs due to business operation	\$58,743	\$77,545
Less: provision for losses	(1,188)	(1,368)
(Net) Notes receivable	<u>\$57,555</u>	<u>\$76,177</u>

- 1) As of December 31, 2023 and 2022 Tahsin Group has pledged notes receivables of NTD 0 thousand and NTD 918 thousand respectively to others. Please refer to Note 8 for details.
- 2) Disclosure of allowance for losses on notes receivable, please refer to the description of accounts receivable below.

e. (Net) Accounts receivable and accounts receivable - (Net) related parties

Items	December 31, 2023	December 31, 2022
<u>Account receivables</u>		
Measured at amortized cost		
Total Carrying Amount	\$264,363	\$350,730
Less: provision for losses	(7,454)	(11,216)
(Net) Accounts receivable	<u>\$256,909</u>	<u>\$339,514</u>
<u>Trade receivables - related party</u>		
Measured at amortized cost		
Total Carrying Amount	\$9,599	\$19,109
Less: provision for losses	(288)	(574)
(Net) Accounts receivable - related parties	<u>\$9,311</u>	<u>\$18,535</u>

- 1) Tahsin Group's accounts receivable from the sale of goods met the credit standards based on the industry characteristics, business scale, and profitability of its counterparties, where the average credit period was between 60 and 120 days.
- 2) As of December 31, 2023 and 2022, no accounts receivable were pledged by Tahsin Group.
- 3) In particular, on December 31, 2023 and 2022, the Group has discounted notes receivable of NTD 0 thousand and NTD 918 thousand respectively. If payment is dishonored when due, Tahsin Group shall have settlement obligation, but under general conditions, the Group does not expect the debtor to dishonor. The liabilities arising from the discounted notes receivable of Tahsin Group were recognized as short-term borrowings.
- 4) Tahsin Group adopts the simplified approach as stipulated in IFRS 9 and recognizes loss allowances for accounts receivables based on the lifetime expected credit losses. The lifetime expected credit losses took into account the past history of default and the current financial and operating conditions of customers. Due to the historical experience of credit losses of Tahsin Group, there is no significant difference in the loss patterns of different customer groups. Therefore, the provision matrix does not further distinguish the customer base, and only sets the expected credit loss rate based on the overdue days of accounts receivable.

Tahsin Group measures the loss of allowance of notes receivable and receivables (including related persons) according to the preparation matrix as follows:

December 31, 2023	Total Carrying Amount	Loss allowance (lifetime ECLs)	Amortized Cost
Not past due	\$326,055	\$8,550	\$317,505
0 to 30 days overdue	5,603	275	5,328
31 to 180 days overdue	1,045	104	941
181 to 365 days overdue	2	1	1
More than one year overdue	-	-	-
Total	<u>\$332,705</u>	<u>\$8,930</u>	<u>\$323,775</u>

December 31, 2022	Total Carrying Amount	Loss allowance (lifetime ECLs)	Amortized Cost
Not past due	\$428,267	\$11,341	\$416,926
0 to 30 days overdue	14,563	729	13,834
31 to 180 days overdue	2,973	297	2,676

181 to 365 days overdue	1,581	791	790
More than one year overdue	-	-	-
Total	<u>\$447,384</u>	<u>\$13,158</u>	<u>\$434,226</u>

Tahsin Group's expected credit loss rate for each of the above aging ranges (excluding abnormal accounts, 100% of which shall be presented), not overdue as 0%-3%, 2% -10% for within 30 days overdue, 10%-15% for within 180 days overdue, and for 100% overdue for more than one year.

- 5) The changes in the allowance loss of notes receivables and accounts receivable (including notes receivables, accounts receivables and other long-term accounts receivables) are as follows:

Items	December 31, 2023	December 31, 2022
Beginning balance	\$13,158	\$12,135
Add: Provision of impairment loss	-	1,181
Less: Reversal of impairment loss	(4,196)	-
Less: Write-off of unrecoverable accounts	-	(163)
Effect of foreign currency exchange differences	(32)	5
Ending balance	<u>\$8,930</u>	<u>\$13,158</u>

The amounts shown above did not include other credit enhancements.

- 6) Please refer to Note 12(2) for details of relevant credit risk management and assessment methods.

- 7)
f. Inventories and operating cost

Items	December 31, 2023	December 31, 2022
Raw materials	\$68,073	\$73,515
Materials	47,415	49,584
Work in process	204,541	325,671
Finished goods	311,472	300,622
Total	<u>\$631,501</u>	<u>\$749,392</u>

- 1) The inventory gains (losses) recognized as operating costs in the current period are as follows:

Items	December 31, 2023	December 31, 2022
Cost of goods sold	\$1,798,389	\$2,165,271
Unallocated manufacturing costs	7,897	3,318
Write-downs of inventories and obsolescence loss (gain from price recovery)	2,647	294
Loss on discarding of inventory	307	-
Loss (gain) on physical inventory	7	7
Income from sale of scraps	(4,313)	(4,845)
Total operating costs	<u>\$1,804,934</u>	<u>\$2,164,045</u>

- 2) In 2023 and 2022, Tahsin Group recognized a loss of write-downs of inventories (gain on recovery) of NTD 2,647 thousand and NTD 294 thousand, respectively, owing to the Group writing down its inventories or depletion of part of the inventories led to a rise in net realizable value of its inventories.
3) Tahsin Group did not pledge any inventories as of December 31, 2023 and 2022.
g. Financial assets at fair value through other comprehensive income - non-current

Items	December 31, 2023	December 31, 2022
Investments in equity instruments		
Domestically unlisted stocks	\$145,886	\$145,690
Valuation adjustments	441,980	426,696
Total	<u>587,866</u>	<u>572,386</u>
Investments in liability instruments		
Corporate Bonds	\$108,987	\$15,448
Valuation adjustments	236	(1,256)
Subtotal	<u>109,223</u>	<u>14,192</u>
Total	<u>\$697,089</u>	<u>\$586,578</u>

- 1) According to the long-term strategic objectives, Tahsin Group invested in the unquoted shares and corporate bonds of the domestic market mentioned above. The company invests in the stocks of the aforementioned domestic OTC companies for medium and long-term strategic purposes and expects to make profits through long-term investment. The management chose to designate these investments to be measured at fair value through other comprehensive income as they believed that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with Tahsin Group's strategy of holding these investments for long-term purposes.
2) As of December 31, 2023 and 2022, Tahsin Group did not pledge any financial assets measured at fair value through other comprehensive income.
3) Please refer to Note 12(2) for details of relevant credit risk management and assessment methods.

h. Investments Accounted for Using the Equity Method

Investee	December 31, 2023	December 31, 2022
Affiliates:		
Individually insignificant affiliates	\$476,887	\$471,598

1) The share of the group's individual significant affiliates is summarized as follows:

	December 31, 2023	December 31, 2022
The Group's share of:		
Profit	\$26,780	\$23,146
Other comprehensive income (net income)	14,532	(93,645)
Total comprehensive income in 2021	\$41,312	(\$70,499)

2) The investment of Tahsin Group under equity method in December 31, 2023 and 2022 is not provided for pledge.

i. Property, plant, and equipment

Items	December 31, 2023	December 31, 2022
Owner-occupied	\$1,967,854	\$1,884,826
Operating lease	4,122	85,202
Total	\$1,971,976	\$1,970,028

1) Owner-occupied

Items	December 31, 2023	December 31, 2022
Land	\$1,288,572	\$1,216,733
Buildings	1,173,435	978,488
Machinery and equipment	529,841	530,814
Transportation equipment	46,933	48,222
Other equipment	192,019	139,639
Construction in progress and equipment to be inspected	3,852	165,075
Total cost	\$3,234,652	\$3,078,971
less: accumulated depreciation	(1,226,103)	(1,150,602)
Accumulated impairment	(40,695)	(43,543)
Total	\$1,967,854	\$1,884,826

	Land	Buildings	Machinery and equipment	Transportation equipment	Other equipment	Construction in progress and equipment to be inspected	Total
Cost							
Balance at January 1, 2023	\$1,216,733	\$978,488	\$530,814	\$48,222	\$139,639	\$165,075	\$3,078,971
Purchase	-	7,296	3,491	1,292	18,146	57,356	87,581
Disposal	-	-	(6,363)	(2,066)	(15,865)	-	(24,294)
Reclassification	80,936	195,479	2,711	-	50,731	(218,446)	111,411
Effect of foreign currency exchange differences	(9,097)	(7,828)	(812)	(515)	(632)	(133)	(19,017)
Balance at December 31, 2023	\$1,288,572	\$1,173,435	\$529,841	\$46,933	\$192,019	\$3,852	\$3,234,652
Accumulated depreciation and impairment							
Balance at January 1, 2023	\$43,543	\$670,935	\$356,192	\$28,436	\$95,039	-	\$1,194,145

Depreciation expenses	-	26,332	32,425	4,658	13,886	-	77,301
Disposal	-	-	(6,355)	(1,950)	(15,844)	-	(24,149)
Reclassification	-	30,463	-	-	-	-	30,463
Effect of foreign currency exchange differences	(2,848)	(6,511)	(742)	(350)	(511)	-	(10,962)
Balance at December 31, 2023	\$40,695	\$721,219	\$381,520	\$30,794	\$92,570	-	\$1,266,798

	Land	Buildings	Machinery and equipment	Transportation equipment	Other equipment	Construction in progress and equipment to be inspected	Total
Cost							
Balance at January 1, 2022	\$1,174,986	\$928,938	\$453,354	\$34,254	\$130,133	\$77,210	\$2,798,875
Purchase	-	5,747	14,645	6,428	8,478	166,477	201,775
Disposal	-	-	(9,383)	(2,949)	(9,134)	-	(21,466)
Reclassification	46,595	15,837	57,541	9,964	3,388	(79,035)	54,290
Effect of foreign currency exchange differences	(4,848)	27,966	14,657	525	6,774	423	45,497
Balance at December 31, 2022	\$1,216,733	\$978,488	\$530,814	\$48,222	\$139,639	\$165,075	\$3,078,971
Accumulated depreciation and impairment							
Balance at January 1, 2022	\$45,060	\$634,991	\$330,427	\$26,939	\$88,587	-	\$1,126,004
Depreciation expenses	-	21,745	25,821	3,667	10,045	-	61,278
Disposal	-	-	(9,374)	(2,742)	(9,082)	-	(21,198)
Reclassification	-	164	29	62	152	-	407
Effect of foreign currency exchange differences	(1,517)	14,035	9,289	510	5,337	-	27,654
Balance at December 31, 2022	\$43,543	\$670,935	\$356,192	\$28,436	\$95,039	-	\$1,194,145

- a) Capitalization amount and interest rate range of borrowing costs for properties, plants and equipment:

	December 31, 2023	December 31, 2022
Amount capitalized	-	-
Interest rate collars	-	-

- b) For information on guarantees provided by owner-occupied property, plant and equipment, please refer to Note 8.

2) Operating lease

Items	December 31, 2023	December 31, 2022
Land	-	\$80,936
Buildings	\$32,159	63,236
Machinery and equipment	1,856	1,859
Other equipment	46	46
Total cost	\$34,061	\$146,077
less: accumulated depreciation	(29,939)	(60,875)
Accumulated impairment	-	-
Total	\$4,122	\$85,202

	Land	Buildings	Machinery and equipment	Other equipment	Total
<u>Cost</u>					
Balance at January 1, 2023	\$80,936	\$63,236	\$1,859	\$46	\$146,077
Purchase	-	-	205	-	205
Disposal	-	-	(208)	-	(208)
Reclassification	(80,936)	(30,475)	-	-	(111,411)
Effect of foreign currency exchange differences	-	(602)	-	-	(602)
Balance at December 31, 2023	-	\$32,159	\$1,856	\$46	\$34,061
<u>Accumulated depreciation and impairment</u>					
Balance at January 1, 2023	-	\$59,939	\$928	\$8	\$60,875
Depreciation expenses	-	9	258	9	276
Disposal	-	-	(207)	-	(207)
Reclassification	-	(30,463)	-	-	(30,463)
Effect of foreign currency exchange differences	-	(542)	-	-	(542)
Balance at December 31, 2023	-	\$28,943	\$979	\$17	\$29,939

	Land	Buildings	Machinery and equipment	Transportation equipment	Other equipment	Total
<u>Cost</u>						
Balance at January 1, 2022	\$80,936	\$62,760	\$1,182	-	\$341	\$145,219
Purchase	-	-	862	\$512	46	1,420
Disposal	-	-	(65)	-	-	(65)
Reclassification	-	-	(120)	(512)	(341)	(973)
Effect of foreign currency exchange differences	-	476	-	-	-	476
Balance at December 31, 2022	\$80,936	\$63,236	\$1,859	-	\$46	\$146,077
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2022	-	\$59,499	\$779	-	\$107	\$60,385
Depreciation expenses	-	12	242	\$62	53	369
Disposal	-	-	(64)	-	-	(64)
Reclassification	-	-	(29)	(62)	(152)	(243)
Effect of foreign currency exchange differences	-	428	-	-	-	428
Balance at December 31, 2022	-	\$59,939	\$928	-	\$8	\$60,875

- a) Tahsin Group leases part of lands, plants and offices, and other assets under operating lease with lease terms of 1-10 years. The lessee does not have a bargain purchase option to acquire the asset at the expiration of the lease periods.
- b) The total amount of lease payments that will be collected in the future for operating leases of owner-occupied property, plant and equipment is as follows:

	December 31, 2023	December 31, 2022
Year 1	\$5,982	\$13,546
Year 2	5,951	12,301
Year 3	6,572	6,062
Year 4	6,075	6,695
Year 5	6,075	6,189
More than 5 years	13,163	19,598
Total	<u>\$43,818</u>	<u>\$64,391</u>

c) Tahsin Group did not pledge real estate, plant and equipment leased under operating leases for others on December 31, 2023 and 2022.

3) As of December 31, 2023 and 2022, property, plant and equipment showed no signs of impairment with assessment.

4) The adjustments to the acquisition of properties, plants and equipment listed in the statements of cash flows are as follows:

Items	December 31, 2023	December 31, 2022
Increased amount of property, plant and equipment	\$87,786	\$203,195
Increase or decrease in equipment payment	40,133	(31,526)
Cash paid for acquisition of property, plant, and equipment	<u>\$127,919</u>	<u>\$171,669</u>

j. Tenancy agreement

1) Right-of-use assets

Items	December 31, 2023	December 31, 2022
Land	\$77,568	\$78,258
Buildings	76,816	7,732
Transportation equipment	4,004	4,004
Total cost	\$158,388	\$89,994
less: accumulated depreciation	(24,147)	(15,955)
Accumulated impairment	-	-
Net amount	<u>\$134,241</u>	<u>\$74,039</u>

Cost	Land	Buildings	Transportation Equipment	Total
Balance at January 1, 2023	\$78,258	\$7,732	\$4,004	\$89,994
Increase in this period	-	70,119	-	70,119
Decrease in this period	-	-	-	-
Effect of foreign currency exchange differences	(690)	(1,035)	-	(1,725)
Balance at December 31, 2023	<u>\$77,568</u>	<u>\$76,816</u>	<u>\$4,004</u>	<u>\$158,388</u>
Accumulated depreciation and impairment				
Balance at January 1, 2023	\$9,849	\$4,326	\$1,780	\$15,955
Depreciation expenses	2,483	4,824	1,334	8,641
Disposal	-	-	-	-
Effect of foreign currency exchange differences	(110)	(339)	-	(449)

Balance at December 31, 2023	<u>\$12,222</u>	<u>\$8,811</u>	<u>\$3,114</u>	<u>\$24,147</u>
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Cost	Land	Buildings	Transportation equipment	Total
Balance at January 1, 2022	\$73,662	\$7,471	\$4,004	\$85,137
Increase in this period	-	878	-	878
Decrease in this period	-	(404)	-	(404)
Effect of foreign currency exchange differences	4,596	(213)	-	4,383
Balance at December 31, 2022	<u>\$78,258</u>	<u>\$7,732</u>	<u>\$4,004</u>	<u>\$89,994</u>
Accumulated depreciation and impairment				
Balance at January 1, 2022	\$6,902	\$3,657	\$445	\$11,004
Depreciation expenses	2,424	1,158	1,335	4,917
Decrease in this period	-	(404)	-	(404)
Effect of foreign currency exchange differences	523	(85)	-	438
Balance at December 31, 2022	<u>\$9,849</u>	<u>\$4,326</u>	<u>\$1,780</u>	<u>\$15,955</u>

2) Lease liabilities

Items	December 31, 2023	December 31, 2022
Carrying amount of lease liabilities		
Current	<u>\$13,009</u>	<u>\$2,904</u>
Non-current	<u>\$61,629</u>	<u>\$8,250</u>

The discount rate ranges for lease liabilities are as follows:

Items	December 31, 2023	December 31, 2022
Land	1%	1%
Buildings	1%~6.42%	1% ~ 6.42%
Transportation equipment	1%	1%

Information on lease liability maturity analysis is as follows:

	December 31, 2023	December 31, 2022
Less than one year	\$14,219	\$3,048
1-5 year(s)	41,582	4,049
5-10 years	20,497	1,231
10-15 years	1,231	1,231
15-20 years	1,231	1,231
20 years or more	944	1,190
Total undiscounted lease payments	<u>\$79,704</u>	<u>\$11,980</u>

3) Important lease activities and terms

Tahsin Group leases a number of land and buildings as plant and sites of business operations for a lease period of 2-50 years, with some contracts attached with the right to renew the lease at the end of the lease period. In accordance with the contracts, the Group may not sublet the leased asset to others without the consent of the lessor.

As of December 31, 2023 and 2022, the right-of-use assets showed no signs of impairment with assessment.

4) Sublease:

Tahsin Group subleases the right to use the land in Putian of Fujian Province to other companies in the form of an operating lease, and the above-mentioned right-of-use assets do not meet the definition of investment properties. The income from the sublease of the right-of-use assets in 2023 and 2022 were NTD 1,617 thousand and NTD1,609 thousand, respectively.

The total amount of lease payments that Tahsin Group will receive in the future for sublease of right-of-use assets under operating leases is as follows:

	December 31, 2023	December 31, 2022
Year 1	\$1,599	\$1,509
Year 2	1,599	1,478
Year 3	1,530	1,477
Year 4	1,523	1,521
Year 5	1,523	1,551
More than 5 years	3,680	5,301
Total	<u>\$11,454</u>	<u>\$12,837</u>

5) Other lease information

- a) Please refer to Note 6 (9) "Property, plant and equipment" and Note 6 (11) "Investment properties" for the agreement on the lease of Tahsin Group's own property, plant and equipment and investment property under operating leases.
- b) In 2023 and 2022, Tahsin Group decided to apply recognition exemption to short-term lease and low value asset lease, and not recognize related right-of-use assets and lease liabilities for the said leases.
- c) The information on lease-related expenses of Tahsin Group in 2023 and 2022 is as follows:

Items	December 31, 2023	December 31, 2022
Expenses relating to short-term leases	<u>\$702</u>	<u>\$1,920</u>
Expenses relating to low-value asset lease	<u>\$138</u>	<u>\$131</u>
Variable lease payments not included in lease liability measurement	-	-
Total cash flows on lease	<u>\$7,413</u>	<u>\$4,866</u>

k. Investment properties

Items	December 31, 2023	December 31, 2022
Land	\$345,444	\$345,444
Buildings	32,498	32,498
Total cost	\$377,942	\$377,942
less: accumulated depreciation	(32,487)	(32,477)
Accumulated impairment	-	-
Total	<u>\$345,455</u>	<u>\$345,465</u>

- 1) The changes in the costs, accumulated depreciation and impairments of investment property are as follows:

	Land	Buildings	Total
Cost			
Balance at January 1, 2023	\$345,444	\$32,498	\$377,942
Purchase	-	-	-
Disposal	-	-	-
Balance at December 31, 2023	<u>\$345,444</u>	<u>\$32,498</u>	<u>\$377,942</u>
Accumulated depreciation and impairment			
Balance at January 1, 2023	-	\$32,477	\$32,477

Depreciation expenses	-	10	10
Disposal	-	-	-
Balance at December 31, 2023	-	<u>\$32,487</u>	<u>\$32,487</u>

	Land	Buildings	Total
Cost			
Balance at January 1, 2022	\$392,039	\$41,634	\$433,673
Purchase	-	780	780
From property, plant and equipment	(46,595)	(9,916)	(56,511)
Balance at December 31, 2022	<u>\$345,444</u>	<u>\$32,498</u>	<u>\$377,942</u>
Accumulated depreciation and impairment			
Balance at January 1, 2022	-	\$32,496	\$32,496
Depreciation expenses	-	146	146
From property, plant and equipment	-	(165)	(165)
Balance at December 31, 2022	-	<u>\$32,477</u>	<u>\$32,477</u>

2) Rental revenue and direct operating expenses of investment property:

Items	December 31, 2023	December 31, 2022
Rental income from investment property	<u>\$21,511</u>	<u>\$18,422</u>
Direct operating expenses incurred from investment properties that generate current rental income (Note)	\$618	\$624
that generates rental income in the current period		
Direct operating expense from investment property that do not generate rental income in the current period	<u>\$846</u>	<u>\$866</u>

- 3) The lease term of investment property is 1-3 years. The lessee does not have a bargain purchase option to acquire the asset at the expiration of the lease periods.
- 4) The total amount of lease payments that to be collected in the future for investment property by operating leases is as follows:

	December 31, 2023	December 31, 2022
Year 1	\$11,888	\$21,429
Year 2	890	10,917
Year 3	-	-
Year 4	-	-
Year 5	-	-
More than 5 years	-	-
Total	<u>\$12,778</u>	<u>\$32,346</u>

- 5) Depreciation of investment property-housing and construction on a straight-line basis in 10 to 20 years.
- 6) The fair value of the investment property held by Tahsin Group as at December 31, 2023 and 2022 was NTD1,523,171 and NTD1,523,171 thousand, respectively, as estimated from the transaction prices of land or buildings located in the adjacent areas inquired by the "Registering the Actual Selling Price of Real Estate" of Department of Land Administration, Ministry of the Interior.
- 7) For information on guarantees provided by investment property, please refer to Note 8.

1. Short-term loans

Nature of borrowing	December 31, 2023	
	Amount	Interest Rate
Credit loan	\$54,300	0.70%
Mortgage loan	74,717	0.45% ~ 1.4%
Total	<u>\$129,017</u>	

Nature of borrowing	December 31, 2022	
	Amount	Interest Rate
Credit loan	\$58,100	0.70%
Mortgage loan	102,441	0.43% ~ 2.2%
Total	<u>\$160,541</u>	

For short-term borrowings, the Tahsin Group pledged part of properties and plants as collateral. Please refer to Note 8 for details.

m. Short-term bonds

Items	December 31, 2023	December 31, 2022
Corporate bonds payable	-	\$25,000
Less: Unamortized discounts	-	-
Net balance	-	<u>\$25,000</u>
Interest rate	-	<u>2.038%</u>

As of December 31, 2023 and 2022, for short-term bonds payable, the Company provides parent company stocks (treasury stock for subsidiaries) as a guarantee, carrying value is NTD 46,601 thousand each, and ending market value is NTD 145,600 thousand and NTD 140,600 thousand respectively.

n. Other payable

Item	December 31, 2023	December 31, 2022
Salaries and bonuses payable	\$84,989	\$84,910
Insurance premiums payable	4,543	16,914
Processing fees payable	8,465	11,780
Pension payable	22,693	22,545
Directors' remuneration payable	1,800	3,600
Employees' remuneration payable	8,344	11,374
Other payable	32,170	78,684
Total	<u>\$163,004</u>	<u>\$229,807</u>

o. Provision for liabilities

Items	2023	2022
Beginning balance	\$8,458	\$8,458
Increase in provision	6,632	6,777
Decrease in provision	(6,632)	(6,777)
Ending balance	<u>\$8,458</u>	<u>\$8,458</u>

The liability provision is prepared according to the employee accumulated leave payouts, which are estimated based on historical experiences, management assessment and other known reasons.

p. Pension

1) Defined contribution plans

- a) Tahsin Group and its subsidiaries adopt 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 6% of their monthly salaries to employees' individual pension accounts in the Bureau of Labor Insurance. The overseas subsidiaries have participated in the defined allocation scheme handled by the local government, and the pension is allocated to the local government on a monthly basis.
 - b) Contributions based on the percentage stipulated in the defined contribution pension plans of the Group and recognized as expenses in the consolidated statements of comprehensive income were NTD 9,619 thousand and NTD 9,331 thousand for the years ended December 31, 2023 and 2022, respectively.
- 2) Defined benefit plans
- a) The pension system adopted by Tahsin Group under the "Labor Standards Act" is a state-managed defined pension 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. These companies allocate 9% of their total monthly salary to employee retirement funds to a retirement fund that is deposited in 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 once before the end of March of the following year. However, as the Company considers using its working capital for its operations, the Company plans to make up the difference totaling NTD300 million in two installments every year over five years (between 2016 and 2020). The Company has submitted the full-installment contribution plan to the Labor Affairs Bureau which has acknowledged receipt of the plan in May 2016. The Bureau of Labor Funds, Ministry of Labor administers the account. The Company has no right over its investment and administration strategies.
 - b) The amounts recognized in the Tahsin Group's balance sheet for obligations from defined benefit plans are as follows:

Items	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	(\$275,578)	(\$272,904)
Fair value of plan assets	272,224	273,947
Net Defined Benefit (Liabilities) Assets	(\$3,354)	\$1,043

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

Items	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
Balance as of January 1, 2023	(\$272,904)	\$273,947	\$1,043
Service costs			
Current Service costs	(1,953)	-	(1,953)
Previous service cost	(324)	-	(324)
Interest expenses (income)	(3,839)	3,914	75
Recognized in profit or loss	(6,116)	3,914	(2,202)
Remeasurements			
Return on planned assets (excluding the amounts included in net interest)	--	1,875	1,875
Actuarial (profits) losses -			
Changes in population assumptions	-	-	-
Changes in financial assumptions	(5,933)	-	(5,933)
Experience adjustments	(5,596)	-	(5,596)
Recognized in other comprehensive income	(11,529)	1,875	(9,654)
Employer provision	-	3,847	3,847
Welfare payment amount	14,971	(11,359)	3,612

Balance as of December 31, 2023	<u>(\$275,578)</u>	<u>\$272,224</u>	<u>(\$3,354)</u>
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Items	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
Balance as of January 1, 2022	<u>(\$270,816)</u>	<u>\$257,490</u>	<u>(\$13,326)</u>
Service costs			
Current Service costs	(2,262)	-	(2,262)
Interest expenses (income)	<u>(1,596)</u>	<u>1,544</u>	<u>(52)</u>
Recognized in profit or loss	<u>(3,858)</u>	<u>1,544</u>	<u>(2,314)</u>
Remeasurements			
Return on planned assets (excluding the amounts included in net interest)	-	20,973	20,973
Actuarial (profits) losses -			
Changes in financial assumptions	(2,538)-	-	(2,538)
Experience adjustments	<u>(9,165)-</u>	<u>-</u>	<u>(9,165)</u>
Recognized in other comprehensive income	<u>(11,703)</u>	<u>20,973</u>	<u>9,270</u>
Employer provision	-	4,033	4,033
Welfare payment amount	<u>13,473</u>	<u>(10,093)</u>	<u>3,380</u>
Balance as of December 31, 2022	<u>(\$272,904)</u>	<u>\$273,947</u>	<u>\$1,043</u>

- d) The Tahsin Group is exposed to the following risks due to the implementation of the pension system under the Labor Standards Act:

i. Investment Risks

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 allocated amount of planned assets of the Group is not lower than interest calculated from the local bank's 2-year fixed deposit interest rate.

ii. Interest rate risk

The decline in the interest rate of government bonds will increase the present value of defined welfare obligations, and at the same time, the debt investment return of the planned assets will also increase accordingly. Both of which will partially offset the impact of the net defined welfare liabilities.

iii. Salary risk

The calculation basis for determining the present value of the benefit obligation is to refer to the future salaries of the project members. Therefore, the salary increase of plan members will increase the present value of the defined benefit obligation.

- e) The present value of the determined benefit obligation formulated by Tahsin Group is calculated by certified actuaries. The principal assumptions adopted on the valuation date are as follows:

Items	Valuation date	
	December 31, 2023	December 31, 2022
Discount rate	<u>1.25%</u>	<u>1.50%</u>
Rate of future salary increase	<u>2.50%</u>	<u>2.50%</u>
Average duration of defined benefit obligations	8.8 years	9.4 years

- i. Future Mortality Rate is estimated based on the 2021 Taiwan Standard Ordinary Experience Mortality Table.

- ii. If the major actuarial assumptions are subject to reasonably possible changes with other assumptions unchanged, the present value of defined benefit obligations will increase (decrease) as follows:

Items	December 31, 2023	December 31, 2022
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Discount rate	1.25%	1.50%
Increase 0.25%	(\$5,933)	(\$6,220)
Decrease 0.25%	\$6,124	\$6,431
Rate of future salary increase	2.50%	2.50%
Increase 0.25%	\$5,942	\$6,254
Decrease 0.25%	(\$5,788)	(\$6,081)

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.

f)Tahsin Group expects to make contributions of NTD3,960 thousand to the pension plans in the year ended December 31, 2024.

q. Share capital

- 1) The reconciliation of the Company's outstanding number of common stocks and its amounts at beginning and end of period is as follows:

Items	December 31, 2023	
	Number of Shares (Thousands)	Amount
Balance at January 1	99,099	\$990,990
Balance at December 31	99,099	\$990,990

Items	December 31, 2022	
	Number of Shares (Thousands)	Amount
Balance at January 1	99,099	\$990,990
Balance at December 31	99,099	\$990,990

- 2) As of December 31, 2023 and 2022, the Company had a nominal capital of NTD2,415,227 thousand, which is divided into 241,523 thousand shares (NTD10 per share). The paid-in capital was NTD990,990 thousand. The actual number of shares issued was 99,099 thousand.

r. Capital Surplus

Items	December 31, 2023	December 31, 2022
Treasury share transactions	\$217,916	\$196,483
Difference between the price received from acquisition or disposal of interest in subsidiaries and book value	2,113	2,113
Value of the acquired or disposed shares of subsidiaries		
Others (return of overdue unclaimed dividends)	1,840	1,564
Total	\$221,869	\$200,160

s. Retained earnings and dividend policy

The surplus distribution policy stipulated in the original articles of association stipulates that if there is profit in its general final account, the Company shall first pay all taxes and dues and cover accumulated losses, and then set aside 10% of such profits as a legal reserve. However, where such legal reserve amounts to the total amount of capital stock, this provision shall not apply. In addition, special surplus reserve shall be allocated or reversed in accordance with laws and regulations or regulations of the competent authority. If there is any surplus, the balance shall be added to the accumulated undistributed surplus. The Board of Directors shall prepare a distribution motion, to be submitted to the shareholders' meeting for resolution before issuance of new shares. After the shareholders' meeting on June 5, 2020, it was revised as follows: The Company's surplus distribution or loss allowance can be made after the end of each semi-financial year, if there is any surplus in the semi-financial year's final accounts, the Company shall first pay all taxes and dues and cover accumulated losses, and then set aside 10% of such profits as a legal reserve. However, where such legal reserve amounts to the to-

tal amount of capital stock, this provision shall not apply. As stipulated by law or regulations or competent authority, the remaining balance shall then be appropriated for provisions or special reserve reversed. If there are still surplus and/or accumulated undistributed earnings, the Board of Directors shall submit an allocation proposal, and where new shares are issued, resolution at the shareholders' meeting shall be adopted before allocation.

Pursuant to Paragraph 5 of Article 240 of the Company Act, the company may authorize the distributable dividends and bonuses or in whole or in part legal reserve and capital reserve as provided in Paragraph 1 of Article 241 of the Company Act may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

The Company has too diverse products to be divided by the stages of growth. With steady profitability and sound financial structure, the Company is able to distribute dividends and bonuses in cash at a ratio of 20% to 100% in principle. However, when there is any important investment, the company may reallocate all dividends and bonuses for a capital increase.

- 1) The statutory surplus reserve shall not be used except for the loss of the Company and the issuance of new shares or cash in proportion to the original share of the shareholders. However, if new shares or cash is issued, it shall be limited to the surplus exceeding 25% of the paid-in capital.
- 2) Special reserve
 - a) The Company may allocate earnings only after providing special reserve for debt balance under other equity on the balance sheet date, and the reversal of debit balance under other equity, if any, may be stated as distributable earnings.
 - b) As initial application of IFRSs, the special reserve set aside in accordance with the order issued by the FSC, the Company shall reverse the special reserve set aside proportionately as distributable retained earnings when the relevant assets are used, disposed of or reclassified subsequently. In May, 2020, due to the disposal of land revalued before the year 2012, NTD1,941,491 thousand was transferred from special reserves to retained earnings.
- 3) The Company's resolutions on earnings distribution and dividends per share for the first half of 2021 and the second half of 2021 approved by the Board of Directors on August 11, 2021 and March 25, 2022 are as follows:

Items	Profit distribution plan		Dividends per Share (NTD)	
	First half of 2021	Second half of 2021	First half of 2021	Second half of 2021
Ordinary cash dividends	\$277,200	\$247,748	2.00	2.00

The distribution of cash dividends was reported to the shareholders' meeting on June 17, 2022 (Note); the reversal and appropriation of other earnings items were approved by electronic voting at the general meeting of shareholders before June 17, 2022.

- 4) The Company's resolutions on profit distribution plan and dividends per share for the first and second halves of 2022 approved by the Board of Directors on August 12, 2022 and March 24, 2023 respectively are as follows:

Items	Profit distribution plan		Dividends per Share (NTD)	
	First half of 2022	Second half of 2022	First half of 2022	Second half of 2022
Ordinary cash dividends	\$247,747	\$346,847	2.50	3.50

The distribution of cash dividends was reported to the shareholders' meeting on June 16, 2023; the reversal and appropriation of other earnings items were approved by electronic voting at the general meeting of shareholders before June 16, 2023.

- 5) The appropriations of earnings and dividends per share for the first half of 2023 had been proposed by the Company's Board of Directors on August 11, 2023, and they are as follows:

Items	Profit distribution plan	Dividends per Share (NTD)
	First half of 2023	First half of 2023
Ordinary cash dividends	\$247,747	2.50

- 6) The appropriations of earnings and dividends per share for the second half of 2023 had been proposed by the Company's Board of Directors on March 12, 2024, and they are as follows:

Profit distribution plan	Dividends per Share (NTD)
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Items	Second half of 2023	Second half of 2023
Ordinary cash dividends	\$247,748	2.50

- 7) Information on employee compensation resolved by the Board meetings is available on the "Market Observation Post System" of the Taiwan Stock Exchange Corporation.

t. Other equities

Items	Exchange differences on translation of foreign operating organizations' financial statements	Unrealized valuation (losses) gains from financial assets measured at fair value through other comprehensive income	Total
Balance at January 1, 2023	(\$77,742)	\$1,818,320	\$1,740,578
Exchange differences on translation of financial statements of foreign operations	(9,587)	-	(9,587)
Unrealized valuation profit or loss on investments in equity instruments at fair value through other comprehensive income	-	211,658	211,658
The shares of affiliates and joint ventures are recognized by the equity method	-	14,532	14,532
Disposals of equity instruments at fair value through other comprehensive income	(68,952)	(68,952)	(68,952)
Unrealized valuation profit or loss on investments in debt instruments at fair value through other comprehensive income		1492	1492
Balance at December 31, 2023	(\$87,329)	\$1,977,050	\$1,889,721

Items	Exchange differences on translation of foreign operating organizations' financial statements	Unrealized valuation (losses) gains from financial assets measured at fair value through other comprehensive income	Total
Balance at January 1, 2022	(\$106,328)	\$3,022,109	\$2,915,781
Exchange differences on translation of financial statements of foreign operations	28,586	-	28,586
Unrealized valuation profit or loss on investments in equity instruments at fair value through other comprehensive income	-	(1,108,888)	(1,108,888)
The shares of affiliates and joint ventures are recognized by the equity method	-	(93,645)	(93,645)
Disposals of investments in equity instruments designated at fair value through other comprehensive income		(1,256)	(1,256)
Balance at December 31, 2022	(\$77,742)	\$1,818,320	\$1,740,578

u. Treasury stock
December 31, 2023

Subsidiary Name	Number of shares at the beginning of the period	Net increase (decrease)	Unit: Thousand shares
			Number of shares at the end of the period
Tah Fa Investment Co., Ltd.	3,572	-	3,572

December 31, 2022

Subsidiary Name	Number of shares at the beginning of the period	Net increase (decrease)	Unit: Thousand shares
			Number of shares at the end of the period
Tah Fa Investment Co., Ltd.	3,572	-	3,572

Investments in the Company's shares held by its subsidiaries are regarded as treasury stock, where these subsidiaries can still receive dividends from the Company but are not able to exercise their voting rights. As of December 31, 2023 and December 31, 2022, the Company's investment company, Tah Fa Investment Co., Ltd., held 3,572 thousand shares, with a total cost of NTD83,230 thousand. The investment company continued to hold its shares due to a stable share price, where its market price per share was NTD72.80 and NTD70.30 as of December 31, 2023 and December 31, 2022, respectively.

V. Non-controlling interests

Items	December 31, 2023	December 31, 2022
Beginning balance	\$29,299	\$25,713
Share attributable to non-controlling interests:		
Net profit/(loss) for the year	1,108	3,050
Other comprehensive income/(loss) for the year	(514)	1,087
Increase (decrease) in non-controlling interest	(1,163)	(551)
Total	<u>\$28,730</u>	<u>\$29,299</u>

W. Operating revenue

Items	December 31, 2023	December 31, 2022
Revenue from customer contracts		
Sales revenue	\$2,160,277	\$2,673,624
Less: Sales return and allowance	(8,243)	(4,264)
(Net) Revenue from Contracts with Customers	<u>\$2,152,034</u>	<u>\$2,669,360</u>
Others	5,159	-
Total	<u>\$2,157,193</u>	<u>\$2,669,360</u>

1) Description of customer contract

Tahsin Group produces plastic products for the midstream and downstream of the plastics industry. Applied to daily supplies, the main products include raincoats, garments, PP corrugated boards, and binding machines, and laminators. In terms of export, materials of rainwear and garments are prepared in Taiwan for production overseas; in terms of domestic sales, rainwear and garments, including workwear, are sold by distributors. Tahsin Group's products are sold at fixed prices according to the contractual terms.

2) Customer contract revenue breakdown

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following operating segments:

Product Category	December 31, 2023	December 31, 2022
Raincoat	\$1,037,447	\$1,298,183
Garment	481,790	627,277
Binding machine	172,360	213,891
PP corrugated board	237,205	270,806
Others	<u>228,391</u>	<u>259,203</u>

Total	\$2,157,193	\$2,669,360
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Region	December 31, 2023	December 31, 2022
Taiwan	\$381,818	\$410,999
America	324,488	375,776
Europe	666,650	1,014,098
Japan	369,016	470,225
Others	415,221	398,262
Total	\$2,157,193	\$2,669,360

3) Contract balance

The Group's accounts receivable and contract liabilities relating to contract revenue are as follows:

Items	December 31, 2023	December 31, 2022
Notes receivable and payments	\$332,705	\$447,384
Less: provision for losses	(8,930)	(13,158)
Total	\$323,775	\$434,226
Contract liabilities - current	\$7,379	\$12,117

a) Significant changes in contract assets and liabilities

The changes in contract assets and contract liabilities mainly arise from the difference between the time of fulfilling the obligations and the time of customer payment, and there are no other significant changes.

b) The amount of contract liabilities from the beginning of the year that are recognized in operating revenue in 2023 and 2022 were NTD11,413 thousand and NTD11,457 thousand respectively.

4) Unfulfilled customer contracts

As of December 31, 2023 and 2022, the Group expected that the lifetime of unfulfilled contracts with customers relating to the sale of products or service was within one year and that such contracts would be fulfilled within one year and recognized as revenue.

x. Employee benefits, depreciation and amortization expenses

Category	December 31, 2023		Total
	Classified as operating costs	Classified as operating expenses	
Employee benefits expense			
Salary expenses	\$263,983	\$173,041	\$437,024
Labor and health insurance	21,630	12,846	34,476
Pension expenses	4,969	6,852	11,821
Other employee benefits	15,880	13,889	29,769
	\$306,462	\$206,628	\$513,090
Depreciation expenses	\$58,468	\$27,760	\$86,228
Amortization expense	-	-	-

Category	December 31, 2022		Total
	Classified as operating costs	Classified as operating expenses	
Employee benefits expense			
Salary expenses	\$286,045	\$175,364	\$461,409
Labor and health insurance	21,036	12,220	33,256
Pension expenses	5,039	6,606	11,645
Other employee benefits	16,406	16,235	32,641

	\$328,526	\$210,425	\$538,951
Depreciation expenses	\$48,458	\$18,252	\$66,710
Amortization expense	-	-	-

- 1) If the Company records an annual profit, no less than 0.5% of its pre-tax income before deducting employees' compensation and directors' and supervisors' compensation shall be distributed as employee remuneration, whereas no more than 0.5% of it shall be distributed as directors' and supervisors' compensation. However, when the Company has accumulated losses, the amount to cover the losses should be reserved in advance. The resolution on the compensation of the employees and the remuneration of directors and supervisors in the preceding paragraph shall be approved and adopted by a special resolution of the board of directors and submitted to the shareholders' meeting. The abovementioned employee remuneration shall be distributed in the form of shares or cash. The qualification requirements of employees, including the employees of subsidiaries of the company meeting certain specific requirements are entitled to receive shares or cash. The board of directors is authorized to set the conditions.
- 2) Compensation to employees and remuneration to directors and supervisors for the years of 2023 and 2022 were resolved and approved by the Board of Directors on March 24, 2024 and March 24, 2023. Relevant amounts recognized in the financial statement are as follows:

	December 31, 2023		December 31, 2022	
	Employee Compensation	Remuneration of directors	Employee Compensation	Remuneration of directors
Approved amount of distribution	\$1,900	1,800	\$4,000	3,600
Amounts recognized in the annual financial statements	1,900	1,800	4,000	3,600
Differences	-	-	-	-

- a) The employee remunerations listed above are all paid in cash.
 - b) If there are changes made to the amount after the annual financial statements are published, the changes shall be handled as changes in accounting estimates and recognized in the next year's financial statements.
 - 3) 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.
- y. Interest revenue

Items	December 31, 2023	December 31, 2022
Interest revenue		
Interest on bank deposits	\$79,400	\$33,467
Other interest income (overdue interest)	-	20
Financial assets interests at fair value through other comprehensive income	2,662	81
Total	\$82,062	\$33,568

z. Other income

Items	December 31, 2023	December 31, 2022
Rental income		
Investment properties		
Variable rent not depending to index or rate changes	\$21,511	\$18,422
Other operating leases		
Variable rent not depending to index or rate changes	13,694	16,892
Other rent	267	356
Total rental income	35,472	35,670
Dividend revenue	198,694	382,488

Other income	10,507	13,477
Total	<u>\$244,673</u>	<u>\$431,635</u>

aa. Other profits and losses

Items	December 31, 2023	December 31, 2022
Gain (loss) on disposal of property, plant and equipment	\$451	\$705
Gain (loss) on foreign currency exchange	2,565	142,771
Net foreign exchange gains (losses)	4,391	(3,974)
Loss of financial assets (liabilities) measured at fair value through profit or loss		
Miscellaneous expenses	(5,328)	(9,197)
Total	<u>\$2,079</u>	<u>\$130,305</u>

bb. Financial costs

Items	December 31, 2023	December 31, 2022
Interest expense:		
Bank loans	\$1,572	\$2,201
Interest on lease liabilities	642	141
Subtotal	\$2,214	\$2,342
Less: Amount qualified for capitalization	-	-
Financial costs	<u>\$2,214</u>	<u>\$2,342</u>

cc. Income tax

1) Income tax expense

a) Income tax expense (benefit) components:

Items	December 31, 2023	December 31, 2022
<u>Current income tax</u>		
Income tax generated in the current period	\$40,145	\$52,972
Income tax overestimate/underestimate for previous years	(14,173)	(2,268)
Surtax on undistributed earnings	-	5,487
Total income tax for the year	\$25,972	\$56,191
<u>Deferred income tax</u>		
Origination and reversal of temporary differences	(8,757)	19,330
Deferred income tax expenses	(\$8,757)	\$19,330
Income tax expense (gains)	<u>\$17,215</u>	<u>\$75,521</u>

b) Income tax expense (benefit) related to other comprehensive income:

Items	December 31, 2023	December 31, 2022
Exchange differences on translation of foreign operating organizations' financial statements	<u>(\$2,396)</u>	<u>\$7,146</u>

- 2) The reconciliation of accounting income and income tax expense recognized in profit and loss for the current year is as follows:

Items	December 31, 2023	December 31, 2022
Net profit before taxes	<u>\$367,722</u>	<u>\$786,745</u>
Net profit before tax is calculated at the statutory tax rate	\$75,506	\$156,527
Effect of taxes on adjusted items:		
Effect of items not included when calculating taxable income		
Loss deduction	936	358
Unpaid pensions	(565)	(716)
Loss (Gain) on investments accounted for using equity method	(5,211)	(4,619)
Tax-exempt income	(39,739)	(76,498)
Unrealized exchange gains and losses	9,613	(20,380)
Gain and loss on valuation of financial assets	(375)	165
Gain and loss on valuation of financial liabilities	(938)	957
Loss (gain) on Inventory valuation losses	(124)	(649)
Other adjustments	1,042	(2,173)
Income tax adjustment for the previous year	(14,173)	(2,268)
Additional income tax on unappropriated earnings	-	5,487
Net change in deferred income tax	<u>(8,757)</u>	<u>19,330</u>
Income tax expense (gains) recognized in profit or loss	<u>\$17,215</u>	<u>\$75,521</u>

The tax rate applicable to individuals of Tahsin Group applying the Income Tax Act of the Republic of China is 20%, and the tax rate applicable to undistributed earnings is 5%. The tax generated in other jurisdictions is calculated according to the tax rate applicable in each relevant jurisdiction.

In July of 2019, the President announced the amendment to the Statute for Industrial Innovation, which clearly stipulated that the undistributed earnings from 2018 onwards to build or purchase specific assets or technologies to reach a certain amount can be recognized as deduction items in the calculation of undistributed earnings. The Company only deducted the capital expenses that has actually been invested when calculating the tax on unappropriated earnings.

3) Deferred income tax assets or liabilities from temporary difference, loss carry forwards and investment credits:

Items	December 31, 2023				
	Beginning balance	Recognized in profit (loss)	Recognized in other comprehensive income	Foreign exchange gains and losses	Ending balance
Deferred tax assets:					
Temporary differences					
Unrealized inventory valuation losses	\$403	(\$126)	-	(\$24)	\$253
Unrealized gross profit margin	571	(154)	-	-	417
Unrealized claim preparation	4,054	(935)	-	13	3,132
Unrealized bonus and social insurance	129	(15)	-	(8)	106
Unrealized employee benefit liabilities	1,692	-	-	-	1,692
Unpaid pensions	6,603	486	-	(442)	6,647
Foreign investment losses under the equity method	49,083	-	-	-	49,083
Loss assessment of financial assets	165	(57)	-	-	108
Loss assessment of financial liabilities	982	(938)	-	(44)	-
Difference in recognition of allowance loss	157	(38)	-	(9)	110
The depreciation assets are adjusted according to the tax law	6,026	304	-	(62)	6,268
Unused loss deduction	6,617	935	-	(15)	7,537
Debit (credit) accounting by foreign operating agencies	19,436	-	\$2,396	-	21,832
Exchange differences in financial statement translation					
Subtotal	\$95,918	(\$538)	\$2,396	(\$591)	\$97,185
Deferred tax liabilities					
Temporary differences					
Unrealized foreign exchange	(\$16,823)	\$9,613	-	-	(\$7,210)
Gain on valuation of financial asset	-	(318)	-	\$7	(311)
Land Value Increment Tax	(180,746)	-	-	-	(180,746)
Subtotal	(\$197,569)	\$9,295	-	\$7	(\$188,267)
Total	(\$101,651)	\$8,757	\$2,396	(\$584)	(\$91,082)

Items	December 31, 2022				
	Beginning balance	Recognized in profit (loss)	Recognized in other comprehensive income	Foreign exchange gains and losses	Ending balance
Deferred tax assets:					

Temporary differences

Unrealized inventory valuation losses	\$783	(\$379)	-	(\$1)	\$403
Unrealized gross profit margin	356	215	-	-	571
Unrealized claim preparation	3,654	-	-	400	4,054
Unrealized bonus and social insurance	152	(17)	-	(6)	129
Unrealized employee benefit liabilities	1,692	-	-	-	1,692
Unpaid pensions	6,511	304	-	(212)	6,603
Foreign investment losses under the equity method	49,083	-	-	-	49,083
Impairment loss on financial assets	-	165	-	-	165
Loss assessment of financial liabilities	3	957	-	22	982
Unrealized exchange loss	3,557	(3,557)	-	-	-
Unrealized loss on disposal of assets	52	(52)	-	-	-
Difference in recognition of allowance loss	238	(82)	-	1	157
The depreciation assets are adjusted according to the tax law	5,944	(419)	-	501	6,026
Unused loss deduction	5,632	358	-	627	6,617
Debit (credit) accounting by foreign operating agencies	26,582	-	(\$7,146)	-	19,436
Exchange differences in financial statement translation					
Subtotal	\$104,239	(\$2,507)	(\$7,146)	\$1,332	\$95,918

Deferred tax liabilities

Temporary differences

Unrealized foreign exchange	-	(\$16,823)	-	-	(16,823)
Land Value Increment Tax	(180,746)	-	-	-	(\$180,746)
Subtotal	(\$180,746)	(\$16,823)	-	-	(\$197,569)
Total	(\$76,507)	(\$19,330)	(\$7,146)	\$1,332	(\$101,651)

4) Items not recognized as deferred tax assets

Items	December 31, 2023	December 31, 2022
Loss on investment accounted for using the equity method	\$42,912	\$46,118
Loss deduction	77,846	86,413
Total	\$120,758	\$132,531

5) The Company's corporate income tax returns have been assessed by the Tax Authorities until 2021.

dd. Other comprehensive income

Items	December 31, 2023		
	Pre-tax	Income Tax Expense (Gain)	Net Amount After Taxes
Items that are not reclassified to profit or loss:			
Re-measurements of defined benefit plans	(\$9,654)	-	(\$9,654)
Unrealized valuation profit or loss on investments in equity instruments at fair value through other comprehensive income	211,658	-	211,658
Share of affiliated enterprises and joint ventures recognized by equity method	14,532	-	14,532
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income of affiliated enterprises and joint ventures			
Subtotal	216,536	-	216,536
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of foreign operating organizations' financial statements	(12,497)	\$2,396	(10,101)
Unrealized valuation profit or loss on investments in liability instruments at fair value through other comprehensive income	1,492		1,492
Subtotal	(11,005)	2,396	(8,609)
Recognized in other comprehensive income	\$205,531	\$2,396	\$207,927

Items	December 31, 2022		
	Pre-tax	Income Tax Expense (Gain)	Net Amount After Taxes
Items that are not reclassified to profit or loss:			
Re-measurements of defined benefit plans	\$9,270	-	\$9,270
Unrealized valuation profit or loss on investments in equity instruments at fair value through other comprehensive income	(1,108,888)	-	(1,108,888)
Share of affiliated enterprises and joint ventures recognized by equity method	(93,645)	-	(93,645)
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income of affiliated enterprises and joint ventures			
Subtotal	(1,193,263)	-	(1,193,263)
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of foreign operating organizations' financial statements	36,819	(\$7,146)	29,673
Unrealized valuation profit or loss on investments in liability instruments at fair value through other comprehensive income	(1,256)	-	(1,256)
Subtotal	35,563	(7,146)	28,417
Recognized in other comprehensive income	(\$1,157,700)	(\$7,146)	(\$1,164,846)

ee. Earnings Per Share

Items	December 31, 2023	December 31, 2022
A. Basic earnings per share:		
Net profit attributable to common shareholders of the parent company	\$349,399	\$708,174
Weighted average number of outstanding shares (thousand shares)	95,527	95,527
Basic earnings per share (after tax) (NTD)	\$3.66	\$7.41
B. Diluted earnings per share:		
Net profit attributable to common shareholders of the parent company	\$349,399	\$708,174
Weighted average number of outstanding shares	95,527	95,527
The effect of diluting potential common stocks:		
Number of employees' compensation impacts (note)	39	61
Calculate the weighted average number of outstanding shares of diluted earnings per share	95,566	95,588
Diluted earnings per share (after tax) (NTD)	\$3.66	\$7.41

(Note) 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.

ff. Reconciliation of liabilities from fund-raising activities

Items	January 1, 2023	Cash flow	Non-cash Changes		December 31, 2023
			Fluctuation in exchange	Other Non-cash Changes	
Short-term loans	\$160,541	(\$22,202)	(\$9,322)	-	\$129,017
Short-term bonds payable	25,000	(25,000)	-	-	-
Lease liabilities (including current and non-current)	11,154	(5,931)	(704)	\$70,119	74,638
Guarantee deposits received	9,601	(3,344)	(50)	-	6,207
Total liabilities from financing activities	\$206,296	(\$56,477)	(\$10,076)	\$70,119	\$209,862

Items	January 1, 2022	Cash flow	Non-cash Changes		December 31, 2022
			Fluctuation in exchange	Other Non-cash Changes	
Short-term loans	\$255,760	(\$89,839)	(\$5,380)	-	\$160,541
Short-term bonds payable	-	25,000	-	-	25,000
Lease liabilities (including current and non-current)	12,532	(2,674)	418	\$878	11,154
Guarantee deposits received	9,043	511	47	-	9,601
Total liabilities from financing activities	\$277,335	(\$67,002)	(\$4,915)	\$878	\$206,296

(VII.) Related Party Transactions

- a. The parent company and the ultimate controlling party
The Company is the ultimate controller of Tahsin Group.

b. Name and relation of related party

Name of Related Party	Relationship with the Merged Company
Truong Giang Garment Joint-stock Company (TGC)	Related enterprise
Fujian Putian DAFU Plastic Industry Co., Ltd. (DAFU Co., Ltd.)	Other related party
TAMERICA PRODUCTS, INC.(T.P.I.)	Other related party
HAVE OUR PLASTIC INC. CANADA (HOP CANADA)	Other related party
HOP INDUSTRIAL CORP. U.S.A. (HOP U.S.A.)	Other related party
Yuk Wing Development Limited (Yuk Wing Limited)	Other related party
All directors, presidents, and vice presidents	Main members of the senior management

c. Substantial Transaction with Related Party

The balances and transactions between Tahsin Group and its subsidiaries (related parties of the company) were removed during the preparation of the consolidated financial statements. Details of transactions between Tahsin Group and other related parties are as follows:

1) Operating revenue

Ledger account	Type/name of related parties	December 31, 2023	December 31, 2022
Sales revenue	Other related party	\$112,327	\$134,594
Total		\$112,327	\$134,594

The Tahsin Group's transaction price of sales revenue to related parties is based on the transaction prices and conditions of customers, the terms and conditions conformed to normal business practices, and payment period is about 1 to 3 months.

2) Purchases

Ledger account	Type/name of related parties	December 31, 2023	December 31, 2022
Purchases	Other related party	\$12,532	\$17,494

The transaction price of purchases made by Tahsin Group from related prices are determined based on transaction prices and terms of general manufacturers.

3) Contract asset: None.

4) Contract liability: None.

5) Accounts receivable from related parties (excluding loans and contract assets to related parties)

Items	Type/name of related parties	December 31, 2023	December 31, 2022
Account receivables	Other related party	\$9,599	\$19,109
Less: provision for losses		(288)	(574)
Net amount		\$9,311	\$18,535
Other receivables	Other related party	\$895	\$833

6) Accounts payable from related parties (excluding loans from related parties)

Items	Type/name of related parties	December 31, 2023	December 31, 2022
Accounts payables	Other related party	-	\$140
Other payables	Related enterprise	-	\$2,568
	Other related party	\$471	845
Total		\$471	\$3,413

7) Prepayment: None.

Items	Type/name of related parties	December 31, 2023	December 31, 2022
Prepayment	Related enterprise	\$1,417	-

8) Property transaction: None.

9) Tenancy agreement: None.

10) Rental agreement:

The Group leases part of its machineries and equipment and other assets to DAFU as operating lease. The machinery and equipment leased is used for processing products, and the rental income is calculated based on the amount of depreciation.

The lease term of all the above contracts is one year. As of December 31, 2023 and 2022, the total future lease payment to be received is zero thousand. The rental income recognized for years 2023 and 2022 were NTD 267 thousand and NTD 356 thousand, respectively.

11) Loan to related parties: None.

12) Loan from related parties: None.

13) Endorsement and guarantee: None.

14) Others

a) Income items

Ledger account	Type/name of related parties	December 31, 2023	December 31, 2022
Processing fees	Other related party	\$7,953	\$9,440
	Related enterprise		
	Truong Giang Garment Joint-stock Company (TGC)	50,779	81,476
Total		\$58,732	\$90,916
Miscellaneous fees	Other related party		
	Yuk Wing Limited	\$357	\$1,032

d. Remuneration to the top management

Items	December 31, 2023	December 31, 2022
Salaries and other short-term employee benefits	\$33,248	\$32,354
Post-employment benefits	-	-
Other long-term employee benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
Total	\$33,248	\$32,354

(VIII.) Pledged Assets

The following assets were provided as collateral for various borrowings and performance guarantees:

Items	December 31, 2023	December 31, 2022
Financial assets at fair value through other comprehensive income - current	-	\$67,275
Notes receivable	-	918
Other financial assets - current	\$5,114	5,471
Property, plant and equipment (net)	682,569	662,582
Investment properties (net)	147,805	147,805
Total	<u>\$835,488</u>	<u>\$884,051</u>

(IX.) Significant Contingent Liabilities and Unrecognized Contractual Commitments

- a. For the years ended December 31, 2023 and 2022, the guaranteed notes received by the Group for project performance guarantees and ensure payment claims, etc. were NTD 27,372 thousand and NTD 43,659 thousand, respectively.
- b. On December 31, 2023 and 2022, the customer was injured by using Tree Stand products and filed a lawsuit against the subsidiary THUSA for damages. T.H.USA has purchased product liability insurance for this product and already hired a lawyer to deal with this lawsuit. However, as of the publication date of the consolidated financial statements, the final outcome of this lawsuit was still unknown, and it was not probable to estimate the exact amount of possible compensation.

(X.) Significant Disaster Losses: None.**(XI.) Significant Events after the Balance Sheet Date: None.****(XII.) Others**

- a. Capital Risk Management
Tahsin Group plans its needs for working capital and dividend payments in the future based on the characteristics of the industries to which its operations belong and future development of Tahsin Group, and by taking into consideration changes in the external environment, to ensure that it can continue the operations, give back to shareholders, and protect the interests of stakeholders at the same time, as well as maintain the best capital structure to enhance shareholder value in the long run. To maintain an adjustable capital structure, Tahsin Group may adjust the amount of dividends paid to shareholders by issuing new shares, distributing cash to shareholders or buying back its shares.
Tahsin Group monitors its funds by regularly reviewing the asset-to-debt ratio.
- b. Financial instruments
 - 1) Financial risk of financial instruments
 - a) Financial risk management policies
The daily operations of Tahsin Group are affected by a number of financial risks, including market risk (exchange risk, interest rate risk, and other price risk), credit risk, and liquidity risk. To reduce related financial risks, Tahsin Group is committed to identifying, assessing and avoiding market uncertainties, so as to reduce potentially unfavorable effects of market changes on its financial performance.
Tahsin Group's major financial activities are reviewed by its Board of Directors according to the relevant regulations and its internal control system. When executing financial plans, the Tahsin Group abides by operating procedures for overall financial risk management and the division of powers and responsibilities.
 - b) The nature and degree of significant financial risks
 - i. Market risks
 - i) Exchange risks
Tahsin Group is exposed to exchange rate risks arising from sales, purchases and net investments in foreign operating entities that are not denominated in the functional currency of the Group. Tahsin Group's functional currency is New Taiwan dollar, while other currencies used by Tahsin Group are Renminbi, U.S. dollar, and Japanese Yen. The major currencies in which these transactions are denominated are U.S. dollars, etc. The Group's foreign currency receivables are the same as part of the foreign currency payables. As such, some positions will have a natural hedging effect. In order to avoid the decrease of foreign currency asset value and the fluctuation of future cash flow due to the change of exchange rate, the Group uses derivative instruments (including pre-purchase/pre-sale forward exchange contracts, etc.) to hedge exchange rate risks. The

use of such derivative instruments can assist the Group in reducing the effects of changes in foreign exchange rates, but is still unable to fully eliminate such effects. The derivative instruments used by Tahsin Group mature within 12 months and do not satisfy the qualifying criteria for hedge accounting. Due to the fact that net investments in foreign operating entities are strategic investments, Tahsin Group has not hedged these investments.

(a) The analysis of foreign exchange exposures and sensitivity is as follows:

Item	December 31, 2023			December 31, 2022		
	Foreign currency (in thousands)	Exchange rate currency (NTD)	Presented amount (New Taiwan Dollars)	Foreign currency (in thousands)	Exchange rate currency (NTD)	Presented amount (New Taiwan Dollars)
(Foreign currency: Functional currency)						
Financial assets						
Monetary items						
USD:NTD	\$46,538	30.705	\$1,428,955	\$52,637	30.71	\$1,616,471
USD:JPY	782	141.06	24,022	915	131.11	28,088
USD:RMB	258	7.0961	7,913	140	6.9669	4,310
Non-monetary items						
USD:NTD	22,213	30.705	682,063	19,688	30.71	604,618
JPY:NTD	510,911	0.2172	110,970	479,957	0.2324	111,542
Financial liabilities						
Monetary items						
USD:NTD	1,115	30.705	34,235	1,569	30.71	48,181
USD:JPY	453	141.06	13,919	651	131.11	20,000

The sensitivity analysis of Tahsin Group's exchange rate risk is mainly performed to assess the effects of appreciation/depreciation of foreign currency monetary and non-monetary items on Tahsin Group's profit or loss and equity at the end of the reporting period. The exchange rate risk of Tahsin Group is mainly affected by the fluctuation of the exchange rate of USD and JPY. When the appreciation/depreciation of USD and JPY is 5%, the after-tax net profit of the Group in 2023 and 2022 will increase/decrease by NTD56,436 thousand and NTD63,175 thousand respectively, and the equity will increase/decrease by NTD31,721 thousand and NTD28,646 thousand respectively.

(b) Due to the exchange rate volatility, total exchange gains and losses (including realized and unrealized) on Tahsin Group's monetary items amounted to NTD2,565 thousand and NTD142,771 thousand as of December 31, 2023 and 2022, respectively.

ii) Other price risks

As the investment in equity instruments held by the Group in the consolidated balance sheets is classified as financial assets measured at fair value through profit and loss and financial assets measured at fair value through other comprehensive income, the Group is exposed to the price risk of equity instruments.

Tahsin Group mainly invests in equity instruments and beneficiary certificates of domestic listed and unlisted OTC companies. The price of these equity instruments will be affected by the certainty of the future value of the investment targets. If the price of equity instruments rises or falls by 5%, other comprehensive profit and loss after tax in 2023 and 2022 will increase or decrease by NTD113 thousand and NTD99 thousand respectively, and the rise or decrease of the fair value after tax of financial assets measured by fair value through other comprehensive profits and losses increase or decrease by NTD226,888 thousand and NTD231,857 thousand respectively.

iii) Interest rate risk

The carrying amount of financial assets and financial liabilities of Tahsin Group exposed to the interest rate risk on the balance sheet date is as follows:

Items	Carrying amount	
	December 31, 2023	December 31, 2022
Interest rate risk with fair value: None.		
Financial assets	\$109,223	\$14,192

Financial liabilities	-	\$25,000
Interest rate risk with cash flow:		
Financial assets	\$2,691,551	\$2,617,283
Financial liabilities	(129,017)	(160,541)
Net amount	\$2,562,534	\$2,456,742

(a) Sensitivity analysis of interest rate risk with fair value instruments

The Group's fixed-rate financial assets expose the Group to fair value interest rate risk. A 1% increase or decrease in borrowing rates, assuming all other factors remain constant, would result in a decrease or increase of NTD1,092 thousand and NTD142 thousand, respectively, in the other comprehensive income for 2023 and 2022. This is primarily due to the classification of fixed-rate bond investments as financial assets measured at fair value through other comprehensive income, where changes in market interest rates result in corresponding changes in the fair value of bond investments.

The Group has not classified any fixed interest rate financial assets and liabilities measured at FVTPL, nor designated derivatives (interest rate swaps) as hedging tools under the fair value hedge accounting mode. Therefore, changes in interest rates on the reporting date will not affect profit or loss.

(b) Sensitivity analysis of interest rate risk with cash flow

Tahsin Group's variable interest rate financial instruments belong to floating interest rate assets (liabilities). Therefore, changes in market interest rates will result in changes in effective interest rates, thereby causing fluctuations in future cash flows. Every 1 percent increase in the market interest rate would lead to an increase in net profit before tax for 2023 and 2022 by NTD25,625 thousand and NTD24,567 thousand, respectively.

ii. Credit risk

Credit risk refers to the risk that a counterparty violates contractual obligations and causes financial loss to Tahsin Group. The Group is exposed to credit risk primarily from accounts receivables arising from operating activities, bank deposits arising from investing activities, and other financial instruments. Operations-related credit risks and financial credit risks are managed separately.

i) Operation related credit risk

To maintain the quality of accounts receivable, Tahsin Group has established procedures for the management of operations-related credit risks.

Factors that may affect customers' ability to pay, such as the financial status of a customer, Tahsin Group's internal credit rating, historical transaction records, and current economic conditions, are taken into account in the risk assessment of individual customers.

ii) Financial credit risk

The credit risks of bank deposits and other financial instruments are measured and monitored by the finance departments within Tahsin Group. The Group does not expect significant credit risk because the counter-parties are creditworthy and investment-graded financial institutions, companies and government agencies without any significant default concerns. The management of credit risk of liability instruments is done through external agencies that assess credit ratings, credit quality of bonds, regional conditions, and counterparty risks to identify credit risk.

(a) The risk of credit concentration

As of December 31, 2023 and 2022, the top ten clients accounted for 68.34% and 71.28%, respectively, of Tahsin Group's accounts receivable. No significant credit concentration risk was shown from the remaining accounts receivables.

(b) Measurement of expected credit impairment losses

(1) Accounts receivable: A simplified approach is adopted, please refer to Note 6 (5) for details.

(2) Basis for judging whether the credit risk increases significantly: The Company's investments in debt instruments measured at amortized cost or investments in debt instruments measured at FVTOCI have acquired a good valuation with low credit risk.

(3) Tahsin Group obtained collateral of NTD91,000 thousand from some customers to avoid the credit risks of some financial assets.

iii. Liquidity risk

i) Liquidity risk management:

The objective of Tahsin Group's liquidity risk management is to maintain cash and cash equivalents, highly liquid securities and sufficient bank facilities required for its operations, so as to ensure that Tahsin Group possesses adequate financial flexibility.

ii) Analysis of maturity of financial liabilities:

The following table shows the analysis of Tahsin Group's financial liabilities based on the maturity and undiscounted due amount of these financial liabilities within the agreed repayment periods (note 6(10)2):

		December 31, 2023							
Non-derivative financial liabilities	fi-	less than 6 months	7-12 months	1-2 year(s)	2-5 years	More than 5 years	Contractual cash flows	Carrying amount	
Short-term loans		\$129,217	-	-	-	-	\$129,217	\$129,017	
Notes payable (including related parties)		87,081	-	-	-	-	87,081	87,081	
Accounts payable (including related parties)		38,787	-	-	-	-	38,787	38,787	
Other payables (including related parties)		42,086	-	-	-	-	42,086	42,086	
Guarantee deposits received		1,762	\$1,710	\$160	\$259	\$2,316	6,207	6,207	
Total non-derivative financial liabilities		\$298,933	\$1,710	\$160	\$259	\$2,316	\$303,378	\$303,178	
Total financial liabilities		\$298,933	\$1,710	\$160	\$259	\$2,316	\$303,378	\$303,178	

		December 31, 2022							
Non-derivative financial liabilities	fi-	less than 6 months	7-12 months	1-2 year(s)	2-5 years	More than 5 years	Contractual cash flows	Carrying amount	
Short-term loans		\$160,824	-	-	-	-	\$160,824	\$160,541	
Short-term bonds payable		122,289	-	-	-	-	122,289	122,289	
Accounts payable (including related parties)		60,385	-	-	-	-	60,385	60,385	
Trade payables (including related parties)		105,628	-	-	-	-	105,628	105,628	
Other payables (including related parties)		1,070	740	5,300	\$132	\$2,359	9,601	9,601	
Guarantee deposits received		\$450,196	\$740	\$5,300	\$132	\$2,359	\$458,727	\$458,444	
Total non-derivative financial liabilities		\$160,824	-	-	-	-	\$160,824	\$160,541	
Forward Exchange Contract									
Outflow		64,865	-	-	-	-	64,865	64,865	
Inflow		(61,656)	-	-	-	-	(61,656)	(61,656)	
Net amount		3,209	-	-	-	-	3,209	3,209	
Total financial liabilities		\$453,405	\$740	\$5,300	132	\$2,359	\$461,936	\$461,653	

The Tahsin Group does not expect a significant difference in the cash flows timing or the actual amount from the maturity analysis.

2) Types of financial instruments

The book value of various financial assets and financial liabilities of the group as at December 31, 2023 and 2022 are as follows:

	December 31, 2023	December 31, 2022
<u>Financial assets</u>		
Financial assets at amortized cost		
Cash and cash equivalents	\$2,249,460	\$2,019,589
Notes and accounts receivable (including related parties)	323,775	434,226
Other receivables (including related parties)	17,831	21,747
Other financial assets - current	406,656	640,876
Refundable deposits	7,128	3,807
Other financial assets - non-current	71,396	26,448
Financial assets at fair value through profit or loss - current	3,282	1,978
Financial assets at fair value through other comprehensive income	3,840,678	4,050,561
Financial assets - current		
Financial assets at fair value through other comprehensive income	697,089	586,578
Financial assets - non-current		
<u>Financial liabilities</u>		
Financial liabilities measured at amortized cost		
Short-term loans	129,017	160,541
Short-term bonds payable	-	25,000
Notes and accounts payable (including related parties)	125,868	182,674
Other payables (including related parties)	42,086	105,628
Guarantee deposits received	6,207	9,601
Financial liabilities measured at fair value through profit or loss - current	-	3,209

c. Information on fair value:

- 1) For information on fair value of financial assets and financial liabilities of Tahsin Group are not measured at fair value, please refer to Note 12 (3)3. For information on the fair value of financial assets and investments in real estate measured at cost of Tahsin Group, please refer to Note 6 (11).

- 2) Definition of fair value hierarchy

Level 1:

Level 1 inputs are quoted prices in active markets for identical assets or liabilities. An active market is a market that meets all of the conditions set below: the items traded in the market are homogeneous, willing buyers and sellers can normally be found at any time and prices are available to the public. Tahsin Group invests in listed and OTC stocks, beneficiary certificates, investments in on-the-run Taiwan's government bonds, and derivative instruments with quoted prices in active markets are all included.

Level 2:

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (e.g., price) or indirectly (e.g., derived from price) from the active markets. The fair value of the Group's investments in off-the-run government bonds, corporate bonds, financial bonds, convertible corporate bonds, and most derivative instruments belong to this level.

Level 3:

Level 3 inputs refer to inputs that measure fair value to the extent that relevant observable inputs are not available in the market. Some of Tahsin Group's investments in derivative instruments and equity instruments without active market.

- 3) Financial instruments not measured by fair value:

The Group's financial instruments not measured at fair value, such as cash and cash equivalents, notes and amounts receivable, other financial assets, deposits, notes and amounts payable, and the carrying value of guarantee deposits, are reasonable approximations to their fair values.

4) Fair value hierarchy

The financial instruments measured at fair value by Tahsin Group is on a recurring basis, and the information on the fair value hierarchy is as follows:

Items	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value</u>				
Financial assets measured at fair value through profit or loss				
Forward foreign exchange contract		\$1,017		\$1,017
Beneficiary certificate	\$2,265	-	-	2,265
Financial assets measured at fair value through other comprehensive income				
Equity securities	3,840,678	-	\$587,866	4,428,544
Corporate	-	\$109,223	-	109,223
Total	<u>\$3,842,943</u>	<u>\$110,240</u>	<u>\$587,866</u>	<u>\$4,541,049</u>

Items	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value</u>				
Financial assets measured at fair value through other comprehensive income				
Beneficiary certificate	\$1,978	-	-	\$1,978
Financial assets at fair value through other comprehensive income				
Equity securities	4,050,561	-	\$572,386	4,622,947
Corporate bonds	-	\$14,192	-	14,192
Total	<u>\$4,052,539</u>	<u>\$14,192</u>	<u>\$572,386</u>	<u>\$4,639,117</u>
Liabilities				
<u>Recurring fair value</u>				
Financial liabilities measured at fair value through profit or loss				
Derivative financial instruments	-	\$3209	-	\$3209

- 5) Fair value valuation technique for instruments measured at fair value:
- If a financial instrument has a quoted price in an active market, the quoted price will be adopted as the fair value.
The categories and characteristics of fair value measurement for the financial instruments with active markets held by Tahsin Group were as follows:
 - Listed company stocks: closing prices.
 - Open-end funds: net worth.
 - The fair value of stocks of unlisted (OTC) companies without an active market held by Tahsin Group is mainly estimated by the market method, and the judgment is made with reference to the evaluation of similar companies, third-party quotations, company net worth and operating conditions.
 - When evaluating non-standardized and less complex financial instruments, such as debt instruments, interest rate swaps, foreign exchange contracts and options in illiquid markets, the Company uses valuation techniques widely used by market participants. The parameters used in the valuation model of such financial instruments are usually from observable market information.
 - Valuation of derivative financial instruments adopts valuation models that are commonly used by market participants, such as discounted cash flows method and option pricing model. Forward foreign exchange contracts are usually valued based on the current forward exchange rates.
 - The output of the valuation model is the estimated value, and the valuation methods may not reflect all relevant factors of the financial and non-financial instruments held by the Company. Therefore, the estimated value of the valuation model will be adjusted according to additional parameters, such as model risk or liquidity risk. According to the Company's fair value valuation model management policy and related control procedures, the management believes that it is appropriate and necessary to make appropriate adjustments to express the fair value of financial and non-financial instruments in the individual balance sheet. The price information and parameters used in the valuation

ation process are carefully evaluated and properly adjusted according to the current market situation.

f)Tahsin Group incorporates the adjustment of credit risk assessment into the fair value measurement of financial and non-financial instruments to reflect the credit risk of counter-party and the credit quality of the Group.

6) Transfers between Level 1 and Level 2 fair value hierarchy: None.

7) Statement of changes in Level 3 fair value hierarchy:

Items	Equity securities	
	December 31, 2023	December 31, 2022
Beginning balance	\$572,386	\$768,053
Recognized in other comprehensive income	15,284	(197,758)
Acquisition in the current period	196	2,091
Disposal in the current period	-	-
Transfer into Level 3	-	-
Transfer out of Level 3	-	-
Ending balance	<u>\$587,866</u>	<u>\$572,386</u>

8) Quantitative information about the significant unobservable inputs (Level 3) used in the fair value measurement:

	Fair value as of December 31, 2021	Valuation Technique	Material Unobservable Inputs	Percentage	Relationship of inputs to fair value
Non-derivative equity instruments:					
Investment in shares of companies	\$584,750	Net asset value method	Not applicable	Not applicable	Not applicable
Unlisted stock	3,116	Market approach	Lack of market liquidity discount	20%	The higher the lack of market liquidity discount, the lower the fair value
	Fair value as of December 31, 2022	Valuation Technique	Material Unobservable Inputs	Percentage	Relationship of inputs to fair value
Non-derivative equity instruments:					
Investment in shares of companies	\$572,386	Net asset value method	Not applicable	Not applicable	Not applicable

9) Valuation process for Level 3 fair value measurement:

Financial department of Tahsin Group is in charge of valuation procedures for fair value measurements being categorized within Level 3, and to verify independent fair value of financial instruments. Such assessment utilizes independent information to make results close to current market conditions, and is frequently reviewed to ensure that the results of evaluation are reasonable.

d. Transfer of financial assets

1) Transferred financial assets that are fully derecognized: None.

2) Transferred financial assets that are not fully derecognized

a) Tahsin Group provides notes receivable to banks as promissory notes for bank borrowings. Banks have a right of recourse against transferred notes receivable due to the discount on notes receivable. Hence, Tahsin Group has yet to derecognize discounted notes receivable, and related prepayments have been included under short-term borrowings.

b) As of December 31, 2023 and 2022, information on discounted notes receivable continuously recognized by Tahsin Group is as follows:

Items	December 31, 2023	December 31, 2022
Carrying amount of notes receivable	-	\$918
Carrying amount of prepayments	-	\$918

- c) As of December 31, 2023 and 2022, information on the fair value of related assets and liabilities when the transferee of notes receivable has a right of recourse against discounted notes receivable is as follows:

Items	December 31, 2023	December 31, 2022
Fair value of notes receivable	-	\$918
Fair value of prepayments	-	918
Net position	-	-

- e. Offsetting financial assets and financial liabilities: None.

(XIII.) Additional Disclosures

1. Information on significant transactions (before consolidation and write-off):
 - 1) Loaning to Others: None.
 - 2) Endorsements/Guarantees Provided for Others: Table 1.
 - 3) Securities Held at End of Period (Excluding Investments in Subsidiaries, Associates, and Joint Ventures): Table 2.
 - 4) The Accumulated Purchase or Sale of the Same Securities Amounting to NTD300 Million or More Than 20% of Paid-in Capital: Table 3.
 - 5) Acquisition of Property Amounting to NTD300 million or More Than 20% of Paid-in Capital: None
 - 6) Disposal of Property Amounting to NTD300 million or More Than 20% of Paid-in Capital: None.
 - 7) Purchases or Sales with Related Parties Amounting to NTD100 Million or More than 20% of Paid-in Capital: None.
 - 8) Receivables From Related Parties Amounting to NTD100 Million or More Than 20% of Paid-in Capital: None.
 - 9) Derivatives Transactions: Please refer to Note 6 (2).
 - 10) Business Relations and Material Transactions Between Parent Company and Subsidiaries: Table 4.
2. Information on Investee Companies: Table 5
3. Information on Investments in Mainland China (before consolidation and write-off)
 - 1) Information on any investee company in mainland China (name, main business, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income, carrying amount of investment at end of period, repatriations of investment income, and limit on the amount of investment in mainland China): Table 6.
 - 2) Significant transactions with Hong Kong Tai Ho Co., Ltd. for reinvestment in DAFU Plastic Industry Co., Ltd.: Please refer to Note 13 (1) for disclosure of information related to major transactions.
 - 3)
 - a) The Company (hereafter referred to as the Principal) entrusts Hong Kong Tai Ho Co., Ltd.(hereafter referred to as the Agent) to invest in DAFU Plastic Industry Co., Ltd. in Putian, China, and both parties agree to abide by the following terms and conditions:
 - i. The client appointed the trustee to invest in mainland China to establish Fujian Putian Dafu Plastic Industry Co., Ltd. with a total amount of USD8,100,000.
 - ii. The Agent shall apply to the Chinese competent authority for investment and capital increase in DAFU Plastic Industry Co., Ltd. in the Agent's name. The fund is to be remitted to the Mainland Area from Hong Kong by the Agent.
 - iii. Should Fujian Putian DAFU Plastic Industry Co., Ltd. has any income or interest distribution, the trustee shall first receive the interest and then remit it to it to the client.
 - iv. If DAFU Plastic Industry Co., Ltd. is required to return the investment fund due to capital reduction, cessation of operation or other reasons, the Agent shall firstly obtain the said amount and then transfer the amount in full to the Principal.
 - v. If the Agent is required to transfer the investment fund, dividends, or profits due to the reasons listed in the preceding two paragraphs, the Agent shall notify the Principal and the payment shall be made in the way specified by the Principal.
 - vi. Based on the entrusted investment relationship, the rights and obligations of the trustee to Fujian Putian DAFU Plastic Industry Co., Ltd. are transferred to the client, and the trustee does not guarantee its profits and losses
 - vii. The Agent shall exercise due care of a prudent administrator in discretionary investment, capital increase, exchange settlement, and receipt of dividends.
 - viii. The Agent shall send the financial statements of DAFU Plastic Industry Co., Ltd. to the Principal regularly, and the Principal may entrust certified public accountant or other audit personnel to audit the financial statements.

- ix. Matters not stipulated in this power of attorney shall be handled in accordance with relevant laws and regulations of the Republic of China on domestic and foreign financial practices, etc.
 - b) The Company increased investment in Hong Kong Tai Ho Co., Ltd. by HKD10,075,000 (equivalent to USD1,300,000), which was then to be re-invested in DAFU Plastic Industry Co., Ltd.
- 4. Information of Major Shareholders: Table 7.

Table 1

Tahsin Industrial Corporation and its subsidiaries

Endorsements/Guarantees Provided for Others
January 1 to December 31, 2023

Unit: Thousand NTD

Number	Endorser/Guarantor	Counterparty of endorsements/guarantees		Limit on Endorsements/Guarantees Provided for Single Entity	Maximum balance of endorsement/guarantee amount for current period	Endorsement/Guarantee Balance, End of Period	Actual Disbursed Amount	Endorsement/Guarantee Amount Secured by Property	Ratio of Cumulative Endorsement/Guarantee Amount to Net Worth in Latest Financial Statements	Endorsements/guarantees provided by the parent company to the subsidiaries	Endorsements/guarantees provided by the subsidiaries to the parent company	Endorsement/Guarantee to Investee in the Mainland Area
		Name	Relationships									
0	Tahsin Industrial Corporation Ltd	Tahsin Shoji Co., Ltd.	Subsidiaries in which the Tahsin Group directly holds more than 50% of the common shares.	\$2,118,880	\$146,203	\$138,791	\$127,931	\$-	1.31%	Y	N	N

Note 1. The amounts/guarantees of endorsement by the Company to a single enterprise shall not exceed 20% of the net worth of the Company's latest financial statements (December 31, 2023).

Note 2. The total amount of the Company's external endorsements/guarantees is limited to 50% of the Company's net worth as stated in its latest financial statements (as of December 31, 2023).

Table 2

Tahsin Industrial Corporation and its subsidiaries

Securities Held at End of Period

December 31, 2023

Unit: NTD Thousand/ Number of shares: Thousand

Holding Company	Type and Name of Securities	Relationship with Securities Issuer	Ledger account	End of Period				Remarks
				Shares	Carrying amount	Shareholding Ratio	Fair Value	
Tahsin Industrial Corporation	Stocks/Nan Ya Plastic Corporation	-	Financial assets at fair value through other comprehensive income - current	35,000	\$2,327,500	0.44%	\$2,327,500	
	Stocks/Formosa Taffeta Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	200	5,040	0.01%	5,040	
	Stocks/Feng Hsin Steel Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	600	41,460	0.10%	41,460	
	Stocks/Mega Financial Holding Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	3,300	129,360	0.02%	129,360	
	Stocks/Formosa Plastics Corporation	-	Financial assets at fair value through other comprehensive income - current	1,500	118,800	0.02%	118,800	
	Stocks/Taiwan Semiconductor Manufacturing Company Limited	-	Financial assets at fair value through other comprehensive income - current	1,100	652,300	-	652,300	
	Stocks/Sinon Corporation	-	Financial assets at fair value through other comprehensive income - current	2,500	96,125	0.59%	96,125	
	Stocks/YungShin Global Holding Corporation	-	Financial assets at fair value through other comprehensive income - current	1,000	46,500	0.38%	46,500	
	Stocks/Taiwan Cement Corporation	-	Financial assets at fair value through other comprehensive income - current	3,850	134,173	0.05%	134,173	
	Stocks/Asia Cement Corporation	-	Financial assets at fair value through other comprehensive income - current	2,000	82,900	0.06%	82,900	
	Stocks/ Taiwan Pailho Limited	-	Financial assets at fair value through other comprehensive income - current	1,000	57,600	0.34%	57,600	
	Stocks/Te Chang Construction Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	155	11,175	0.14%	11,175	
	Stocks/ CTBC Financial Holding Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	4,000	113,400	0.02%	113,400	

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Table 2

Tahsin Industrial Corporation and its subsidiaries

Securities Held at End of Period

December 31, 2023

Unit: NTD Thousand/ Number of shares: Thousand

Holding Company	Type and Name of Securities	Relationship with Securities Issuer	Ledger account	End of Period			Remarks
				Shares	Carrying amount	Shareholding Ratio	
Tah Fa Investment Co., Ltd.	Beneficiary certificate/ Yuanta/P-- shares Taiwan Top 50 ETF	The investment company which values the equity using the equity method	Financial assets at fair value through other comprehensive income - current	100	\$13,545	-	\$13,545
	Stock/ Vetrostrum Animal Health Co-		Financial assets at fair value through other comprehensive income - current	10	2,265	-	2,265
	Stock/ ASIA PACIFIC INVESTMENT CORPORATION		Financial assets at fair value through other comprehensive income - non-current	10,000	339,700	2.35%	339,700
	Stock/ Vetrostrum Animal Health Co., Ltd.		Financial assets at fair value through other comprehensive income - non-current	100	3,116	0.15%	3,116
	Corporate bond/ TSMC Arizona(3)		Financial assets at fair value through other comprehensive income - non-current	-	14,891	-	14,891
	Corporate bond/3M Company		Financial assets at fair value through other comprehensive income - non-current	-	16,614	-	16,614
	Corporate bond/ TSMC Arizona Corp.		Financial assets at fair value through other comprehensive income - non-current	-	15,024	-	15,024
	Corporate bond/ Johnson & Johnson JNJ US		Financial assets at fair value through other comprehensive income - non-current	-	15,801	-	15,801
	Corporate bond/ United Parcel Service, Inc.		Financial assets at fair value through other comprehensive income - non-current	-	15,936	-	15,936
	Corporate bond/Bank of America		Financial assets at fair value through other comprehensive income - non-current	-	15,317	-	15,317
	Corporate bond/Apple Inc.		Financial assets at fair value through other comprehensive income - non-current	-	15,640	-	15,640
	Stocks/Chunghwa Telecom Co., Ltd.		Financial assets at fair value through other comprehensive income - non-current	90	10,800	-	10,800
	Stocks/Taiwan Semiconductor Manufacturing Company Limited		Financial assets at fair value through other comprehensive income - current	3,572	260,047	3.60%	260,047
	Stocks/Tahsin Industrial Corporation		Financial assets at fair value through other comprehensive income - non-current				
	Stocks/Tah Cheng Investment Co., Ltd.	The investee company which values the investment using the equity method	Financial assets at fair value through other comprehensive income - non-current	2,500	\$245,050	33.33%	\$245,050

Note 1. A subsidiary holding shares of the parent company has been presented as treasury stock according to the original investment cost.

Note 2. It was approved for dissolution on June 20, 2002 and is currently under liquidation.

Table 3

Tahsin Industrial Corporation and its subsidiaries

**The Accumulated Purchase or Sale of the Same Securities Amounting to NTD300 Million or More Than 20% of Paid-in Capital
January 1 to December 31, 2023**

Unit: NTD Thousand/ Number of shares: Thousand

Company Name	Type and Name of Securities	Ledger account	Counterparty	Relationships	Beginning of Period (Note 1)		Purchase		Sale				End of Period	
					Shares	Amount (Note 2)	Shares	Amount (Note 2)	Shares	Selling Price	Carrying Cost	Gains or losses on disposal (Note 3)	Shares	Amount (Note 2)
Tahsin Industrial Corporation	Stocks/Taiwan Semiconductor Manufacturing Company Limited	Financial assets at fair value through other comprehensive income - current	-	-	1,520	\$754,061	-	\$-	420	\$241,879	\$208,359	\$33,520	1,100	\$545,702
Tah Fa Investment Co., Ltd.	Stocks/Taiwan Semiconductor Manufacturing Company Limited	Financial assets at fair value through other comprehensive income - current	-	-	300	176,805	-	-	300	177,291	176,805	486	-	-

Note 1. The beginning date is June 14, 2022.

Note 2. Refer to the original acquisition cost.

Note 3. Gain on disposal of investments is directly transferred to retained earnings.

Table 4

Tahsin Industrial Corporation and its subsidiaries

Business Relations and Material Transactions Between Parent Company and Subsidiaries

January 1 to December 31, 2023

Unit: Thousand NTD

Number	Transaction Party	Transaction Counterparty	Relationship with Transaction Party	Transaction Status			Ratio to total Revenue or Total Assets
				Ledger Account	Amount	Transaction terms	
0	Tahsin Industrial Corporation	Tahsin Shoji Co., Ltd.	Parent company to subsidiary	Sales revenue	\$94,766	D/A 120 days	4.39%
0	Tahsin Industrial Corporation	Fujian Putian DAFU Plastic Industry Co., Ltd.	Parent company to subsidiary	Sales revenue	435	T/T 30 days	0.02%
0	Tahsin Industrial Corporation	Tah Chi Enterprise Co., Ltd.	From the parent company to its subsidiary	Sales revenue	4,824	90 days notes	0.22%
0	Tahsin Industrial Corporation	Tah Chi Enterprise Co., Ltd.	From the parent company to its subsidiary	Note receivables	1,003		0.01%
0	Tahsin Industrial Corporation	Tahsin Shoji Co., Ltd.	Parent company to subsidiary	Accounts receivables	9,384		0.08%
0	Tahsin Industrial Corporation	Tah Chi Enterprise Co., Ltd.	From the parent company to its subsidiary	Accounts receivables	704		0.01%
0	Tahsin Industrial Corporation	Tahsin Shoji Co., Ltd.	Parent company to subsidiary	Other Accounts receivables	107		-
0	Tahsin Industrial Corporation	Tah Viet Co., Ltd.	Parent company to subsidiary	Other Accounts receivables	3,571		0.03%
0	Tahsin Industrial Corporation	Fujian Putian DAFU Plastic Industry Co., Ltd.	Parent company to subsidiary	Prepayments	2,373		0.02%
0	Tahsin Industrial Corporation	Fujian Putian DAFU Plastic Industry Co., Ltd.	Parent company to subsidiary	Accounts payables	7,855		0.07%
0	Tahsin Industrial Corporation	Fujian Putian DAFU Plastic Industry Co., Ltd.	Parent company to subsidiary	Other accounts payables	1,363		0.01%
0	Tahsin Industrial Corporation	Tah Viet Co., Ltd.	Parent company to subsidiary	Other accounts payables	12,188		0.11%
0	Tahsin Industrial Corporation	Tahsin Myanmar	Parent company to subsidiary	Other accounts payables	5,168		0.05%
0	Tahsin Industrial Corporation	Tahsin Phu My Corp	From the parent company to its subsidiary	Other accounts payables	19		-
0	Tahsin Industrial Corporation	Fujian Putian DAFU Plastic Industry Co., Ltd.	Parent company to subsidiary	Purchase	\$36,391	T/T	1.69%
0	Tahsin Industrial Corporation	Fujian Putian DAFU Plastic Industry Co., Ltd.	Parent company to subsidiary	Processing fee	16,984	Half month T/T 15 days	0.79%
0	Tahsin Industrial Corporation	Tah Viet Co., Ltd.	Parent company to subsidiary	Processing fee	61,682	Half month T/T 15 days	2.86%
0	Tahsin Industrial Corporation	Tahsin Myanmar	Parent company to subsidiary	Processing fee	147,590	Half month T/T 15 days	6.84%
0	Tahsin Industrial Corporation	Tahsin Phu My Corp	From the parent company to its subsidiary	Processing fee	23,514	Half month T/T 15 days	1.09%
0	Tahsin Industrial Corporation	Tahsin Shoji Co., Ltd.	Parent company to subsidiary	Commission revenue	175	-	0.01%
0	Tahsin Industrial Corporation	Tahsin Shoji Co., Ltd.	Parent company to subsidiary	Interest revenue	54	-	-
0	Tahsin Industrial Corporation	Tahsin Shoji Co., Ltd.	Parent company to subsidiary	Endorsement / guarantees	138,791	-	-

Table 5

Tahsin Industrial Corporation and its subsidiaries

Related information on Name and Location of Investee, etc.

December 31, 2023

Unit: NTD Thousand/Number of Shares: Thousand

Name of investors	Company's names and location of investees	Location	Principal Business Activities	Initial investment amount		Held at the end			Profit or Loss of Investee for Current Period	Investment Profit/Loss Recognized in the Current Period	Remarks
				End of Current Period	End of Previous Period	Shares	Ratio	Carrying amount			
Tahsin Industrial Corporation	Tahsin Shoji Co., Ltd.	3-2, 2-Chome, Imagome Higashi-Osakashi, Japan	1. Domestic trading of artificial leather, other synthetic resins and various fiber products 2. Import and export business of hand-bags, packaging bags, clothing and other supplies and merchandises	\$90,196 ¥400,000	\$90,196 ¥400,000	800	100.00%	\$110,970	\$6,651	\$6,523	Note 1
	Tahsin Industrial Corporation, USA	111 Howard Blvd, Suite 206, Mt Arlington, N.J. 07856	Sale of Tahsin products, ready-to-wear, raincoats, PVC products, etc.	216,655 USD7,060	190,638 USD6,210	1	100.00%	5,679	(7,279)	(7,279)	Note 1
	Link Fund, Ltd.	No. 16, Wang Hoi Road, Kowloon Bay, Hong Kong (Room 1503, Telford Building)	Trading	35 HK10	35 HK10	-	100.00%	39	-	-	
	Tah Viet Co., Ltd.	Tân Thuận Đông, Quận 7, Hồ Chí Minh, Vietnam	Processing of raincoats, ready-to-wear garments, leather goods, wardrobes, etc.	217,953 USD7,503	208,699 USD7,203	-	100.00%	143,272	(12,179)	(12,179)	
	Myanmar Tah Hsin Industrial Co., Ltd.	Plot No.D-1 Mingaladon Industrial Park, Mingaladon West District, Taichung City	Processing of raincoats, ready-to-wear garments, leather goods, wardrobes, etc.	472,523 USD14,700	472,523 USD14,700	-	100.00%	289,708	1,681	1,681	Note 1
	Tah Fa Investment Co., Ltd.	West District, Taichung City	Generic investments, property purchase, sales and leases	180,000	180,000	18,000	100.00%	1,008,743	62,770	41,338	Note 2
	TAHSIN INNOVATIVE MACHINERY VINA CO.,LTD.	Renchao Industrial Zone in Thanh Hoa Province, Vietnam	Office machinery manufacturing and processing of binding machines and laminating machines, etc.	37,031 USD1,200	-	-	100.00%	33,222	(3,680)	(3,680)	
	Good Harvest Machinery Industrial Co., Ltd.	Zhunan Township, Miaoli County, Taiwan	Chemical machinery, piping cistern, rubber machinery, plastic machinery, and other machineries.	50,000	50,000	5,000	26.51%	3,343	(12,071)	(3,200)	

(Continued on next page)

Table 5

Tahsin Industrial Corporation and its subsidiaries

Related information on Name and Location of Investee, etc.
December 31, 2022

Unit: NTD Thousand/Number of Shares: Thousand

Name of investors	Company's names and location of investees	Location	Principal Business Activities	Initial investment amount		Held at the end			Profit or Loss of Investee for Current Period	Investment Profit/Loss Recognized in the Current Period	Remarks
				End of Current Period	End of Previous Period	Shares	Ratio	Carrying amount			
Tah Fa Investment Co., Ltd.	Tah Cheng Investment Co., Ltd.	West District, Taichung City	Generic investments	21,000	21,000	2,100	41.18%	137,911	23,070	9,499	
	Tah Quan Investment Co., Ltd.	West District, Taichung City	Generic investments	87,000	87,000	8,700	44.39%	322,545	44,509	19,756	
	Tah Chi Enterprise Co., Ltd.	DaanDist., Taipei City, Taiwan	Wholesale and retail of fabric, clothing, shoes, caps, umbrella, clothing products; furniture, bedding, kitchen appliance, installation products; daily necessities; cultural and educational products, musical instruments, sports and recreational products; food, beverages industry	23,000	23,000	2,300	100.00%	6,383	(1,540)	(1,540)	
Tah Viet Co., Ltd.	TRUONG GIANG GARMENT JOINT-STOCK COMPANY	No. 239, Huynh Thuc Khang St, An Xuân, Tam Kỳ, Quang Nam Province, Vietnam	Manufacture and processing of ready-to-wear garments for export and domestic sales; sales and marketing of various garment supplies, equipment and raw materials; provision of consultancy services in fashion and textile industry	12,945 USD435	12,945 USD435	37	44.17%	13,088	1,640	725	Note 1
	TAHHSIN PHU MY JOINT STOCK COMPANY	Phu My Industrial Zone, Tam, Phuoc Soci Phu Ninh District, Quang Nam Province, Vietnam	Manufacturing and processing of ready-to-wear garments for export and domestic sales	21,851 USD732	21,851 USD732	-	65.00%	15,973	(5,312)	(3,453)	

Note 1. The investment gains and losses recognized during the period include the net (un)realized gains and losses between affiliated companies.

Note 2. The investment gains and losses recognized in the current period include the amount of write-off of cash dividends received by the company of NTD21,432 thousand

Table 6

Tahsin Industrial Corporation and its subsidiaries

Information on investments in mainland China

January 1 to December 31, 2023

Unit: Thousand NTD

Investees in the Mainland China	Principal Business Activities	Paid-up capital	Investment method (Note 1)	Accumulated Investment Amount Remitted from Taiwan at Beginning of Period	Investment Amount Remitted or Received in Current Period		Accumulated Investment Amount Remitted from Taiwan at End of Period	Profit or Loss of Investee for Current Period	Shareholding Percentage of Direct or Indirect Investments by the Company	Recognized Investment Profit or Loss for Current Period	Carrying Amount of Investments at End of Period	Repatriated Investment Profit or Loss as of End of Period
					Remitted	Received						
DAFU Plastic Industry Co., Ltd.	Mainly produce rain-coats and other plastic products.	\$291,605	2	\$263,164	\$-	\$-	\$263,164	\$33,959	91.26%	\$30,966	\$210,181	\$-

Accumulated Investment Amount Remitted from Taiwan to the Mainland Area at End of Period	Investment Amount Approved by the Investment Commission, M.O.E.A	Investment quota in mainland China as stipulated by Investment Commission, M.O.E.A. (Note 2)
\$263,164	\$263,164	\$6,373,878

Note 1. The Company entrusted Hong Kong Tai Ho Co., Ltd. to invest USD8,100,000 in the establishment of Fujian Putian DAFU Plastic Industry Co., Ltd. In 2011, the invested amount in Hong Kong Tai Ho Co. Ltd was increased to HKD10,075,000 (USD1,300,000) which was subsequently reinvested into Fujian Putian DAFU Plastic Industry Co., Ltd.

Note 2. Calculate the upper limit of the cumulative amount or proportion of investment in mainland China at 60% of the net value or consolidated net value (whichever is higher) in accordance with the investment review committee of the Ministry of Economic Affairs.

Tahsin Industrial Corporation and its subsidiaries**Information of Major Shareholders****December 31, 2023**

Unit: Thousand shares

Name of major shareholders	Shares	
	Number of shares held	Shareholding Ratio
Tah Cheng Investment Co., Ltd.	10,075	10.16%
Tah Quan Investment Co., Ltd.	9,500	9.58%
Chang Cai Industry Co., Ltd.	9,099	9.18%

Note 1. The major shareholders in this table are shareholders holding more than 5% of the ordinary and special shares that are issued and delivered without physical registration (including treasury stocks) on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation. However, the share capital recorded in the Company's financial statements and the number of shares actually delivered by the Company without physical registration may differ due to calculation basis.

Note 2. If a shareholder delivers its shareholding information to the trust, the aforesaid information shall be disclosed by the individual trustee who opened the trust account. For information on shareholders, who declare to be insiders holding more than 10% of shares in accordance with the Securities and Exchange Act, and their shareholdings include their shareholdings plus their delivery of trust and shares with the right to make decisions on trust property, please refer to MOPS.

(XIV.) Department Information

For management purposes, the Group divides its operating units by location region into nine reporting segments:

Tahsin in Taiwan: Manufacturing and trading of various plastic raincoats, nylon raincoats, overalls, wardrobes, nylon jackets, PP corrugated boards, TC ready-to-wear, leather goods, handbags, file folders, plastic films, bags and laminating machines, etc.

Tahsin Shoji Co., Ltd.: Trading of artificial leather, other synthetic resin and various types of fiber products within Japan and export and import.

United States T.H. USA: Sale of garments, rainwear, and PVC products.

Fujian Putian DAFU Plastic Industry Co., Ltd.: Manufacture of plastic products, such as rainwear and garments.

Tah Viet Co., Ltd.: Processing of raincoats, ready-to-wear, leather goods, wardrobes, etc.

Myanmar Tahsin: Processing of raincoats, ready-to-wear, leather goods, wardrobes, etc.

TAHSIN INNOVATIVE MACHINERY VINA CO.,LTD.: Office machinery manufacturing and processing of binding machines and laminators, etc.

Tah Fa Investment Co., Ltd.: Generic investments, property purchases, sales and leases, trading in raincoat and garment, and food and beverages.)

The operating departments not been aggregated to form the aforementioned reporting operations.

Revenue from departments below the quantitative threshold is attributable to other segments and is regarded as part of the Hong Kong regional trade segment.

The management shall individually supervise the operation results of its business units to make decisions on resource allocation and performance evaluation. The performance of the department is assessed on the basis of operating profit and loss by department, and measured in a manner consistent with the operating profit or loss of net income in the consolidated financial statements.

Transfer pricing between operating departments is based on a regular transaction similar to that of an external third person.

a. December 31, 2023

	Tahsin Taiwan	Tahsin Shoji Co., Ltd.	United States T.H. USA	Fujian Putian DAFU Plastic Industry Co., Ltd.	Tah Viet Co., Ltd.	Myanmar Tahsin	Tah Fa Investment Co., Ltd.	Other Department	Adjustment and sales	Total
Revenue										
Revenue from external customers	\$1,717,830	\$285,597	\$347	\$145,001	\$2,850	-	-	-	-	\$2,157,193
Interdepartmental revenue	100,024	-	-	52,825	81,339	\$142,625	-	-	(\$376,813)Note A	-
Total revenue	\$1,817,854	\$285,597	\$347	\$197,826	\$84,189	\$142,625	-	-	(\$376,813)	\$2,157,193
Financial costs	\$263	\$1,122	\$46	-	-	\$53	\$405	-	(\$54)	\$2,214
Depreciation and amortization	\$50,860	\$2,109	\$291	\$3,811	\$7,850	\$17,423	\$2,265	-	-	\$86,228
Net investment income or loss accounted for using equity method	(\$3,200)	-	-	-	\$724	-	-	-	-	\$26,780
Department profit or loss	\$291,617	\$6,651	(\$7,278)	\$33,959	(\$14,039)	\$1,681	(\$3,680)	-	(\$21,174)	\$350,507
Assets										
Acquisition of long-term investment in shares accounted for using the equity method	\$3,343	-	-	-	\$13,088	-	-	-	-	\$476,887
Capital expenditure on non-current assets	\$71,907	-	-	\$394	\$4,414	\$11,071	-	-	-	\$87,786
Department assets	\$9,364,380	\$283,184	\$17,829	\$251,935	\$162,285	\$304,960	\$73,763	\$6,402	(\$310,148)Note B	\$11,342,819
Liabilities										
Departmental liabilities	\$488,564	\$171,311	\$12,150	\$21,568	\$10,412	\$15,252	\$40,541	\$6,362	(\$48,875)Note B	\$719,689

Note 1. Interdepartmental revenues are eliminated during consolidation at the time of merger.

Note 2. Inter-segment claims and liabilities are eliminated at the time of merge

b. December 31, 2022

	Tahsin Tai- wan	Tahsin Shoji Co., Ltd.	United States T.H. USA	Fujian Putian DAFU Plastic Industry Co., Ltd.	Tah Viet Co., Ltd.	Myanmar Tahsin	Tah Fa Investment Co., Ltd.	Other De- partments	Adjustment and sales	Total
Revenue										
Revenue from external custom- ers	\$2,215,018	\$328,887	\$7,441	\$110,220	-	-	\$7,794	-	-	\$2,669,360
Interdepartmental revenue	121,194	-	-	41,335	\$102,857	\$187,542	-	-	(\$452,928)Note1	-
Total revenue	\$2,336,212	\$328,887	\$7,441	\$151,555	\$102,857	\$187,542	\$7,794	-	(\$452,928)	\$2,669,360
Financial costs	\$188	\$1,290	\$181	-	-	\$53	\$813	-	(\$183)	\$2,342
Depreciation and amortization	\$38,652	\$2,379	\$67	\$3,254	\$7,252	\$14,952	\$431	-	(\$277)	\$66,710
Net investment income or loss accounted for using equity method	(\$999)	-	-	-	\$50	-	\$24,095	-	-	\$23,146
Department profit or loss	\$639,880	(\$16,399)	(\$15,585)	\$23,765	(\$32)	\$36,585	\$61,005	-	(\$17,995)	\$711,224
Assets										
Acquisition of long-term in- vestment in shares accounted for using the equity method	\$5,744	-	-	-	\$13,887	-	\$451,967	-	-	\$471,598
Capital expendi- ture on non- current assets	\$175,967	-	-	\$4,667	\$4,785	\$13,087	\$5,469	-	-	\$203,975
Department assets	\$9,632,632	\$310,623	\$14,745	\$220,266	\$170,683	\$318,161	\$1,159,030	\$7,751	(\$299,350)Note2	\$11,534,541
Liabilities										
Departmental liabilities	\$611,232	\$197,887	\$27,999	\$19,659	\$12,085	\$30,062	\$49,165	\$7,711	(\$60,003)Note2	\$895,797

Note 1. Interdepartmental revenues are eliminated during consolidation at the time of merger.

Note 2. Inter-segment claims and liabilities are eliminated at the time of merger

c. Information for each industry

Industry category	December 31, 2023	December 31, 2022
Revenue from external customers:		
Rain coats department (including processing and waterproof fabrics)	\$1,103,793	\$1,369,587
Garment department	481,790	627,277
New division (including binding machine and furniture)	275,433	343,025
PP department	237,205	270,806
Others	58,972	58,665
Total	<u>\$2,157,193</u>	<u>\$2,669,360</u>

d. Information in each region

Region	December 31, 2023	December 31, 2022
Revenue from external customers:		
Taiwan	\$381,818	\$410,999
America	324,488	375,776
Europe	666,650	1,014,098
Japan	369,016	470,225
Others	415,221	398,262
Total	<u>\$2,157,193</u>	<u>\$2,669,360</u>

e. Key customer information

Customers whose consolidated net sales revenue of the company and its subsidiaries accounted for more than 10% of the consolidated net sales revenue of the income statement in 2023 and 2022:

Customer name	December 31, 2023		December 31, 2022	
	Sales	%	Sales	%
Customer A	\$460,636	21	\$648,408	24

Tahsin Industrial Corporation

Chairman: WU, ZI-CONG

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