

Stock Code: 1472



三洋實業股份有限公司
TRIOCEAN INDUSTRIAL CORPORATION CO., LTD.

(Formerly known as: Tri Ocean Textile Co., Ltd)

2022 Annual Reports

By 2023.05.05

Table of Contents

I.	Letter To Shareholders	1
II.	Company Profile	3
	1.Date Of Incorporation	3
	2.Company History:	3
III.	Corporate Governance Report	6
	1. Organization	6
	2.Director, Supervisor, President, Vice President, Assistant Manager And Heads Of Departments And Branch Organizations	8
	3.The Remuneration Of Directors, Supervisors, General Managers, And Deputy General Managers Paid In The Most Recent Year, Including The Remuneration Of Independent Directors.	19
	4. Implementation Of Corporate Governance	23
	6. Information On Accountant Fees	68
	7. Replacement Of CPA	68
	8. Where The Company's Chairperson, President, Or Any Managerial Officer In Charge Of Finance Or Accounting Matters Has In The Most Recent Year Held A Position At The Accounting Firm Of Its Cpas Or At An Affiliated Enterprise Of Such Accounting Firm	68
	9. Any Transfer Of Equity Interests And Pledge And Change In Equity Interests By A Director, Supervisor, Managerial Officer, Or Shareholder With A Stake Of More Than 10 Percent	69
	10. Relationship Among The Top Ten Shareholders	70
	11. The Total Number Of Shares And Total Equity Stake Held In Any Single Enterprise By The Company, Its Directors And Supervisors, Managerial Officers, And Any Companies Controlled Either Directly Or Indirectly By The Company	70
IV	Capital Overview	71
	1. Capital And Shares	71
	2. Corporate Bonds:	77
	3.Preferred Shares: None.	78
	4.Global Depository Receipts: None.	78
	5.Employee Stock Options: None.	78
	6.Restricted Stock Awards: None.	78
	7.Circumstances Of Acquiring Or Receiving Shares From Other Companies And Issuing New Shares: None.	78
	8.Implementation Of Capital Utilization Plan: None.	78
V.	Business Overview	79
	1.Business Content	79
	2.Market And Production/Sales Overview	83
	3. Information About The Number Of Employees In The Past Two Years And Up To The Date Of The Printing Of The Annual Report, Average Service Years, Average Age, And Education Distribution Ratio.	89
	4. Environmental Protection Expenditure Information:	89
	5. Labor Relations:	89
	6. Important Contracts:	91
VI.	Financial Information	95
	1. Condensed Balance Sheet And Income Statement For The Recent Five Years	95
	2. Financial Analysis In The Past Five Years	100

	3.Audit Committee’s Review Report On The Most Recent Year's Financial Statements	105
	4.The Latest Annual Financial Report, Including Auditor's Audit Report, Balance Sheet Comparison For Two Years, Consolidated Income Statement, Changes In Equity Statement, Cash Flow Statement, And Notes Or Appendices: Please See Pages 95 To 165 In Appendix II.	106 106
	5.The Latest Annual Individual Financial Report Of The Company Audited And Certified By The Accountant. However, This Does Not Include The Details Of Important Accounting Items: Please See Pages 166 To 225 In Appendix III.	106 106
	6.For The Company And Its Related Enterprises, If There Have Been Financial Difficulties In The Latest Year And Up To The Date Of The Annual Report Publication: There Has Been No Such Situation.	106 106
VII.	Review Of Financial Conditions, Operating Results, And Risk Management	107
	1.Analysis Of Financial Status	107
	2. Analysis Of Operation Results	108
	3. Analysis Of Cash Flow	108
	4. Major Capital Expenditure Items: None.	109
	5. Investment Policy In Last Year, Main Causes For Profits Or Losses, Improvement Plans And The Investment Plans For The Coming Year	109
	6. Analysis And Assessment Of Risk Items Up To The Printing Date Of The Annual Report In The Most Recent Fiscal Year	109
	7. Other Important Matters: None.	111
VIII.	Special Disclosure	112
	1. Summary Of Affiliated Companies	112
	2.Private Placement Securities In The Most Recent Years: None.	115
	3.The Shares In The Company Held Or Disposed Of By Subsidiaries In The Most Recent Years: None.	115
	4.Other Items Of Description Which Needs To Be Supplemented: None.	115
IX.	As Of The Most Recent Fiscal Year And Up Until The Publication Date Of The Annual Report, In Accordance With Article 36, Paragraph 2, Subparagraph 2 Of The Securities Exchange Act, There Are No Significant Issues Affecting Shareholder Rights Or Security Prices.	115
	Attachment 1: Domestic First Secured Convertible Corporate Bond Issuance And Conversion Method	116
	Attachment 2: The Most Recent Annual Financial Report	121
	Attachment 3: The Most Recent Annual Parent Company Only Financial Report Of The Company Audited And Certified By An Accountant.	209

I. Letter to Shareholders

1. Business Report for 2022

(1) Business policy:

The company's business policy is as follows:

1. Actively engage in the construction industry and continuously engage into the bidding on most advantageous public projects in Taiwan.
2. Seek cooperation to strengthen land development business.
3. Activate assets to create business benefits.

(2) Implementation:

The company's transformation into a construction engineering business has gradually stabilized and grown, with a cumulative revenue of NT\$ 1,169,012,000 in 2022. Although affected by inflation, the annual gross profit still maintained NT\$ 108,191,000 due to significant increases in raw material and labor costs. However, after recognizing the amortization amount generated by the merger, the pre-tax loss for the year was NT\$ 2,437,000. After considering the effect of deferred income tax, the performance turned from loss to profit, and the net profit for this year was NT\$ 3,717,000. The effect of the transformation is gradually becoming apparent. With the ongoing increase in the number of projects undertaken by the company and the absence of any abnormalities in project management, as new projects are successively launched, the overall revenue recognition amount should gradually increase. Last year's inflationary factors have gradually eased, and the overall profit performance can be expected to improve.

(3) Results of the implementation of the business plan:

Unit: NT\$1,000

Item	2022	2021 (adjusted)	Difference	Difference ratio (%)
Operating Revenue	1,169,012	601,943	567,069	94.21%
Gross Profit	108,191	125,222	(17,031)	-13.6%
Operating Gain (loss)	(6,930)	10,287	(17,217)	-167.37%
Gain (loss) before income tax	(2,437)	(2,101)	(336)	15.99%
Net gain (loss) from continuing operations	3,283	(5,557)	8,840	-159.08%
Gain (loss) from discontinued operations	434	(21,791)	22,225	-101.99%
Net gain (loss) for the year	3,717	(27,348)	31,065	-113.59%

(4) Execution of operating budget: The Company did not disclose its financial forecast for 2022, therefore, there is no need to disclose the execution of the budget.

(5) Financial income and analysis of profitability:

Unit: NT\$1,000

Item		2022	2021 (Adjusted)
Finance and Income	Net gain (loss) from continuing operations	3,283	(5,557)
	Net gain (loss) from discontinued operations	434	(21,791)
	Net cash inflows (outflows) from operating activities	165,390	(98,479)
	Net cash inflow (out) from investing activities	(247,554)	34,136
	Net cash inflows (outflows) from financing activities	57,581	155,975
	Effect of exchange rate changes on cash and cash equivalents	(32)	(689)
	Net increase (decrease) in cash and cash equivalents	(24,615)	90,943
	Cash and cash equivalents at the end of the year	253,649	283,190
Profitability Analysis	Return on Assets %(Note)	0.66%	-0.82%
	Return on equity %(Note)	0.48%	-5.31%
	Ratio of net income to paid-in capital before tax (%)	-0.98%	-0.84%
	Net income ratio (%)	0.32%	-4.54%
	Basic earnings (loss) per share (NT\$)	Continuing business units and discontinued business units 0.15	(1.09)
Closed unit 0.02		(0.87)	(0.22)

(6) Research and development status: The company currently has no research and development plans.

(7) Future company development strategy:

In addition to focusing on public construction bidding to secure the most advantageous contracts, the company will respond to the government's long-term development plans and implement the "Forward-looking Infrastructure Plan." The outlook for public construction is clear and expected to grow in the coming years. Moreover, the return of Taiwanese businesses from mainland China and the continued expansion of the domestic semiconductor industry in the southern region has led to increased demand for public and private construction. The company will continue to explore opportunities for growth in response to these external challenges and adjust its business strategy accordingly, striving to enhance the overall value of the company and maximize shareholder benefits.

Best Regards

Chairman: Dai Wan Shiung Ching Co., Ltd. Manager: CHEN, QI-YU
CAO: HSU, ZHENG-ZHE

II. Company Profile

1.Date of Incorporation:

October. 7, 1968

2.Company History:

- 1 The company was established in October 1968 and was named TRI OCEAN Printing and Dyeing Textile Factory Co., Ltd.
- 2 In June 1964, the company increased its capital by NT\$ 6,000,000 in cash, bringing the actual capital amount to 24,000,000.
- 3 In June 1986, the company increased its capital by 12,000,000 in cash, bringing the actual capital amount to 36,000,000.
- 4 In 1990, the company invested in purchasing a second factory to expand production.
- 5 In May 1991, in compliance with the amended regulations, the company changed its name to TRIOCEAN INDUSTRIAL CORPORATION CO., LTD.
- 6 In October 1991, the company increased its capital in cash to bolster its operating capital, bringing the actual capital amount to 108,000,000.
- 7 In April 1995, the company expanded its business and purchased more than a hundred square meters of office space for self-use and moved in on July 1 of the same year.
- 8 In September 1995, in order to expand its business capabilities, the company purchased two AIKI air processing machines from Japan, making its product more diverse to meet market demands.
- 9 In October 1996, in order to improve the financial structure, the company used its profits to increase capital and increased its cash capital by NT\$82,000,000, bringing the actual capital amount to NT\$190,000,000.
- 10 In March 1997, the company was approved by the Securities Supervision Committee to publicly issue shares. In April of the same year, it purchased four AIKI warping machines from Japan to expand its product portfolio and produce flexible composite fiber products.
- 11 In June 1997, the company passed the ISO9001 quality certification.
- 12 In July 1997, the company used its profits, capital reserves, and cash to increase capital by NT\$110,000,000, bringing the actual capital amount to NT\$300,000,000.
- 13 In December 1998, the company increased its capital by BT\$134,000,000 in cash and transferred NT\$66,000,000 from profits, bringing the actual capital amount to 500,000,000 after the increase.
- 14 In January 1999, the company officially listed on the over-the-counter trading center.
- 15 In May 1999, the company purchased shares in Yulon Fiber Co., Ltd. through equity investment, holding 70% of its shares.
- 16 In July of the same year, the company transferred NT\$100,000,000 from profits to increase capital, bringing the actual capital amount to NT\$600,000,000 after the increase.
- 17 In September 2000, the company's shares were listed on the Stock Exchange.
- 18 In October 2000, the company increased capital by NT\$90,000,000 through profits and capital reserves, bringing the capital amount to NT\$690,000,000.
- 19 In 2001, the company successfully developed polypropylene functional fibers.
- 20 In May 2002, the company expanded its business, purchased the second floor of the same building as a business office, and moved in on December 1 of the same year.
- 21 In 2003, the company increased its capital by NT\$185,000,000 in cash, bringing the actual capital amount to NT\$875,000,000.
- 22 The company received the Sustainable Elite Award from the Industrial

- Development Bureau of the Ministry of Economic Affairs.
- 23 In 2003, the company expanded its product portfolio by increasing its cash capital to purchase polypropylene fiber production equipment, extending the company's product portfolio.
- 24 Construction of the Thai plant of our subsidiary Yulong Fiber commenced in January 2005.
- 25 The construction of the Thai plant of our subsidiary Yulong Fiber was completed in May 2007, and it officially started production in July of the same year.
- 26 In March 2011, the physical stock certificates were fully dematerialized.
- 27 In September 2011, capital reduction was carried out to offset losses, reducing the common stock by 28,000,000 shares, with a par value of 10 dollars per share, totaling NT\$280,000,000. After the reduction, the paid-in capital was NT\$595,000,000.
- 28 On May 1, 2012, the company established a Product Planning Department, establishing its own brand "Genuine Solution", officially entering the sale of branded clothing and related merchandise.
- 29 In July and November 2012, private placements were made, respectively raising NT\$50,000,000 and NT\$21,500,000. After the increase, the paid-in capital was NT\$666,500,000.
- 30 In June 2013, the subsidiary Yulong Fiber sold land, factory and equipment to reduce fixed costs, and transformed the business model to an order-based outsourcing processing mode.
- 31 In September 2013, a private placement was carried out to increase capital by NT\$50,000,000 dollars, bringing the total paid-in capital to NT\$716,500,000.
- 32 In December 2015, a private placement was carried out to increase capital by NT\$25,000,000 dollars, bringing the total paid-in capital to NT\$741,500,000.
- 33 In April 2016, Yulong Fiber (Thailand) Co., Ltd. and Sanyo Dongfeng Textile (Thailand) Co., Ltd. underwent a simplified merger, renaming the merged company to Tri Ocean Textile (Thailand) Co., Ltd.
- 34 In March 2017, a private placement was carried out to increase capital by NT\$20,007,000, bringing the total paid-in capital to NT\$763,730,000.
- 35 In September 2017, capital reduction was carried out to offset losses, reducing the common stock by 33,700,278 shares, with a par value of 10 dollars per share, totaling NT\$337,002,780. After the reduction, the paid-in capital was NT\$426,727,220.
- 36 On January 14, 2019, a cash capital increase of 3,000,000 new shares was carried out, each with a face value of NT\$10 dollars, along with the issuance of the company's first secured convertible bonds. The total paid-in capital after the increase was 456,727,220.
- 37 In April 2019, integrated upstream and downstream business cooperation was carried out to increase the operation of bedding department stores.
- 38 In September 2019, an investment was made in Shanghai Lai Shida Home Furnishings Co., Ltd.
- 39 On March 24, 2020, 380,129 common shares were converted by bondholders from the first domestic secured convertible corporate bonds. After the conversion, the total paid-in capital was NT\$460,528,510.
- 40 In November 2020, a private placement was carried out to increase capital by NT\$400,000,000. The total paid-in capital after the increase was NT\$860,528,510, with strategic investor SHUNMEI INDUSTRIAL CO. holding 45.321%.
- 41 In December 2020, invested in SHANG TING CONSTRUCTION CO.
- 42 In February 2021, invested in the establishment of subsidiary TRIOCEAN Energy and Industrial Co., Ltd.
- 43 In September 2021, the commodity department ceased operations and underwent a comprehensive transformation into the public works construction industry.
- 44 In September 2021, conducted a capital reduction to offset losses, reducing the common stock by 61,064,769 shares with a par value of NT\$10 per share, totaling NT\$610,647,690. After the capital reduction,

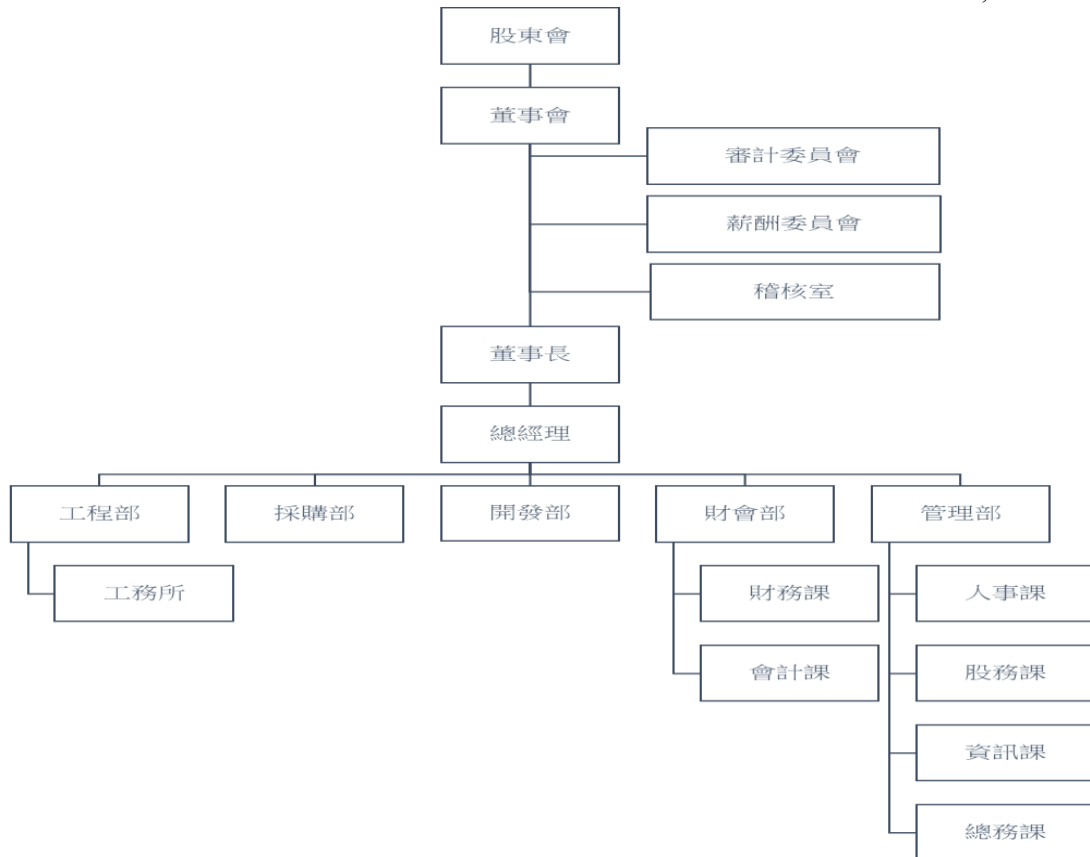
- the paid-in capital amounted to NT\$249,880,820.
- 45 In December 2021, obtained Class A registration license for electrical installation industry.
 - 46 In January 2022, obtained Class A business license for water supply pipe installation industry.
 - 47 In April 2022, sold subsidiary TRIOCEAN Energy and Industrial Co., Ltd.
 - 48 In May 2022, conducted a simplified merger with subsidiary Sanlung Investment Co., Ltd.
 - 49 In February 2023, sold subsidiary ZHAOTONG Real Estate Co., Ltd.
 - 50 In February 2023, sold subsidiary Lifestyle (Shanghai) Trading Limited.

III. Corporate Governance Report

1. Organization

(1) Organization chart

Jan. 14, 2022



(2) Operations implemented by major departments

Department	Responsibilities
Board of Directors	The Chairman convenes the Board of Directors, supervises the company's operations, and plans and makes decisions about the company's future direction.
Chairman	Responsible for the company's long-term strategic planning, preparations for the company's board of directors and shareholder meetings, and expansion of external relations.
President	Responsible for overall management of company objectives, policy formulation and implementation. Oversees operational analysis and execution of operational meeting resolutions, promotes and supervises various management regulations.
Audit Office	Responsible for the formulation, revision and audit of the company's internal audit system, and deals with unusual analysis and suggestions for improvement.
Engineering Department	Assisting in professional affairs related to pre-bid construction, production of material price analysis, preparation of construction budget forms, drafting of construction plans, auditing of progress, auditing of construction quality, and evaluation of various construction methods.
Purchasing	Responsible for the procurement, subcontracting, and negotiation of

Department	Responsibilities
Department	construction, building materials, and equipment, and management of suppliers, etc.
Development Department	Planning and evaluation of new business projects, collection of market information, etc.
Finance and Accounting Department	Financial planning for the company, use of fund scheduling, handling of accounting affairs, tax planning, preparation of reports, and financial variance analysis.
Management Department	Formulation and execution of various management systems, human resources management, education and training, miscellaneous purchases, general affairs, share processing, asset management, information management, and maintenance.

2. DIRECTOR, SUPERVISOR, PRESIDENT, VICE PRESIDENT, ASSISTANT MANAGER AND HEADS OF DEPARTMENTS AND BRANCH ORGANIZATIONS

(1) Directors and Supervisors

1. Main Education and Experience of Directors and Supervisors

April 21, 2023

Title	Nationality / Country of Origin	Name	Gender/ Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Other officers, directors or supervisors who are spouses or within two degrees of kinship.			Remark (Note 1)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairperson	ROC	Da Yuan Shiung Ching Co., Ltd.	NA	06.02.2010	3	06.02.2010	9,000	0.02	1,069,789	4.38	0	0.00	0	0.00	None	None	None	None	None	None

Title	Nationality / Country of Origin	Name	Gender/ Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Other officers, directors or supervisors who are spouses or within two degrees of kinship.			Remark (Note 1)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
	ROC	Representative of Dai Wan CHEN CHI-YU (Note 2)	Male 50-59	2010.06.02	-	2017.12.27	-	-	247,321	0.99	0	0.00	0	0.00	Studied Sociology at National Taiwan University, Chairman of TAIYEN BIOTECH CO., LTD., Chairman of TAIYEN GREEN ENERGY CO., LTD., First Deputy Mayor of Kaohsiung after the merger of Kaohsiung County and City, legislator for the sixth and seventh term, Chairman of TOP HIGH IMAGE CORP., Kaohsiung County Councilor for the thirteenth and fourteenth term.	Chairman and President at SHANG TING CONSTRUCTION	None	None	None	1. In response to the Chairman and the President being the same person, the Company will increase the number of director seats in accordance with the law when the director's term expires. 2. More than half of the current directors do not concurrently hold positions as employees or managers.
Director	ROC	HUANG CHUN-MING	Male 60-69	2010.06.02	3	1999.6.5	2,940,943	6.39	853,993	3.42	45,326	0.18	0	0.00	President of TRIOCEAN INDUSTRIAL CORPORATION CO., LTD., Chairman of Toray Industries, Inc., Director of WINGOT TEXTILE CORP., Director of Taiwan Man-Made Fiber Industries Association.	None	None	None	None	

Title	Nationality / Country of Origin	Name	Gender/ Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Other officers, directors or supervisors who are spouses or within two degrees of kinship.			Remark (Note 1)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	ROC	CHIEN YEUE ENTERPRISE CO., LTD.	NA	2010.06.02	3	2018.1.19	1,052	0.00	305	0.00	0	0.00	0	0.00	None	None	None	None	None	None
	ROC	Rep: TSAI HUI-MING	Male 40-49	2021.01.12	-	-	0	0.00	0	0.00	0	0.00	0	0.00	National Cheng Kung University Department of Accounting, Deputy Manager of the Finance Department at Right Way Industrial Co., Ltd., Deputy Manager of Finance and Accounting at WE&WIN DIVERSIFICATION CO., LTD., PwC Taiwan.	Deputy Finance Manager at CLEAN AIR TECHNOLOGY LIMITED	None	None	None	None
Director	ROC	CHAOSHEN INVESTMENT CO.	NA	2010.06.02	3	2018.1.19	345,230	0.75	100,248	0.4	0	0.00	0	0.00	None	None	None	None	None	None
	ROC	Rep: HUANG TAI-FENG	Male 60-69	2010.06.15 (Note 3)	-	-	16,224	0	16,224	0	0	0	0	0.00	Leading lawyer at Tai La Law Firm, Leading lawyer at HUANG TAI-FENG Law Firm, Independent Director at Toung Loong Textile Mfg. Co., Ltd., Director at FEDERAL CORPORATION, Director at FORWARD MEDIA LTD.	Leading lawyer at Tai La Law Firm, Independent Director at Toung Loong Textile Mfg. Co., Ltd., Director at FEDERAL CORPORATION, Director at FORWARD MEDIA LTD.	None	None	None	None

Title	Nationality / Country of Origin	Name	Gender/ Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Other officers, directors or supervisors who are spouses or within two degrees of kinship.			Remark (Note 1)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	ROC	HUNG YU-TING	Female 30-39	2010.06.02.	3	2018.1.19	0	0	0	0	0	0.00	0	0.00	Bachelor of Management Science at Cheng Shiu University.	Independent Director at ENSURE GLOBAL CORP., LTD., Independent Director at Star Travel Corp., Special Assistant to the Chairman at DAILY POLYMER CORP.	None	None	None	None

Title	Nationality / Country of Origin	Name	Gender/ Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Other officers, directors or supervisors who are spouses or within two degrees of kinship.			Remark (Note 1)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	ROC	NING KUO-HUI	Male 70-79	2010.06.02	3	2010.06.02	0	0	0	0	0	0.00	0	0.00	Secretary-General of Securities and Futures Bureau, FSC, Vice President of Taipei Exchange, Director at TAIWAN OSTOR CORP.	Consultant and Spokesperson at CJW International CO., LTD., Independent Director at LONG BON INTERNATIONAL CO., LTD., Independent Director at Sung Gang Corp. Limited, Corporate Director Representative at INTERSERV INTERNATIONAL INC., Independent Director at BILLION ELECTRIC CO., LTD.	None	None	None	None

Title	Nationality / Country of Origin	Name	Gender/ Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Other officers, directors or supervisors who are spouses or within two degrees of kinship.			Remark (Note 1)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	ROC	CHEN TZU-JIEN	Male 50-59	2010.06.02	3	2010.06.02	0	0	0	0	0	0	0	0.00	Associate of Audit Services at PwC Taiwan, Senior Manager of Audit Services at PwC China, Independent Director at JINGYUE MICROWAVE INTEGRATED CIRCUIT MANUFACTURING CO., LTD., Independent Director at POWER QUOTIENT INTERNATONAL CO., LTD., Supervisor at Lifestyle Global Enterprise Inc.	Practicing Accountant at Shangjin Accounting Firm, Independent Director and Remuneration Committee Member at Yung Wei Investment Holdings Co., Ltd., Independent Director at Reber Genetics Co. Ltd., Independent Director and Remuneration Committee Member at TungThih Electronic Co., Ltd.	None	None	None	None

Note 1: If the company's Chairman and President (or equivalent positions, i.e., the highest manager) are the same person, spouses, or first-degree relatives, the reasons, rationality, necessity, and corresponding measures should be explained.

Note 2: On April 11, 2022, the corporate director was replaced by Mr. CHEN CHI-YU.

Note 3: On Aug 8, 2022, the corporate director was replaced by Mr. HUANG TAI-FENG.

2. Directors and supervisors who represent corporate shareholders, the name of the corporate shareholder and the name of the shareholder holding the top ten shares and their shareholding ratio:

Name of corporate shareholder	Major shareholders of the corporate shareholder	Shareholding
Dai Wan Shiung Ching Co., Ltd.	CHEN YU-YI	50%
	CHEN, TSONG-YI	50%
CHIEN YEU ENTERPRISE CO., LTD.	CHEN, TSONG-YI	100%
CHAOSHEN INVESTMENT CO.	CHANG, BING-BING	89.50%
	LIU, WEI-XIN	10.00%
	HUANG, DI-CHUN	0.50%

3. Disclosure of professional qualifications of directors and supervisors and information on the independence of independent directors:

Name	Criteria	Professional Qualifications and Experiences (Note 1)	Status of Independence (Note 2)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Chairman: Dai Wan Shiung Ching Co., Ltd. Rep: CHEN CHI-YU (Note 1)		Experiences: Studied Sociology at National Taiwan University, Chairman of TAIYEN BIOTECH CO., LTD., Chairman of TAIYEN GREEN ENERGY CO., LTD., First Deputy Mayor of Kaohsiung after the merger of Kaohsiung County and City, legislator for the sixth and seventh term, Chairman of TOP HIGH IMAGE CORP., Kaohsiung County Councilor for the thirteenth and fourteenth term. Has work experience, professional knowledge, and skills necessary for business and corporate operations. None of the circumstances stated in Article 30 of the Company Act apply.	N/A	None

Name	Criteria	Professional Qualifications and Experiences <u>(Note 1)</u>	Status of Independence (Note 2)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Director: HUANG CHUN-MING	<p>Experiences:</p> <p>President of TRIOCEAN INDUSTRIAL CORPORATION CO., LTD., Chairman of Toray Industries, Inc., Director of WINGOT TEXTILE CORP., Director of Taiwan Man-Made Fiber Industries Association.</p> <p>Has work experience, professional knowledge, and skills necessary for business and corporate operations.</p> <p>None of the circumstances stated in Article 30 of the Company Act apply.</p>	N/A	None	
Director: TSAI HUI-MING Rep: CHIEN YEU ENTERPRISE CO., LTD.	<p>Experiences:</p> <p>Deputy Finance Manager at WE&WIN DIVERSIFICATION CO., LTD., Deputy Finance Manager at RIGHT WAY INDUSTRIAL CO., LTD., Deputy Finance Manager at TRIOCEAN INDUSTRIAL, Finance Department Manager at Shun Dian Computer Co., Ltd., Management Department Manager at TOP HIGH IMAGE CORP., Deputy Finance Manager at CLEAN AIR TECHNOLOGY LIMITED, Deputy Finance Manager at WE&WIN DIVERSIFICATION CO., LTD., PwC Taiwan.</p> <p>Has work experience, professional knowledge, and skills necessary for business, finance, accounting, and corporate operations.</p> <p>None of the circumstances stated in Article 30 of the Company Act apply.</p>	N/A	None	

Name	Criteria	Professional Qualifications and Experiences (Note 1)	Status of Independence (Note 2)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Director: HUANG TAI-FENG Rep: CHAOSHEN INVESTMENT CO.	Experiences: Leading lawyer at Tai La Law Firm, Leading lawyer at HUANG TAI-FENG Law Firm, Independent Director at Toung Loong Textile Mfg. Co., Ltd., Director at FEDERAL CORPORATION, Director at FORWARD MEDIA LTD. Has work experience, professional knowledge, and skills necessary for business operations. None of the circumstances stated in Article 30 of the Company Act apply.	N/A	None	
Independent Director: HUNG YU-TING	Experiences: Bachelor of Management at Cheng Shiu University Director at TAIWAN WAX COMPANY LTD. Independent Director at ENSURE GLOBAL CORP., LTD. Has work experience, professional knowledge, and skills necessary for business and corporate operations. None of the circumstances stated in Article 30 of the Company Act apply.	No circumstances as mentioned in Note 2.	2: Independent Director of ENSURE GLOBAL CORP., LTD., Independent Director of Star Travel Corp.	
Independent Director: NING KUO-HUI	Experiences: Secretary-General of Securities and Futures Bureau, FSC, Vice President of Taipei Exchange, Director at TAIWAN OSTOR CORP. Has work experience, professional knowledge, and skills necessary for business, finance, and accounting. None of the circumstances stated in Article 30 of the Company Act apply.	No circumstances as mentioned in Note 2.	3: Independent Director of LONG BON INTERNATIONAL CO., LTD., Independent Director of Sung Gang Corp. Limited, Independent Director of BILLION ELECTRIC CO., LTD.	

Name	Criteria	Professional Qualifications and Experiences (Note 1)	Status of Independence (Note 2)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Independent Director: CHEN TZU-JIEN	<p>Experiences:</p> <p>Associate of Audit Services at PwC Taiwan, Senior Manager of Audit Services at PwC China, Independent Director at JINGYUE MICROWAVE INTEGRATED CIRCUIT MANUFACTURING CO., LTD., Independent Director at POWER QUOTIENT INTERNATIONAL CO., LTD., Supervisor at Lifestyle Global Enterprise Inc.</p> <p>Practicing Accountant at Shangjin Accounting Firm</p> <p>Has work experience, professional knowledge, and skills necessary for business, finance, and accounting.</p> <p>None of the circumstances stated in Article 30 of the Company Act apply.</p>	No circumstances as mentioned in Note 2.	3:	Independent Director and Remuneration Committee Member at Yung Wei Investment Holdings Co., Ltd., Independent Director at Reber Genetics Co. Ltd., Independent Director at TungThih Electronic Co., Ltd.

Note 1: Professional qualifications and experience: Describe the professional qualifications and experience of each director and supervisor. If they are members of the audit committee and have accounting or financial expertise, their accounting or financial background and work experience should be described, and whether there are any situations under Article 30 of the Company Law.

Note 2: Independent directors should describe the situation that meets independence, including but not limited to whether the director, supervisor, or employee of the company or its related companies is the spouse or immediate family member; the number and proportion of company shares held by the director, supervisor, or employee (or in someone else's name); whether the director, supervisor, or employee is a company with a specific relationship to the company (refer to Article 3, Paragraph 1, Items 5 to 8 of the Rules for the Establishment and Compliance of Independent Directors of Publicly Listed Companies); and the remuneration received for providing business, legal, financial, accounting and other services to the company or its related companies in the past 2 years.

(2) President, Vice President, Associate Managers, Heads of Departments and Branches

April. 10, 2023 ; Unit: Share; %

Title	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark (Note 1)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
General Manager (Note 2)	ROC	CHEN CHI-YU	Male	2022.04.22	0	0	-	-	-	-	Studied Sociology at National Taiwan University, Chairman of TAIYEN BIOTECH CO., LTD., Chairman of TAIYEN GREEN ENERGY CO., LTD., First Deputy Mayor of Kaohsiung after the merger of Kaohsiung County and City, legislator for the sixth and seventh term, Chairman of TOP HIGH IMAGE CORP., Kaohsiung County Councilor for the thirteenth and fourteenth term.	Chairman and President at SHANG TING CONSTRUCTION	None	None	None	1. In response to the Chairman and the President being the same person, the Company will increase the number of director seats in accordance with the law
Vice General Manager	ROC	HSU CHENG-CHU	Female	2022.08.10	0	0	-	-	-	-	Deputy Finance Manager at Taiwan Environmental Scientific Co., Ltd., CFO at STL Technology Co., Ltd., Master's Degree in Business Administration at Sun Yat-sen University	Chairman at Tri Ocean Textile (Thailand) Co. LTD., Finance Manager at SHANG TING CONSTRUCTION	None	None	None	None

Note 1: When the President (or equivalent, i.e., the top manager) and the Chairman are the same person, spouses, or first-degree relatives, the reasons, rationality, necessity, and corresponding measures (such as increasing the number of independent director seats and ensuring that more than half of the directors do not concurrently hold positions as employees or managers) should be disclosed.

Note 2: On April 22, 2022, after resigning, Mr. CHEN CHI-YU was appointed as President by the board of directors.

3.The remuneration of directors, supervisors, general managers, and deputy general managers paid in the most recent year, including the remuneration of independent directors. Dec. 31, 2022 ; Unit: NT\$ thousands

Title	Name	Compensation to Directors								Ratio of Total Compensation (A+B+C+D) to Net Income (%)		Relevant Compensation Received by Directors Who are Also Employees						Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Compensation from ventures other than subsidiaries or from the parent company		
		Compensation (A)		Severance Pay (B)		Directors Compensation (C)		Professional Practice (D)				Salary, Bonus, and Special Allowance (E)		Severance Pay (F)		Employee Compensation (G)						
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	Cash	Stock	Cash	Stock		The Company	All companies in the financial statements
Chairperson	Dai Wan Shiung Ching Co., Ltd. Rep: CHEN HE-SHUN (Note 1)	-	-	-	-	-	-	-	-	-	-	817	817	-	-	-	-	-	-	21.9	21.9	-
Chairperson	Dai Wan Shiung Ching Co., Ltd. Rep: CHEN CHI-YU	-	-	-	-	-	-	-	-	-	-	3,033	3,033	-	-	-	-	-	-	81.6	81.6	-
Director	HUANG CHUN-MING	-	-	-	-	-	-	-	-	-	-	1,711	1,711	-	-	-	-	-	-	46.0	46.0	-
Director	CHIEN YEU ENTERPRISE CO., LTD. Rep: TSAI HUI-MING	-	-	-	-	-	-	-	-	-	-	13	13	-	-	-	-	-	-	0.34	0.34	-
Director	CHAOSHEN INVESTMENT CO. Rep: CAI HONG-JIE	-	-	-	-	-	20	20	0.53	0.53	-	-	-	-	-	-	-	-	-	0.53	0.53	-
Director	CHAOSHEN INVESTMENT CO. Rep: HUANG TAI-FENG	-	-	-	-	-	30	30	0.81	0.81	-	-	-	-	-	-	-	-	-	0.81	0.81	-

Independent Director	HUNG YU-TING	420	420	-	-	-	-	240	240	6.46	6.46	-	-	-	-	-	-	-	6.46	6.46	-
Independent Director	NING KUO-HUI	420	420	-	-	-	-	140	140	3.77	3.77	-	-	-	-	-	-	-	3.77	3.77	-
Independent Director	CHEN TZU-JIEN	420	420	-	-	-	-	240	240	6.46	6.46	-	-	-	-	-	-	-	6.46	6.46	-

1. Please describe the policy, system, standard, and structure of the independent directors' remuneration, and describe the relevance to the amount of remuneration paid according to the responsibilities, risks, and time spent:

The company's director remuneration policy and standards are based on the company's articles of association; the total director's expenses and remuneration are determined by the board of directors after evaluation by the remuneration committee, referencing industry standards.

2. In addition to the disclosures in the above table, the remuneration received by the company's directors for providing services (such as serving as consultants for non-employees of the parent company/all companies in the financial report/investment businesses) in the most recent year: None.

2. Remuneration for the supervisors: Not applicable.
3. Compensation to Presidents and Vice Presidents

Dec. 31, 2022; Unit: NT\$ thousands

Title	Name	Salary (A)		Severance Pay (B)		Bonus and Special Allowance (C)		Employee Compensation (D)				Ratio of total compensation (A+B+C+D) to net income (%)		Compensation from ventures other than subsidiaries or from the parent company
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements	
								Cash	Stock	Cash	Stock			
President (Note 1)	CHEN HE-SHUN	817	817	-	-	-	-	-	-	-	-	21.9	21.9	None
President	CHEN CHI-YU	3,033	3,033	-	-	-	-	-	-	-	-	81.6	81.6	None
Vice President (Note 2)	TSAI HUI-MING	13	13	-	-	-	-	-	-	-	-	0.34	0.34	None

Vice President	HSU CHENG-CHU	500	500	-	-	-	-	-	-	-	-	37.14	37.14	None
Manager	WANG YI-CHEN	745	745	-	-	211	211	-	-	-	-	26	26	None

Note 1: On April 22, 2022, CHEN HE-SHUN resigned as Chairman and President. The board of directors has appointed CHEN CHI-YU as the new General Manager.

Note 2: TSAI HUI-MING resigned as Deputy General Manager in January 2022.

4. Remuneration of the top five executives in listed companies

Dec. 31, 2022; Unit: NT\$ thousands

Title	Name	Salary (A)		Severance Pay (B)		Bonus and Special Allowance (C)		Employee Compensation (D)				Ratio of total compensation (A+B+C+D) to net income (%)		Compensation from ventures other than subsidiaries or from the parent company
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements	
								Cash	Stock	Cash	Stock			
President (Note 1)	CHEN HE-SHUN	817	817	-	-	-	-	-	-	-	-	21.9	21.9	None
President	CHEN CHI-	3,033	3,033-	-	-	-	-	-	-	-	-	81.6	81.6	None
Vice President	TSAI HUI-	13	13	-	-	-	-	-	-	-	-	0.34	0.34	None
Vice President	HSU	500	500	-	-	-	-	-	-	-	-	37.14	37.14	None
Manager	WANG YI-	745	745	-	-	211	211	-	-	-	-	26	26	None

Note 1: Resigned on April 22, 2022, the board of directors appointed CHEN CHI-YU as the new President.

5. Name of the manager who distributes the employee's compensation and the distribution status: None.

(4) Analysis of the proportion of the total remuneration paid to the company's directors, supervisors, general managers, and deputy general managers in the most recent two years to the net profit after tax of individual or individual financial reports, and explanation of the remuneration policy, standard and composition, the procedure for determining remuneration, and the relevance to operational performance.

1. Analysis of the proportion of remuneration paid to the company's directors, supervisors, general managers, and deputy general managers in the most recent two years to the net profit after tax:

Title	Total remuneration as a percentage of net income after tax of individual or individual financial reports			
	2021		2022	
	The Company	All companies in the financial statements	The Company	All companies in the financial statements
Director	(20.04%)	(20.04%)	201.6%	201.6%
Supervisor	0	0	0	0
President and Vice President	(11.30%)	(11.30%)	143.2%	143.2%

The directors and supervisors of the company did not receive retirement payments or director remuneration in the past two years, only some directors were given reasonable expenses due to business execution. The General Manager and Deputy General Manager were paid remuneration based on their work experience, performance, and professionalism. In 2022, the net profit after tax in the individual financial report was 3,717 thousand yuan, so it is impossible to express the proportion of remuneration to net profit after tax.

2. The company's policy on paying director's remuneration is set out in the company's articles of association, which authorizes the board of directors to decide according to the degree of participation and contribution value of the directors and supervisors to the company's operations.

3. The payment of remuneration for the General Manager and Deputy General Manager is mainly salary, which is determined according to the position held and the contribution to the company.

4. Implementation of Corporate Governance

(1) Operation of the Board of Directors: The operation of the board of directors is conducted in accordance with the "Regulations on the Proceedings of the Board of Directors of Publicly Listed Companies". The board of directors held 7 meetings (A) in the most recent year, and the attendance of directors and supervisors is as follows:

Operation of the Board of Directors

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) [B/A] (Note)	Remarks
Chairperson	Dai Wan Shiung Ching Co., Ltd. Rep: CHEN CHI-YU	7	0	100.00	
Director	HUANG CHUN-MING	7	0	100.00	
Director	CHIEN YEU ENTERPRISE CO., LTD. Rep: TSAI HUI-MING	7	2	71.00	
Director	CHAOSHEN INVESTMENT CO. Rep: HUANG TAI-FENG	3	3	100.00	
Independent Director	HUNG YU-TING	7	0	100.00	
Independent Director	NING KUO-HUI	7	0	100.00	
Independent Director	CHEN TZU-JIEN	7	0	100.00	

Other matters to be recorded:

1. If the operation of the board of directors falls under one of the following situations, the date of the board of directors, the period, the content of the motion, the opinions of all independent directors, and the company's handling of the opinions of independent directors should be described:

- (1) Matters listed in Article 14-3 of the Securities Exchange Act: For the most recent year and up to the date of the printing of the annual report, the content of the resolution is on pages 46 to 49 of the annual report.
- (2) Other board resolutions that have been opposed or reserved by independent directors and have records or written statements: None.

2. Enforcement of Directors' disqualification from interest motions:

Meeting Date	Director's Name	Agenda Item	Conflict of Interest Avoidance Reason	Voting Participation Situation
1.14.2022	CHEN HE-SHUN	Compensation Adjustment for the Chairman and Vice Chairman of the Company	Items related to personal	Interested parties abstained from voting as

	HUANG CHUN-MING	Compensation Adjustment for the Chairman and Vice Chairman of the Company	interests	required, and the remaining attending directors passed without objection
03.18.2022	CHEN HE-SHUN	Compensation Adjustment for the Chairman and Vice Chairman of the Company	Items related to personal interests	Interested parties abstained from voting as required, and the remaining attending directors passed without objection
	HUANG CHUN-MING	Compensation Adjustment for the Chairman and Vice Chairman of the Company		
04.22.2022	CHEN CHI-YU	Change of President in the Company	Items related to personal interests Items related to personal interests	Interested parties abstained from voting as required, and the remaining attending directors passed without objection
	CHEN CHI-YU	Appointment of a director in the subsidiary SHANGTING CONSTRUCTION CO.		
3. Implementation of the Board of Directors' evaluation:				

4. Assessment of the objectives and implementation of the enhanced functions of the Board of Directors for the current and most recent years:

The objective is to strengthen "the degree of participation in the company's operations" and "the appointment and continuous education of directors." The company provides diverse

Evaluation Frequency	Evaluation Period	Scope of Evaluation	Evaluation Method	Content of Evaluation
Once per year	Assessment of the performance of the Board of Directors from January 1, 2022, to December 31, 2022	Board of Directors, individual board members, and functional committees	Director's self-assessment questionnaire	The self-assessment of the board's performance includes: the degree of participation in the company's operations, improving the quality of board decisions, the composition and structure of the board, the appointment and continuous education of directors.
			Director's peer assessment self-assessment questionnaire	Peer assessment of board members includes: understanding of company goals and missions, recognition of director responsibilities, operation and communication of internal relations, professionalism and continuous education of directors, internal control.
			Functional committee's self-assessment questionnaire	Self-assessment of the performance of functional committees includes: degree of participation in the company's operations, recognition of the responsibilities of functional committees, improving the decision-making quality of functional committees, composition and selection of functional committees, and internal control.

channels for continuing education. In addition to regularly announcing known director education courses, we will also consider the timing and courses of continuing education channels, continuously improve the functions of the board of directors, and improve corporate governance effectiveness. This year, due to the election of new directors, we will further measure the participation and guidance of industry and professionals.

Operations of Audit Committee

The Audit Committee met 7 times in the most recent year (A), and the attendance of independent directors is as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) [B/A]	Remarks
Independent	HUNG YU-	7	0	100.00	

Director	TING				
Independent Director / Convener	NING KUO-HUI	7	0	100.00	
Independent Director	CHEN TZU-JIEN	7	0	100.00	

Other mentionable items:

- If the operation of the Audit Committee falls under one of the following situations, the date of the Audit Committee meeting, the term, the content of the proposal, the objections, reservations or significant suggestions of the independent directors, the resolution of the Audit Committee, and the company's handling of the Audit Committee's opinions should be described:
 - Matters listed in Article 14-5 of the Securities Exchange Act: Please see Table 1.
 - Other matters that have not been approved by the Audit Committee but have been agreed by more than two-thirds of all directors: No such situations.
- The execution of the independent directors' avoidance of conflicts of interest should describe the name of the independent director, the content of the proposal, the reasons for the avoidance of benefits, and the voting situation: No such situations.
- The communication between independent directors and the internal audit supervisor and accountant (including significant matters, methods and results of communication on the company's financial and business status).

Date	Communication Method	Participants	Communication Item	Result
2022.01.14	1 st Audit Committee – 13 th Meeting	Independent Director, auditors	1. Internal audit business report 2. Repayment plan for the exchange (transfer) of corporate bonds 3. Repayment plan for funds loaned 4. Report on the execution of capital reduction for Zhaoting Real Estate Co., Ltd. 5. The case of cash capital reduction in the subsidiary Shanghai Laidisida Furniture Co., Ltd.	1. Agreed and noted. 2. Agreed and noted. 3. Agreed and noted. 4. After deliberation, it was submitted to the Board of Directors for resolution
2022.3.18	1 st Audit Committee – 14 th Meeting	Independent Director, auditors, CPAs	1. Internal audit business report 2. 2021 business report, individual financial statements, and consolidated financial statements 3. 2021 loss compensation case 4. 2021 Internal control system statement and the internal control special review report of the company and its subsidiary SHANG TING CONSTRUCTION CO. for 2021	1. Agreed and noted. 2. After deliberation, it was submitted to the Board of Directors for resolution 3. After deliberation, it was submitted to the Board of Directors for resolution 4. After deliberation, it was submitted to the

			<p>5. Revision of some articles in the "Procedure for Acquisition or Disposition of Assets"</p> <p>6. Revision of the company's internal control system</p>	<p>Board of Directors for resolution</p> <p>5. After deliberation, it was submitted to the Board of Directors for resolution</p> <p>6. After deliberation, it was submitted to the Board of Directors for resolution</p>
2022.4.22	1 st Audit Committee – 15 th Meeting	Independent Director, auditors	<p>1. The change in the company's audit supervisor</p> <p>2. The simplified merger case of the company and its subsidiary Sanlong Investment Co., Ltd.</p>	<p>1. After deliberation, it was submitted to the Board of Directors for resolution</p> <p>2. After deliberation, it was submitted to the Board of Directors for resolution</p>
2022.5.11	1 st Audit Committee – 16 th Meeting	Independent Director, auditors	<p>1. Report on the execution progress of the company's self-compiled financial report capability plan</p> <p>2. Report that the disposal of the equity of the subsidiary Sanyo Energy Industrial Co., Ltd. has been completed</p> <p>3. The company's Q1 2022 consolidated financial report</p>	<p>1. Agreed and noted.</p> <p>2. Agreed and noted.</p> <p>3. After deliberation, it was submitted to the Board of Directors for resolution</p>
2022.8.10	1 st Audit Committee – 17 th Meeting	Independent Director, auditors	<p>1. The company's Q2 2022 consolidated financial report</p> <p>2. The case for endorsing financing guarantees for the subsidiary SHANG TING CONSTRUCTION CO.</p> <p>3. The change in the company's finance supervisor and accounting supervisor</p>	<p>1. After deliberation, it was submitted to the Board of Directors for resolution</p> <p>2. After deliberation, it was submitted to the Board of Directors for resolution</p> <p>3. After deliberation, it was submitted to the Board of Directors for resolution</p>
2022.11.09	1 st Audit Committee – 18 th Meeting	Independent Director, auditors	<p>1. Report on the execution of the endorsement guarantee case for the subsidiary SHANG TING CONSTRUCTION CO.: The unexecuted items in the last meeting record and execution situation will be made into individual financing projects.</p> <p>2. Report on the execution of the company's "Sound Operation Plan"</p> <p>3. The company's Q3 2022 consolidated financial report</p> <p>4. Proposal for the company's</p>	<p>1. Agreed and noted.</p> <p>2. Agreed and noted.</p> <p>3. After deliberation, it was submitted to the Board of Directors for resolution</p>

			<p>2023 audit plan</p> <p>5. Proposal to carry out cash capital increase for the subsidiary SHANG TING CONSTRUCTION CO.</p> <p>6. Proposal to sell the company's land and building in Taoyuan City</p>	<p>4. After deliberation, it was submitted to the Board of Directors for resolution</p> <p>5. After deliberation, it was submitted to the Board of Directors for resolution</p> <p>6. After deliberation, it was submitted to the Board of Directors for resolution</p>
2022.12.26	1 st Audit Committee – 19 th Meeting	Independent Director, auditors	<p>1. Proposal to dispose of the equity of the subsidiary Zhaoting Real Estate Co., Ltd.</p> <p>2. Proposal to dispose of the equity of the foreign subsidiary Shanghai Laidisida Furniture Co., Ltd.</p> <p>3. Proposal to change the accounting policy of subsequent measurement of investment property from cost model to fair value model</p> <p>4. Establishment of the company's "Internal Significant Information Handling and Insider Trading Prevention Procedure"</p>	<p>1. After deliberation, it was submitted to the Board of Directors for resolution</p> <p>2. After deliberation, it was submitted to the Board of Directors for resolution</p> <p>3. After deliberation, it was submitted to the Board of Directors for resolution</p> <p>4. After deliberation, it was submitted to the Board of Directors for resolution</p>

Table 1

Summary Table of First Audit Committee Meeting Items

Time	Name	Summary of Agenda Items (Note 1)	Items Listed in Article 14-5 of the Securities and Exchange Act	Company's Handling of the Audit Committee's Opinions
2022.01.14	1 st Audit Committee – 13 th Meeting	1. Report items: omitted 2. Recognition and discussion items: (1) Amendment of the company's authority management method (2) The case of cash capital reduction in the subsidiary Shanghai Laidisida Furniture Co., Ltd.	V	Proposed to the Board of Directors and passed with the unanimous consent of all directors present.
2022.03.18	1 st Audit Committee – 14 th Meeting	1. Report items: omitted 2. Recognition and discussion items: (1) The company's 2021 business report, individual financial statements, and consolidated financial statements (2) The company's 2021 loss compensation case (3) The company's 2021 internal control system statement and the internal control special review report of the company and its subsidiary SHANG TING CONSTRUCTION CO. for 2021 (4) Revision of some articles in the "Procedure for Acquisition or Disposition of Assets" (5) Regular evaluation of the auditor's independence and suitability (6) 2022 audit accounting public expense case (7) Revision of the company's internal control system	V V V V V	Proposed to the Board of Directors and passed with the unanimous consent of all directors present.
2022.04.22	1 st Audit Committee – 15 th Meeting	1. Report items: omitted 2. Recognition and discussion items: (1) The change in the company's audit supervisor (2) The simplified merger case of the company and its subsidiary Sanlong Investment Co., Ltd.	V	Proposed to the Board of Directors and passed with the unanimous consent of all directors present.
2022.05.11	1 st Audit Committee – 16 th Meeting	1. Report items: omitted 2. Recognition and discussion items: (1) The company's Q1 2022 consolidated financial report		Proposed to the Board of Directors and passed with the unanimous consent of all directors present.
2022.08.10	1 st Audit Committee – 17 th Meeting	1. Report items: omitted 2. Recognition and discussion items: (1) The company's Q2 2022 consolidated financial report (2) The case for endorsing financing guarantees for the subsidiary SHANG TING CONSTRUCTION CO. (3) The change in the company's finance supervisor and accounting supervisor	V V	Proposed to the Board of Directors and passed with the unanimous consent of all directors present.
2022.11.9	1 st Audit	1. Report items: omitted		Proposed to the

Time	Name	Summary of Agenda Items (Note 1)	Items Listed in Article 14-5 of the Securities and Exchange Act	Company's Handling of the Audit Committee's Opinions
	Committee – 18 th Meeting	2. Recognition and discussion items: (1) The company's Q3 2022 consolidated financial report (2) Proposal for the company's 2023 audit plan (3) Proposal to carry out cash capital increase for the small company SHANGTING CONSTRUCTION CO. (4) Proposal to sell the company's land and building in Taoyuan City	V V V	Board of Directors and passed with the unanimous consent of all directors present.
2022.12.26	1 st Audit Committee – 19 th Meeting	1. Report items: omitted 2. Recognition and discussion items: (1) Proposal to dispose of the equity of the subsidiary Zhaoting Real Estate Co., Ltd. (2) Proposal to dispose of the equity of the foreign subsidiary Shanghai Laidisida Furniture Co., Ltd. (3) Proposal to change the accounting policy of subsequent measurement of investment property from cost model to fair value model (4) Establishment of the company's "Internal Significant Information Handling and Insider Trading Prevention Procedure"	V V V V	Proposed to the Board of Directors and passed with the unanimous consent of all directors present.

(3) Corporate Governance Implementation Status and Deviations from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons:

Evaluation Item	Implementation Status (Note)			Deviations from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Y	N	Abstract Explanation	
1. Does the Company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	V		The company has established a "Corporate Governance Practice Code" which is disclosed on the corporate website and MOPS.	No significant differences
2. Shareholding structure & shareholders’ rights (1) Does the Company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	V		The company has established a spokesperson and deputy spokesperson system, and has set up a spokesperson mailbox, spokesman@triocean.com.tw, as a communication channel for shareholders to properly handle shareholder suggestions and doubts. For stock affairs, a professional stock agency is appointed to handle related issues.	No significant differences
(2) Does the Company possess the list of its major shareholders as well as the ultimate owners of those shares?	V		The company constantly monitors the actual controlling shareholders and the list of ultimate controllers of the main shareholders based on the shareholder register provided by the stock agency.	No significant differences
(3) Does the Company establish and execute the risk management and firewall system within its conglomerate structure?	V		The company has formulated "Group Enterprise, Specific Company and Related Person Transaction Procedures", "Supervision and Management Operations of Subsidiaries" and other related operational methods and implements them to achieve risk control mechanisms and prevent abnormal transaction situations.	No significant differences
(4) Does the Company establish internal rules against insiders trading with undisclosed information?	V		The company has formulated ethical behavior guidelines and insider trading management procedures, specifying that directors, supervisors and	No significant differences

Evaluation Item	Implementation Status (Note)			Deviations from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Y	N	Abstract Explanation	
			managers must abide by the principle of fair trade and avoid opportunities for private gain, and announce related regulations on the official website.	
3. Composition and responsibilities of the Board of Directors (1) Does the Board develop and implement a diversified policy and specific objectives of management for the composition of its members?	V		The company's Corporate Governance Practice Code Article 20 has formulated and implemented a diversity policy. The company's board of directors is composed of members with diverse backgrounds, possessing different professional backgrounds and industry experiences, to ensure the diversity and independence of board members and announce it on the company's official website.	No significant differences
(2) Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		V	In addition to establishing a remuneration committee, the company has also established an audit committee after the 21st board of directors election. At present, no other functional committees have been set up.	Will be established according to the actual development needs of the company and legal regulations.
(3) Does the Company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the compensation of individual directors and nominations for reelection?	V		The company has established a board performance evaluation method and announced it on the official website. In 2022, the board performance evaluation was carried out by questionnaire for self-evaluation by directors and functional committees, and the results were reported to the board of directors on March 23, 2023, for regular review of board efficiency. Please refer to page 18 of the annual report for information on the operation of the board of directors.	No significant differences
(4) Does the cCompany regularly evaluate the independence of CPAs?	V		The company evaluates the independence and suitability of the certified public accountant on a	No significant differences

Evaluation Item	Implementation Status (Note)			Deviations from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Y	N	Abstract Explanation	
			<p>regular basis as follows:</p> <ol style="list-style-type: none"> 1. The independence between the accountant and the company complies with Article 47 of the Accountant Law and the Code of Professional Ethics for Accountants No. 10. 2. The same certified public accountant has not been continuously appointed for five years. 3. An independent statement issued by the accountant has been obtained. The evaluation results were submitted to the board of directors for discussion on March 23, 2023. 	
4. Does the Company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders’ meetings, and producing minutes of board meetings and shareholders’ meetings)?	V		The company's governance matters are handled by a dedicated person in the management department's shareholder affairs unit. This includes providing information needed by directors and audit committee members, assisting directors in complying with laws and regulations, handling board and shareholder meeting related matters, and company registration and changes. The company has not yet appointed a corporate governance officer and will set up one in accordance with laws and development needs.	The company set up a corporate governance supervisor in March 2023.

Evaluation Item	Implementation Status (Note)			Deviations from the “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Y	N	Abstract Explanation	
5. Does the Company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	V		The company maintains good communication with investors, employees, consumers, suppliers, and distributors through procurement, finance, and other specialized units, and has set up a stakeholder section on the company website to appropriately respond to important corporate social responsibility issues concerned by stakeholders. For related information, please refer to Appendix 2.	No significant differences
6. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The company has appointed KGI Securities Co., Ltd. to handle shareholder meeting affairs.	No significant differences
7. Information disclosure (1) Does the Company have a corporate website to disclose both financial standings and the status of corporate governance?	V		The company has set up a website to disclose financial, business, and corporate governance-related information.	No significant differences
(2) Does the Company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	V		The company has designated a person to be responsible for the collection and disclosure of company information, and has implemented a spokesperson system, holds corporate briefings every year, and announces information on the official website.	No significant differences
(3) Does the Company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?	V		The company, in accordance with Article 36 of the Securities Exchange Act, announces and reports annual financial reports within three months after the end of each fiscal year, and announces and reports the first, second, third quarter financial reports and monthly operation conditions within the prescribed period.	No significant differences
8. Is there any other important information to facilitate a better understanding of the company’s corporate governance practices (including but not limited to	V		1. Employee rights and care: The company has a staff welfare committee and regularly holds labor-	No significant differences

Evaluation Item	Implementation Status (Note)			Deviations from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Y	N	Abstract Explanation	
employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?			<p>management meetings. The labor and management sides communicate and coordinate well, maintaining harmonious labor-management relations. The company also encourages employees to further their education and enhance their work skills, and always abides by government regulations to protect labor rights. Labor-management relations are harmonious.</p> <p>2. Investor relations: The company announces financial statements and various financial business-related information on the public information observation station and the company website according to regulations, and has a spokesperson system so that investors can understand the company's operational status in real time.</p> <p>3. Supplier relations: The company maintains long-term good relations with suppliers and vendors. Business cooperation is good, communication channels are smooth, and the maintenance of good relations is valued.</p> <p>4. Rights of stakeholders: The company's website has set up a communication channel in the stakeholder section and provides sufficient information in a timely manner to protect the rights of stakeholders.</p> <p>5. Continuing Education for Directors and Supervisors: The company actively assists directors and supervisors in taking professional knowledge courses to strengthen the functions of the board of directors. The situation of our directors' continuing</p>	

Evaluation Item	Implementation Status (Note)			Deviations from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Y	N	Abstract Explanation	
			<p>education in 2020 has been declared and announced at MOPS in accordance with regulations. Please refer to Appendix 3 for details.</p> <p>6. Implementation of Risk Management Policy and Risk Measurement Standards: In response to foreign exchange risk, interest rate risk, and inflation risk, The company established a risk management policy on October 20, 2012, along with a risk management organizational structure, which has been announced on the company's website and implemented.</p> <p>7. The Company's Purchase of Liability Insurance for Directors and Supervisors: The company has been insuring related liability insurance for the company's directors and supervisors since 2015 and has continued to renew it; in March 2023, through Marsh Taiwan, we insured the directors and supervisors with a liability insurance of US\$1 million from American International Insurance Co., Ltd. (AIG).</p>	
<p>9. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures. (No need to fill in for those not listed as evaluated companies)</p> <p>The Company is not listed for evaluation in 2022.</p>				

Table 1: Implementation of Diversity Policy by the Board of Directors

Implementation of Diversity Policy by the 21st Board of Directors

Core Diversity Items		Basic Composition				Independent Directors' Tenure			Professional Capabilities							
		Director's Name	Gender	Concurrent Employee of the Company	Under 60 years old	Over 60 years old	Less than 3 years	3-9 years	More than 9 years	Operational Judgment	Accounting and Financial Analysis	Business Management	Crisis Management	Industry Knowledge	Global Market View	Leadership
Chairman	Dai Wan Shiung Ching Co., Ltd.	M	V	V					V		V	V	V	V	V	V
	Rep: CHEN CHI-YU															
Director	HUANG CHUN-MING	M			V				V		V	V	V	V	V	V
Director	CHIEN YEUE ENTERPRISE CO., LTD.	M		V					V		V	V	V	V	V	V
	Rep: TSAI HUI-MING															
Director	Chao Sheng Investment Co., Ltd.	M		V					V	V	V	V	V	V	V	V
	Rep: HUANG TAI-FENG															
Independent Director	HUNG YU-TING	F		V				V	V		V	V			V	V
Independent Director	NING KUO-HUI	M			V			V	V	V	V	V			V	V
Independent Director	CHEN TZU-JIEN	M		V		V			V	V	V	V			V	V

The board of directors of The company should guide the company's business strategy, supervise the management level, exercise powers responsibly to the company and shareholders in accordance with laws, regulations, company articles, and shareholder resolutions, and set the following management goals:

1. There should be at least one director covering professional fields such as business management, financial accounting, investment analysis, legal or information construction.
2. Pay attention to gender equality among the members of the board of directors, and there should be at least one female member.
3. The number of members concurrently serving as managers should not exceed 1/3 of the director's seats.

In response to the development and business needs of the company, there are currently 7 members of our board of directors (including 3 independent directors), with 3 professional members in financial accounting or investment analysis, 1 female member, and 1 person concurrently serving as manager, all of which have achieved the goals of the board of directors' diversification policy.

Table 2: Stakeholders Section

Stakeholders	Priority Issues	Communication Channels, Response Methods and Frequency
Employees	Human resource management, employee health and safety in the workplace	Regular labor-management meetings are held every year, and employees can obtain relevant information from the internal sharing platform and the company website.
Customers	Customer Service, Risk Management, Integrity Management	Email: Employee Complaint Mailbox, HR from the Management Department: cathywan@triocean.com.tw
Suppliers	Regulatory Compliance, Risk Management, Integrity Management	Regular internal meetings and audit visits, and assign a person to be responsible for occasional contact with customers.
Investors	Corporate Governance, Integrity	EMAIL service@triocean.com.tw
Government and Regulators	Corporate Governance, Regulatory Compliance	Information is made public on the website and a dedicated person is assigned to contact suppliers from time to time

Table 3: The following are the relevant information for directors' and supervisors' training in 2022:

Title	Name	Date	Organizer	Course	Hrs
Director	HUANG CHUN-MING	2022/0422	Institute for Sustainable Energy	Taishin Thirty Sustainable Net Zero Summit Forum - Serious Net Zero - Achieving Sustainability 2030	3
		2022/1026	Securities and Futures Institute	2022 Internal Equity Trading Legal Compliance Advocacy Briefing	3
Representative of Corporate Director	TSAI HUI-MING	2022/0422	Institute for Sustainable Energy	Taishin Thirty Sustainable Net Zero Summit Forum - Serious Net Zero - Achieving Sustainability 2030	3
		2022/0727	Securities and Futures Institute	Sustainable Development Path Map Industry Theme Advocacy Meeting	2
		2022/1227	Accounting Research and Development Foundation	ESG Information Disclosure Trends and Related Norms	3
Representative of Corporate Director	HUANG TAI-FENG	2022/1202	Taiwan Corporate Governance Association	The Positioning and Changes of Directors' Functions Under ESG Trends	3
		2022/1206	Taiwan Corporate Governance Association	How to Understand Financial Reports to Guard the Operation of a Company	3
Independent Director	HUNG YU-TING	2022/0422	Institute for Sustainable Energy	Taishin Thirty Sustainable Net Zero Summit Forum - Serious Net Zero - Achieving Sustainability 2030	3
		2022/0512	Taiwan Stock Exchange Corporation/Taiwan Corporate Governance Association/Alliance Advisors	International Twin Peaks Online Forum	2
		2022/0727	Securities and Futures Institute	Sustainable Development Path Map Industry Theme Advocacy Meeting	2
Independent Director	NING KUO-HUI	2022/0422	Institute for Sustainable Energy	Taishin Thirty Sustainable Net Zero Summit Forum - Serious Net Zero - Achieving Sustainability 2030	3
		2022//0504	Taiwan Stock Exchange Corporation/Taiwan Corporate Governance Association/Alliance Advisors	International Twin Peaks Online Forum	2
		2022/0808	Securities and Futures Institute	Talking About the Role of the Board of Directors From the Perspective of Corporate Fraud Prevention	3
Independent Director	CHEN TZU-JIEN	2022/0614	Taiwan Corporate Governance Association	How the Audit Committee Implements Financial Report Review	3
		2022/0920	Taiwan Corporate Governance Association	Ten Lessons on Corporate Governance	3

(4) If the Company has established a remuneration committee, it should disclose its composition, duties, and operation:

1. Committee Member Information

Dec. 31, 2022

Position	Criteria	Professional Qualifications and Experiences	Independence	Number of members of other public companies' Remuneration Committees
Independent Director /Convener of the Remuneration Committee	HUNG YU-TING	<p>Experiences: Bachelor of Management at Cheng Shiu University Director at TAIWAN WAX COMPANY LTD.</p> <p>Has work experience, professional knowledge, and skills necessary for business and corporate operations.</p> <p>None of the circumstances stated in Article 30 of the Company Act apply.</p>	<p>Compliance with independence, without the following circumstances:</p> <ol style="list-style-type: none"> 1. The individual, spouse, and relatives within the second degree of kinship serve as directors, supervisors, or employees of this company or its affiliated enterprises. 2. The individual, spouse, and relatives within the second degree of kinship (or using the name of others) hold shares in the company. 3. Serving as a director, supervisor, or employee of a company with a specific relationship with this company. 4. In the past 2 years, remuneration has been obtained for providing business, legal, financial, accounting and other services to this company or its affiliated enterprises. 	None

Position Name	Criteria	Professional Qualifications and Experiences	Independence	Number of members of other public companies' Remuneration Committees
Members of the Remuneration Committee	WANG, JUN-WEI	<p>Experiences: Bachelor of Commerce from National Chin-Yi University of Technology Manager at G-Way Consulting Corp., Independent Director at TRIOCEAN INDUSTRIAL CORPORATION CO., LTD.</p> <p>Has work experience, professional knowledge, and skills necessary for business and corporate operations.</p>	<p>Compliance with independence, without the following circumstances:</p> <ol style="list-style-type: none"> 1. The individual, spouse, and relatives within the second degree of kinship serve as directors, supervisors, or employees of this company or its affiliated enterprises. 2. The individual, spouse, and relatives within the second degree of kinship (or using the name of others) hold shares in the company. 3. Serving as a director, supervisor, or employee of a company with a specific relationship with this company. 4. In the past 2 years, remuneration has been obtained for providing business, legal, financial, accounting and other services to this company or its affiliated enterprises. 	None
Independent Director	CHEN TZU-JIEN	<p>Experiences: Associate of Audit Services at PwC Taiwan, Senior Manager of Audit Services at PwC China, Independent Director at JINGYUE MICROWAVE INTEGRATED CIRCUIT MANUFACTURING CO., LTD., Independent Director at POWER QUOTIENT INTERNATONAL CO., LTD., Supervisor at Lifestyle Global Enterprise Inc.</p> <p>Practicing Accountant at Shangjin Accounting Firm</p> <p>Has work experience, professional knowledge, and skills necessary for business, finance, and accounting.</p> <p>None of the circumstances stated in Article 30 of the Company Act apply.</p>	<p>Compliance with independence, without the following circumstances:</p> <ol style="list-style-type: none"> 1. The individual, spouse, and relatives within the second degree of kinship serve as directors, supervisors, or employees of this company or its affiliated enterprises. 2. The person, spouse, and relatives within the second degree (or using someone else's name) hold shares in the company 3. Serve as a director, supervisor, or employee of a company that has a specific relationship with this company 4. In the past 2 years, remuneration has been obtained for providing business, legal, financial, accounting and other services to this company or its affiliated enterprises. 	1: Remuneration Committee Member of ELECTRIC POWER TECHNOLOGY LIMITED

2. Information on the operation of the Remuneration Committee

1. **The Remuneration Committee of the Company comprises 3 members.**
2. **The current committee term: from June 9, 2020, to June 1, 2023. The most recent Remuneration Committee meeting was held three times (A), and the qualifications and attendance of the members are as follows:**

Title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance (B/A)	Remark
Convener	HUNG YU-TING	4	0	100%	Re-elected
Member	WANG, JUN-WEI	4	0	100%	Re-elected
Member	CHEN TZU-JIEN	4	0	100%	Newly elected

Other matters that should be recorded:

I. If the board of directors does not adopt or amend the recommendations of the Remuneration Committee, the date of the board of directors, the period, the content of the proposal, the resolution of the board of directors, and the company's handling of the opinions of the Remuneration Committee should be stated (if the remuneration passed by the board of directors is better than the recommendation of the Remuneration Committee, the difference and the reason should be stated): no such situation.

II. If the resolution of the Remuneration Committee has opposing or reserved opinions from members and there are records or written statements, the date of the Remuneration Committee, the period, the content of the proposal, the opinions of all members, and the handling of members' opinions should be stated: no such situation.

3. The discussion and resolution results of the Remuneration Committee in the most recent year, and the Company's handling of members' opinions.

Time	Name	Summary of Agenda Item (Note)	The Company's Handling
2022.01.14	5 th Remuneration Committee – 8 th Meeting	1. Reporting Items: Not Applicable 2. Recognition and Discussion Items: (1) The Company intends not to distribute employee and director remuneration in 2021 (2) The 2021 Year-end Bonus Case for the Managers of the Company and its Subsidiaries (3) The Salary Remuneration Case for the Deputy General Manager of the Subsidiary SHANG TING CONSTRUCTION CO. (4) The Case of Salary Remuneration Adjustment for the Chairman and Vice Chairman of the Company	Submitted to the Board and approved by all the attending directors.
2022.03.18	5 th Remuneration Committee – 9 th Meeting	1. Reporting Items: Not Applicable 2. Recognition and Discussion Items: (1) The Case of Salary Remuneration Adjustment for the Chairman and Vice Chairman of the Company (2) The Case of Salary Remuneration Adjustment for the Deputy General Manager of the Subsidiary SHANG TING CONSTRUCTION CO.	Submitted to the Board and approved by all the attending directors.
2022.05.11	5 th Remuneration Committee – 10 th Meeting	1. Reporting Items: Not Applicable 2. Recognition and Discussion Items: (1) Regular Review of the Company's "Remuneration Method for Directors and Managers" (2) The Salary Remuneration Case for the Chairman of the Company	Submitted to the Board and approved by all the attending directors.
2022.12.26	5 th Remuneration Committee – 11 th Meeting	1. Reporting Items: Not Applicable 2. Recognition and Discussion Items: (1) The 2022 Year-end Bonus Distribution Case for the Managers of the Company and its Subsidiaries (2) Approval of the Appointment and Salary Remuneration Case of the Company's Deputy General Manager, HSU CHENG-CHU (3) Approval of the Appointment and Salary Remuneration Case for the Deputy General Manager of the Subsidiary SHANG TING CONSTRUCTION CO., Pan Yongqing (4) Approval of the Salary Remuneration Adjustment Case for the Deputy General Manager of the Subsidiary SHANG TING CONSTRUCTION CO.	1. Review will be carried out after all the information is completed. The rest are proposed to the Board of Directors and passed with the unanimous consent of all directors present.

Note: All recognition, discussion items and temporary motions were agreed and resolved by the attending committee members and directors, and there was no dissenting opinion on the significant resolutions passed by the remuneration committee by independent directors and there was no record or written statement.

(5) Implementation of Sustainable Development and Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons:

Promotional Items	Implementation Status (Note 1)			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Y	N	Abstract Explanation	
1. Does the Company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?		V	<u>The company's management department is responsible for related sustainable development matters, and will promote the preparation of a dedicated (concurrent) unit for sustainable development in accordance with laws and regulations, in order to promote the governance structure of sustainable development.</u>	The company will formulate plans according to the development needs of the company and legal regulations in the future.
2. Does the Company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies? (Note 2)		V	<u>1. With regards to the principle of materiality, The company conducts risk assessments on issues related to corporate operations, establishes related risk management policies, and has risk management policies for significant societal issues such as foreign exchange, interest rates, and inflation to enhance corporate performance and shareholder rights.</u> <u>2. In terms of corporate governance, The company regards strengthening legal compliance as a key</u>	No significant differences

Promotional Items	Implementation Status (Note 1)			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Y	N	Abstract Explanation	
			<u>part of the internal control system, and has established a "Legal Compliance System". Regular meetings with management are held every quarter to discuss topics such as internal and external audit reviews, education, training, and promotion. We manage the company's legal compliance matters and gradually introduce a systematic approach.</u>	
3. Environmental issues (1) Does the Company establish proper environmental management systems based on the characteristics of its industry?	V		<u>The company is committed to environmental protection, reducing energy consumption, maintaining the safety and health of all employees, and these are consistent goals. We strive to implement an environmental management system to ensure that the company's policies have the least adverse impact on the environment:</u> <u>1. Clearly understand the company's relevant environmental regulations and confirm that the company meets the minimum legal requirements, and make improvements where feasible.</u>	No significant differences

Promotional Items	Implementation Status (Note 1)			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Y	N	Abstract Explanation	
			<p><u>2. Regular and irregular reviews and supervision to confirm the implementation of policies. If there are any discrepancies, take relevant remedial measures as soon as possible.</u></p> <p><u>3. Ensure that all employees' behavior in the work process complies with environmental policies and encourage suppliers, outsourcing factories, and contractors to implement the company's environmental protection policies.</u></p> <p><u>4. During the production process, pay special attention to the selection of non-polluting technologies, minimizing waste, reusing and recycling resources to reduce energy consumption.</u></p> <p><u>5. Encourage employees to participate in environmental protection activities, promote environmental awareness, and periodically plan to participate in local community activities to make a</u></p>	

Promotional Items	Implementation Status (Note 1)			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Y	N	Abstract Explanation	
			<u>positive environmental contribution to the local community.</u>	
(2) Does the Company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	V		<u>1. The company has always valued environmental protection and energy conservation, actively strengthening pollution prevention, energy and resource conservation, waste reduction and recycling, and the management of product packaging materials, to reduce packaging resources and lower greenhouse gas emissions.</u> <u>2. Using environmentally friendly and energy-saving equipment.</u>	No significant differences
(3) Does the Company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?	V		<u>Climate change is an important issue for The company. To reduce energy consumption in the company environment, we have replaced old lighting equipment with environmentally friendly lamps to reduce the impact on the greenhouse effect.</u>	No significant differences
(4) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of		V	<u>The company has not yet calculated the greenhouse gas emissions, water usage, and total</u>	The company will formulate plans

Promotional Items	Implementation Status (Note 1)			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Y	N	Abstract Explanation	
waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?			<u>weight of waste in the past two years. In the future, we will gradually implement related plans according to laws and regulations. We will periodically educate employees on environmental awareness such as energy conservation and carbon reduction, advocate turning off lights, saving electricity and water, and reusing waste paper, and at the same time, use energy-saving equipment to reduce energy waste.</u>	according to the development needs of the company and legal regulations in the future
4. Social issues (1) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		<u>The company acknowledges and supports the United Nations "Universal Declaration of Human Rights", "Global Compact", "Guiding Principles on Business and Human Rights", and the International Labor Organization's "Declaration on Fundamental Principles and Rights at Work". We respect internationally recognized human rights standards, ensure that we do not infringe upon basic human rights, and treat all colleagues, contract and temporary staff with dignity. Based on this, we have formulated a human rights policy and</u>	No significant differences

Promotional Items	Implementation Status (Note 1)			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Y	N	Abstract Explanation	
			<p>published it on The company's website.</p> <p><u>The company's personnel management rules are formulated in accordance with relevant labor laws and regulations, human rights conventions, occupational safety and health regulations, and we have established "Sexual Harassment Prevention Measures and Complaints and Punishment Procedures" to protect employee rights and achieve protection of employee health and safety.</u></p>	
(2) Does the Company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	V		<p><u>1. The company provides diverse welfare measures and has a staff welfare committee in place. We conduct employee welfare activities and have detailed welfare plans and budgets every year, including holiday gifts, assistance for employee weddings and funerals, employee birthday vouchers, etc. In addition, the company provides group insurance for employees and regularly holds educational training to improve workplace skills.</u></p> <p><u>2. To attract and retain talent, The company has a</u></p>	No significant differences

Promotional Items	Implementation Status (Note 1)			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Y	N	Abstract Explanation	
			<u>fair and comprehensive salary and bonus system, which is distributed according to the company's business performance and individual performance, with no differences due to gender, age, race, nationality, etc.</u>	
(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	V		<p><u>Each employee in The company is covered by public liability insurance, etc., and the following measures are taken to create a safe working environment beneficial to both labor and management:</u></p> <p><u>1. Maintenance of the working environment: Regular maintenance of fire facilities, optimization of safety and health equipment.</u></p> <p><u>2. Maintenance of employee health: In addition to cooperating with the government in conducting occupational disease health checks, the company also has medicines, sanitary materials, simple medical equipment, etc.</u></p>	No significant differences

Promotional Items	Implementation Status (Note 1)			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Y	N	Abstract Explanation	
			<p><u>3. Training and drills: To ensure employee safety, the company has developed various "emergency response plans" for fires, typhoons, earthquakes, evacuations, etc., regularly drills for possible disasters and makes response measures, so that in case of an accident, it can be handled quickly and systematically, minimizing injuries and losses.</u></p> <p><u>4. In addition, the education and training for new employees include "safety and health education". In 2022, a total of 11 people received training, and in-service colleagues were also arranged regularly.</u></p>	
(4) Does the Company provide its employees with career development and training sessions?	V		<p>We encourage employees to further their studies in their spare time. The company has established job training regulations. The training plan is proposed by each department at the end of each year based on their annual education and training needs. Employee training and development are divided into training for new employees, external job training, and internal training. We hope to allow</p>	No significant differences

Promotional Items	Implementation Status (Note 1)			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons																		
	Y	N	Abstract Explanation																			
			<p>employees to continue to learn and grow in their respective positions, and lay the foundation for the company's future growth.</p> <p>In 2022, the training cost totaled 7,000 New Taiwan Dollars, and the total training time was 24 hours.</p> <table border="1"> <thead> <tr> <th>2022 External Training Lecture Plan - Education Training Course Names</th> <th>Hours</th> <th>Number of Trainees</th> </tr> </thead> <tbody> <tr> <td>Labor Law Minefield! Defense Tactics Against Labor Disputes for Enterprises</td> <td>4</td> <td>1</td> </tr> <tr> <td>2022 Public Company Business Promotion Conference</td> <td>4</td> <td>1</td> </tr> <tr> <td>2022 Public Company Business Promotion Conference</td> <td>4</td> <td>1</td> </tr> <tr> <td>Common Errors in Corporate Financial Reporting Compilation and Internal Audit/Internal Control Compliance Practice</td> <td>6</td> <td>1</td> </tr> <tr> <td>"Financial Report Review" - Common Mistakes and Analysis of Important Internal Control Regulations</td> <td>6</td> <td>1</td> </tr> </tbody> </table>	2022 External Training Lecture Plan - Education Training Course Names	Hours	Number of Trainees	Labor Law Minefield! Defense Tactics Against Labor Disputes for Enterprises	4	1	2022 Public Company Business Promotion Conference	4	1	2022 Public Company Business Promotion Conference	4	1	Common Errors in Corporate Financial Reporting Compilation and Internal Audit/Internal Control Compliance Practice	6	1	"Financial Report Review" - Common Mistakes and Analysis of Important Internal Control Regulations	6	1	
2022 External Training Lecture Plan - Education Training Course Names	Hours	Number of Trainees																				
Labor Law Minefield! Defense Tactics Against Labor Disputes for Enterprises	4	1																				
2022 Public Company Business Promotion Conference	4	1																				
2022 Public Company Business Promotion Conference	4	1																				
Common Errors in Corporate Financial Reporting Compilation and Internal Audit/Internal Control Compliance Practice	6	1																				
"Financial Report Review" - Common Mistakes and Analysis of Important Internal Control Regulations	6	1																				
(5)Do the Company’s products and services comply with relevant laws and international standards in	V		<u>The company has a 0800 toll-free customer service hotline, including customer complaints, dispute</u>	No significant differences																		

Promotional Items	Implementation Status (Note 1)			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Y	N	Abstract Explanation	
relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented?			<u>resolution, and after-sales service mechanisms. As for customer data, it is managed confidentially according to the Personal Data Protection Act, and unrelated business personnel are not allowed to view it. A mailbox for stakeholders has been established on the company website as a channel for consumers.</u>	
(6)Does the Company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.	V		<u>1. The "General Rules" in The company's supplier contract clearly stipulate that they should follow the government's standards for the construction of safety and health facilities, labor safety and health facility regulations, labor safety and health laws and their construction details, water pollution control laws, air pollution control laws, noise control laws and waste disposal laws, and construction surplus soil and stone disposal plans etc., during construction, they should always be responsible for site safety, health, and environmental protection.</u> <u>2. Suppliers should dispose of waste from the</u>	No significant differences

Promotional Items	Implementation Status (Note 1)			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Y	N	Abstract Explanation	
			<p><u>project according to the environmental protection waste disposal law and related regulations, legally handle it off-site, and fully bear the responsibility for safety, health, and environmental protection, and pollution prevention facilities. They should take effective measures to prevent occupational disasters, public dangers, and other accidents.</u></p> <p><u>3. The construction site should have a qualified supervisor who has received training, responsible for inspection, supervision, control, and elimination of potential hazards. They should provide necessary safety and health education and training for their workers and keep training records for reference.</u></p> <p><u>4. Hazardous tools or equipment used in construction must have valid proof of inspection by a designated inspection agency before they are allowed on the construction site. Their operators should have training approved by the central government or a certificate of skills test before</u></p>	

Promotional Items	Implementation Status (Note 1)			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Y	N	Abstract Explanation	
			<p><u>they are allowed to operate. If there is a lifting operation, the personnel executing the lift should also have professional training.</u></p> <p><u>5. The employment of foreign workers who have not been granted permission, whose permission has expired, or who have been hired by other units is not allowed.</u></p> <p><u>6. In 2022, the Group obtained a total of 310 signed declarations from suppliers, agreeing to comply with the above policies.</u></p>	
5. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as corporate social responsibility reports? Do the reports above obtain assurance from a third party verification unit?		V	The company has not yet prepared a sustainability report.	The Company will plan according to the development needs of the company and regulatory requirements in the future.
6. Describe the difference, if any, between actual practice and the sustainable development principles, if the Company has implemented such principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies: The company has not yet revised the "Sustainable Business Development Practices", and will promote various sustainable				

Promotional Items	Implementation Status (Note 1)			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Y	N	Abstract Explanation	
development activities based on the promotion of domestic sustainable business related laws and regulations, considering the development trend of domestic sustainable operation, the company's own and its group's overall business operations.				
<p>7. Other significant information for explaining the implementation status of sustainable development practices:</p> <p>The company and its group subsidiaries participated in various social welfare activities irregularly in 2022 and were recognized by the government and social welfare units:</p> <p>TRIOCEAN INDUSTRIAL CORPORATION CO., LTD. - Won the "2022 Buying Power Social Innovation Product and Service Procurement Award" from the Department of Small and Medium Enterprises, Ministry of Economic Affairs, Second Prize.</p> <p>SHANG TING CONSTRUCTION CO. - The construction of a multi-level happy care service park in Pingtung County won the 2022 Urban Engineering Quality Gold Award.</p>				

(6) Fulfillment of Ethical Corporate Management and Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons:

Evaluation Item	Implementation Status(Note 1)			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Y	N	Abstract Illustration	
<p>1. Establishment of ethical corporate management policies and programs</p> <p>(1) Does the company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?</p>	V		The company has established a "Code of Honest Operation", which has been announced to all company colleagues, and is actively promoting its implementation.	No significant differences
<p>(2) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?</p>	V		The company has established a "Code of Honest Operation" and a "Code of Ethical Conduct". The content covers preventive measures for various behaviors under the "Code of Honest Operation for Listed Companies" Article 7, Paragraph 2.	No significant differences

Evaluation Item	Implementation Status(Note 1)			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Y	N	Abstract Illustration	
(3) Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?		V	The company's "Code of Honest Operation" has clearly defined the higher-risk dishonest business activities and adopted related preventive measures. It also stipulates the procedures for whistleblowing and punishment. In the future, the company will further establish a code of conduct as a guide for the management team and employees.	The Company will plan according to the development needs of the company and regulatory requirements in the future.
2. Fulfill operations integrity policy (1) Does the company evaluate business partners' ethical records and include ethIC-related clauses in business contracts?	V		All existing customers and suppliers of the company have been dealing for many years, and there is no record of dishonest behavior. New customers and suppliers must fill out a capital data form, and we conduct certain data collection and investigation on them to avoid transactions with those who have a record of dishonest behavior. Business contracts will refer to the advice of legal advisors and add relevant clauses as appropriate.	No significant differences
(2) Does the company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?		V	Through organizational structure, mutual supervision, combined with timely job rotation, dishonest behavior is prevented. The Board of Directors, based on the method of authorization, is responsible and supervised through internal	The Company will plan according to the development needs of the company and regulatory

Evaluation Item	Implementation Status(Note 1)			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Y	N	Abstract Illustration	
			auditing. The audit is conducted annually according to the audit plan to supervise company staff to adhere to the Code of Honest Operation.	requirements in the future.
(3)Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?		V	In case of conflicts of interest in business, they must be reported to the supervisor in advance and avoided as required by the employment contract to prevent conflicts of interest. For all matters of the Board of Directors, when there is a conflict of interest, they are all based on the principle of avoidance, and they are not participating in discussions and votes.	No significant differences
(4)Does the company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits?	V		The company's accounting system is formulated in accordance with the Securities Exchange Law, Company Law, Commercial Accounting Law, Regulations for the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, Interpretations and Interpretive Announcements approved and promulgated by the Financial Supervisory	No significant differences

Evaluation Item	Implementation Status(Note 1)			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Y	N	Abstract Illustration	
			Commission, and formulated based on the actual situation of the company's business. The internal control system is formulated in accordance with the "Guidelines for the Establishment of Internal Control Systems by Publicly-listed Companies" and other relevant regulations, and they are all implemented. The Audit Department of the Board of Directors also regularly checks the compliance of the accounting system and the internal control system and reports to the Board of Directors.	
(5)Does the company regularly hold internal and external educational trainings on operational integrity?	V		The company regularly conducts education and training on laws and honest operations; the director also regularly participates in seminars or symposia on honest operations each year, and plans to incorporate honest operations into the training course for new employees to achieve the purpose of advocacy and education.	No significant differences

Evaluation Item	Implementation Status(Note 1)			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Y	N	Abstract Illustration	
3. Operation of the integrity channel (1)Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	V		Externally, if internal employees violate the honesty regulations, they can report complaints through a dedicated mailbox/telephone, and the company will assign appropriate personnel to handle the complaints depending on the matter.	No significant differences
(2)Does the company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures?	V		The company has established related operational procedures and mechanisms. Allegations obtained through the reporting pipeline will be kept confidential by the company.	No significant differences
(3)Does the company provide proper whistleblower protection?	V		The company will assign appropriate personnel to handle any reported matters and will maintain confidentiality to avoid any improper treatment of the whistleblower.	No significant differences
4. Strengthening information disclosure Does the company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?		V	The content of The company's code of business integrity is disclosed whether it is on the company's official website or public information observation station. The effectiveness of the related implementation will be disclosed when there are actual achievements.	No significant differences

Evaluation Item	Implementation Status(Note 1)			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Y	N	Abstract Illustration	
5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation: None.				
Other important information to facilitate a better understanding of the company’s ethical corporate management policies. (Cases where the company reviews and amends its established ethical management rules, etc.): None.				

(7) If the company has established corporate governance guidelines and related rules, it should disclose how to inquire about them:
Please see the company's website for information related to corporate governance <http://triocean.com.tw>.

(8) Other important information that can enhance understanding of the operation of corporate governance may also be disclosed: None

(9) Implementation status of the internal control system

1. Internal Control Statement

TRIOCEAN INDUSTRIAL CORPORATION CO., LTD.

Statement of Internal Control System

Date: March 23, 2023

Based on the findings of a self-check, the Company states the following with regard to its internal control system during the year of 2022:

- I. The Company acknowledges that the Company's Board of Directors and the managerial officers are responsible for establishing, implementing, and maintaining an adequate internal control system, and the Company has established such system. The objectives of internal control system include achieving various objectives in business benefits and efficiency (including profitability, performance, and protection of security for assets), ensuring the reliability, timeliness, transparency, and regulatory compliance of reporting, and providing reasonable assurance.
- II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can only provide reasonable assurance of accomplishing the three aforementioned objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.
- III. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations"). The 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 component comprises a few different items. For more information concerning the items, please refer to the Regulations.
- IV. The Company has already adopted the aforementioned Regulations to evaluate the effectiveness of its internal control system design and operating effectiveness.
- V. Based on the findings of the aforementioned evaluation, the Company believes that, on December 31, 2022, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries) to provide reasonable assurance over our operating effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
- VI. This Declaration is an integral part of the Company's annual report and prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This Declaration was passed by the Board of Directors in the meeting held on March 23, 2023, with none of the 7 attending Directors expressing dissenting opinions. The remainder all affirmed the content of this Declaration.

Chairman: Dai Wan Shiung Ching Co., Ltd.

CHEN CHI-YU

President :

CHEN CHI-YU

(10) For the most recent year and as of the date of the annual report, the Company and its internal personnel have been punished by law, or the Company has imposed penalties on its internal personnel for violating the provisions of the internal control system, and the results of such penalties may have a significant impact on shareholders' equity or securities prices, the contents of the penalties, major deficiencies and improvements should be listed: None.

(11) For the most recent year and as of the date of the annual report, major resolutions of shareholders' meeting and board meetings:

Important Resolutions of Shareholders' Meeting and their Execution Status

Date	Name	Summary of Agenda Item (Note)	Implementation
2022.06.08	2022 Annual Shareholders' Meeting	1. Reporting Items: Not Applicable 2. Approval Items: (1) The 2021 business report and financial statement case. (2) The 2021 profit and loss allocation case. 3. Discussion Items: (1) Case to revise certain clauses in the "Procedure for Acquisition or Disposal of Assets". (2) Case to lift the prohibition on directors competing. 4. Other Items and Temporary Motions: None	1. Report Items: Omitted 2. Proposals: (1) The related statements have been registered and reported with the competent authority. (2) No dividends issued. 3. Election Discussion Items: (1) Announced and reported. (2) In accordance with Article 209 of the Companies Act.

Note: All proposals and discussion items were agreed upon and passed by the attending shareholders.

Board of Directors Meeting Summary Table

Date	Name	Note	Summary of Agenda Item (Note)
2022.01.14	21 st Board of Director 15 th Meeting	V V	1. Report items: omitted 2. Recognition and discussion items: (1) 2022 business plan (2) Modify the company's authority management method (3) The company plans not to distribute employee remuneration and director remuneration in 2021 (4) The year-end bonus distribution plan for the company's managers and subsidiary managers in 2021 (5) The remuneration recognition and appointment case for the deputy general manager of the subsidiary SHANG TING CONSTRUCTION CO. (6) Cash capital reduction case for the subsidiary Shanghai Laidisida Furniture Co., Ltd. (7) The salary remuneration adjustment case for the company's chairman and vice-chairman
2022.03.18	21 st Board of Director 16 th Meeting	V V V V	1. Report items: omitted 2. Recognition and discussion items: (1) The company's 2021 business report, individual financial report, and consolidated financial report (2) The company's 2021 loss compensation plan (3) The company's 2021 internal control system declaration and the internal control special review report of the company and the subsidiary SHANG TING CONSTRUCTION CO. in 2021 (4) Amendment of some clauses in the "Procedure for Acquisition or Disposal of Assets" (5) Case for lifting the competition prohibition restriction on directors (6) Date, time, and location of the 2022 annual shareholder meeting, and the agenda of the annual shareholder meeting (7) Regularly assess the independence and suitability of certified accountants (8) Public expenses case for certified accountants in 2022 (9) Amendment of the company's internal control system case (10) The salary remuneration adjustment case for the company's chairman and vice-chairman (11) The salary remuneration adjustment case for the deputy general manager of the subsidiary SHANG TING CONSTRUCTION CO.

Date	Name	Note	Summary of Agenda Item (Note)
2022.04.22	21 st Board of Director 17 th Meeting	V V	1. Report items: omitted 2. Recognition and discussion items: (1) Change in the company's general manager (2) Change in the company's audit supervisor (3) Simplified merger case of the company and the subsidiary Sanlong Investment Co., Ltd. (4) The case of assigning directors to the subsidiary SHANG TING CONSTRUCTION CO. (5) The case of appointing a general manager for the subsidiary SHANG TING CONSTRUCTION CO. (6) Case for lifting the competition prohibition restriction on directors (7) The case of changes to the agenda for the 2022 annual shareholder meeting of the company
2022.05.11	21 st Board of Director 18 th Meeting	V	1. Report items: omitted 2. Recognition and discussion items: (1) The company's greenhouse gas inventory and verification information disclosure estimate timeline (2) Regular review of the company's "Director and Manager Remuneration Method" (3) Salary remuneration case for the company's chairman (4) The case of reassigning directors to the subsidiary Zhaoting Real Estate Co., Ltd. (5) Change in the company's spokesperson (6) Proposal to apply for a credit line at the Lingya Branch of Taishin International Commercial Bank
2022.08.10	21 st Board of Director 19 th Meeting	V V	1. Report items: omitted 2. Recognition and discussion items: (1) The company's 2022 Q2 consolidated financial report (2) Proposal to apply for a revolving credit line at the Yanping Branch of the Farmers Bank of China (3) Application for a loan extension at the Wujia Branch of Yangxin Bank (4) The case for endorsing financing guarantees for the subsidiary SHANG TING CONSTRUCTION CO. (5) Proposal to change the company's and subsidiary's business address (6) Change in the company's finance supervisor and accounting supervisor (7) Case for lifting the competition prohibition restriction on managers

Date	Name	Note	Summary of Agenda Item (Note)
			(8) Proposal to reappoint the company's spokesperson
2022.11.09	21 st Board of Director 20 th Meeting	V V	1. Report items: omitted 2. Recognition and discussion items: (1) The company's 2022 Q3 consolidated financial report (2) Proposal to apply for credit and performance guarantees at the Wujia Branch of Yangxin Bank (3) Proposal for the company's 2023 audit plan (4) Appointment case for the deputy general manager of the subsidiary SHANG TING CONSTRUCTION CO. (5) Proposal to carry out cash capital increase for the subsidiary SHANG TING CONSTRUCTION CO. (6) Proposal to sell the company's land and building in Taoyuan City
2022.12.26	21 st Board of Director 21 st Meeting	V V V V V	1. Report items: omitted 2. Recognition and discussion items: (1) The company's 2023 operational plan (2) Proposal to dispose of the equity of the subsidiary Zhaoting Real Estate Co., Ltd. (3) Proposal to dispose of the equity of the foreign subsidiary Shanghai Laidisida Furniture Co., Ltd. (4) Proposal to change the accounting policy of subsequent measurement of investment property from cost model to fair value model (5) Amendment to some clauses of the company's "Board of Directors Meeting Procedure" (6) Establishment of the company's "Internal Significant Information Handling and Insider Trading Prevention Procedure" (7) Post-approval of the appointment and salary remuneration of the company's deputy general manager, HSU CHENG-CHU (8) Post-approval of the appointment and salary remuneration of the deputy general manager of the subsidiary SHANG TING CONSTRUCTION CO., Pan Yongqing (9) Post-approval of the adjustment of salary remuneration for the deputy general manager of the subsidiary SHANG TING CONSTRUCTION CO.

Note: Items related to Article 14-3 of the Securities and Exchange Act.

(12) Major Issues of Record or Written Statements Made by Any Director Dissenting to Important Resolutions Passed by the Board of Directors: None.

(13) Resignation or Dismissal of the Company's Key Individuals, Including the Chairperson, President, and Heads of Accounting, Finance, Internal Audit and R&D:

Title	Name	Date of arrival	Date of termination	Reasons for resignation or dismissal

Internal Audit	YE, TSAI-CHI	2021.05.03	2022.3.31	Resignation for personal reasons
Accounting Manager	WANG YI-CHEN	2020.03.26	2022.8.10	Resignation for personal reasons

6. Information on Accountant Fees

Unit: NT\$ thousands

Name of Accounting Firm	Name of CPA		Period Covered by CPAs' Audit	Audit Fee	Non-audit Fee	Total	Note
	Deloitte & Touche	CHEN, ZHEN-LI	XU, KAI-NING	2022.01.01~2022.12.31	3,900	680	4,580

- (1) If an accounting firm is replaced and the audit fee paid in the year of replacement is less than the audit fee in the year before the replacement, the amount, percentage, and reason for the decrease in the audit fee should be disclosed:
Not applicable.
- (2) If the audit fee is reduced by more than ten percent compared to the previous year, the amount, percentage, and reason for the reduction in the audit fee should be disclosed: None.

7. Replacement of CPA

None.

8. Where the company's chairperson, president, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its CPAs or at an affiliated enterprise of such accounting firm:

None.

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

(1) Changes in the shareholding status of directors, supervisors, managers and major shareholders

Unit: shares

Title	Name	2022		By April 21, 2023	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairperson	Dai Wan Shiung Ching Co., Ltd.	-	-	-1,017,868	-
	Rep: CHEN, QI-YU	-	-	-	-
Director	HUANG CHUN-MING	-	-	-	-
Corporate Director	CHIEN YEU ENTERPRISE CO., LTD.	-	-	-	-
	Rep: TSAI HUI-MING	-	-	-	-
Corporate Director	CHAOSHEN INVESTMENT CO.	-	-	-	-
	Rep: CAI, HONG-JIE	-	-	-	-
Independent Director	HUNG YU-TING	-	-	-	-
Independent Director	NING KUO-HUI	-	-	-	-
Independent Director	CHEN TZU-JIEN	-	-	-	-
General Manager	CHEN HE-SHUN (Resigned on 2022.4.22)	-	-	-	-
General Manager	CHEN CHI-YU (Newly appointed on 2022.4.22)	-	-	-	-
Finance and Accounting Supervisor	WANG YI-CHEN (Resigned on 2022.8.10)	-	-	-	-
Finance and Accounting Supervisor	HSU CHENG-CHU (Newly appointed on 2022.4.22)	-	-	-	-
Major Shareholder	SHUNMEI INDUSTRIAL CO.	-	-	-	-

(1) Information on transfer of shareholdings:

Name	Reason for Stock Transfer	Transaction Date	Counterparty	Relationship between the Counterparty and the Company, Directors, Supervisors, Managers, and Shareholders with More Than 10% Shares	Number of Shares	Transaction Price
None.						

(2) Information on pledge of equity interest: The company's directors, supervisors, managers, and major shareholders do not have any pledged shares.

10. Relationship among the Top Ten Shareholders

April 21, 2023 Unit: shares; %

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remark
	Shares	%	Shares	%	Shares	%	Name	Relationship	
SHUNMEI INDUSTRIAL CO. Rep: HONG, YA-MAN	11,324,859	45.32	-	-	-	-	None	None	None
	-	-	-	-	-	-	None	None	None
Dai Wan Shiung Ching Co., Ltd. Rep: CHEN CHI-YU (Note 1)	1,069,789	4.28	-	-	-	-	None	None	None
	-	-	-	-	-	-	None	None	None
HUANG CHAO-CHU	1,017,868	4.07					None	None	None
HUANG CHUN-MING	853,993	3.42	45,326	0.18	-	-	HUANG WEI-HSUN	Close Relatives within Second Degree	None
HSlEH CHI-TENG	321,604	1.37	82,629	0.33	-	-	None	None	None
HUANG CHEN-YU	311,352	1.25	-	-	-	-	None	None	None
DAILY POLYMER CORP. Rep: HONG, YU-SHENG	290,381	1.16	-	-	-	-	None	None	None
	-	-	-	-	-	-	None	None	None
DONG SHAO-CHEN	275,481	1.10	-	-	-	-	None	None	None
CHEN YU-LIEN	262,026	1.05					None	None	None
HUANG WEI-HSUN	254,073	1.02	-	-	-	-	None	None	None

Note 1: The person in charge, CHEN CHI-YU, was changed on April 29, 2022.

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

Dec. 31, 2022 年 Unit: 1,000 shares; %

Affiliated Enterprises (Note)	Ownership by the Company		Direct or Indirect Ownership by Directors, Supervisors, Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Tri Ocean Textile (Thailand) Co., LTD	9,372,500	100.00%	0	0	9,372,500	100.00%
Zhou Ting Property Co., Ltd.	5,620,000	100.00%	0	0	5,620,000	100.00%
Lifestyle (Shanghai) Trading Limited	2,808,000	100.00%	0	0	2,808,000	100.00%
SHANG TING CONSTRUCTION CO.	50,000,000	100.00%	0	0	50,000,000	100.00%

Note: It is a long-term investment of the Company

IV. Capital Overview

1. Capital and Shares

(1) Source of Capital

1. Share capital formation

Month/Year	Par-Value	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount (NT\$)	Shares	Amount (NT\$)	Sources of Capital	Capital Increased by	Others
57.10	10,000	360	3,600,000	360	3,600,000	Cash	None	None
58.06	10,000	1,800	18,000,000	1,800	18,000,000	Cash	None	None
63.06	10,000	2,400	24,000,000	2,400	24,000,000	Cash	None	None
75.06	10,000	3,600	36,000,000	3,600	36,000,000	Cash	None	None
80.10	10,000	10,800	108,000,000	10,800	108,000,000	Cash	None	None
85.11	10	19,000,000	190,000,000	19,000,000	190,000,000	Cash \$44,200,000 Profit \$37,800,000	None	Note 1, 2
86.07	10	30,000,000	300,000,000	30,000,000	300,000,000	Cash \$72,000,000 Profit \$19,000,000 Reserve \$19,000,000	None	Note 3
87.11	10	55,000,000	550,000,000	50,000,000	500,000,000	Cash \$134,000,000 Profit \$66,000,000	None	Note 4
88.07	10	90,000,000	900,000,000	60,000,000	600,000,000	Profit \$100,000,000	None	Note 5
89.07	10	99,000,000	990,000,000	69,000,000	690,000,000	Reserve \$30,000,000 Profit \$60,000,000	None	Note 6
92.08	10	99,000,000	990,000,000	87,500,000	875,000,000	Cash \$185,000,000	None	Note 7
100.09	10	99,000,000	990,000,000	59,500,000	595,000,000	Capital Reduction \$280,000,000	None	Note 8
101.07	10	99,000,000	990,000,000	64,500,000	645,000,000	July 20, Private Placement of 5,000,000 Common Shares	None	
101.12	10	99,000,000	990,000,000	66,650,000	666,500,000	December 5, Private Placement of 2,150,000 Common Shares	None	
102.09	10	99,000,000	990,000,000	71,650,000	716,500,000	September 30, Private Placement of 5,000,000 Common Shares	None	
104.12	10	99,000,000	990,000,000	74,150,000	741,500,000	December 28, Private Placement of	None	

						2,500,000 Common Shares		
106.03	10	99,000,000	990,000,000	76,373,000	763,730,000	March 31, Private Placement of 2,223,000 Common Shares	None	
106.09	10	99,000,000	990,000,000	42,672,722	426,727,220	Capital Reduction \$337,002,780	None	Note 9
108.01	10	99,000,000	990,000,000	45,672,722	456,727,220	Cash \$30,000,000	None	Note 10
108.11	10	99,000,000	990,000,000	46,049,427	460,494,270	Convertible Bonds Converted into Common Stock \$3,767,050	None	Note 11
109.03	10	99,000,000	990,000,000	46,052,851	460,528,510	Convertible Bonds Converted into Common Stock \$34,240	None	Note 12
109.12	10	99,000,000	990,000,000	86,052,851	860,528,510	December 4, Private Placement of 40,000,000 Common Shares	None	
110.09	10	99,000,000	990,000,000	24,988,082	249,880,820	Capital Reduction \$610,647,690		Note 13

Note:

1. The Ministry of Economic Affairs approved the change in the par value of the shares on October 8, 1996, by Letter No. 115702 of the (85) Business Department.
2. The Ministry of Economic Affairs approved the increase in capital on November 20, 1996, by Letter No. 119160 of the (85) Business Department.
3. The Securities and Futures Bureau of the Ministry of Finance approved it on March 18, 1997, by Letter No. 24626 of the (86) Taiwan Finance Certificate.
4. The Securities and Futures Bureau of the Ministry of Finance approved it on October 30, 1998, by Letter No. 89664 of the (87) Taiwan Finance Certificate.
5. The Securities and Futures Bureau of the Ministry of Finance approved it on June 25, 1999, by Letter No. 58201 of the (88) Taiwan Finance Certificate.
6. The Securities and Futures Bureau of the Ministry of Finance approved it on July 7, 2000, by Letter No. 58660 of the (89) Taiwan Finance Certificate.
7. The Securities and Futures Bureau of the Ministry of Finance approved it on June 2, 2003, by Letter No. 0920123099 of the (92) Taiwan Finance Certificate.
8. Approved by the Financial Supervisory Commission with Certificate No. 1000038380.
9. Approved by the Financial Supervisory Commission with Certificate No. 1060030454.
10. Approved by the Financial Supervisory Commission with Certificate No. 1070347147.
11. Approved by the Taipei City Government with Business Certificate No. 10856303800.
12. Approved by the Taipei City Government with Business Certificate No. 10947616600.
13. The Taiwan Securities approved the capital reduction with Certificate No. 1101804185.

2. Share Type

Unit: shares

Share Type	Authorized Capital			Remark
	Outstanding Shares	Unissued Shares	Total	
Ordinary shares	10,635,253	74,011,918	99,000,000	Listed Stocks
Ordinary shares	14,352,829			Private placement of common stocks

3. Information related to the comprehensive declaration system:

Type of Securities	Planned Issue Volume		Issued Volume		Purpose and Expected Benefits of the Issued Part	Planned Issue Period of the Unissued Part	Remarks
	Total Number of Shares	Approved Amount	Number of Shares	Price			
None.							

(2) Structure of Shareholders:

April 21, 2023

Shareholder Structure Quantity	Government Agencies	Financial Institutions	Domestic Corporate Legal Person	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	-	-	40	2	3,796	2	3,850
Shareholding	-	-	1,317,154	173	11,541,230	145	24,988,082
Percentage	-	-	53.69	0	46.19	0	100.00

(3) Shareholding Distribution Status:

April 21, 2023

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding	Percentage
1 - 999	3,069	399,803	1.60%
1,000 - 5,000	508	1,099,842	4.40%
5,001 - 10,000	112	813,310	3.25%
10,001 - 15,000	34	421,326	1.69%
15,001 - 20,000	24	408,572	1.64%
20,001 - 30,000	32	796,503	3.19%
30,001 - 40,000	13	451,602	1.81%
40,001 - 50,000	7	323,624	1.30%
50,001 - 100,000	24	1,724,925	6.90%
100,001 - 200,000	15	2,070,772	8.29%
200,001 - 400,000	8	2,211,294	8.85%
400,001 - 600,000	-	-	-
600,001 - 800,000	-	-	-
800,001 - 1,000,000	1	853,993	3.42%
1,000,001 or over	3	13,412,516	53.66%
Holding less than 0.1% of the shares	3,763	97.74	13.99%
Total	3,850	24,988,082	100.00

(4)List of Major Shareholders:

April 21, 2023 ; Unit: shares ; %

Shareholder's Name	Shareholding	Percentage
SHUNMEI INDUSTRIAL CO.	11,324,859	45.32
Dai Wan Shiung Ching Co., Ltd.	1,069,789	4.28
HUANG CHAO-CHU	1,017,868	4.07
HUANG CHUN-MING	853,993	3.42
HSIEH CHI-TENG	341,604	1.37
HUANG CHEN-YU	311,352	1.25
DAILY POLYMER CORP.	290,381	1.16
DONG SHAO-CHEN	275,481	1.10
CHEN YU-LIEN	262,026	1.05
HUANG WEI-HSUN	254,073	1.02

(5)The market price, net asset value, earnings, dividends per share, and related information for the past two years:

Item		Year	2021 (Restated)	2022
Market Price per Share (Note 1)	Highest Market Price		37	35.7
	Lowest Market Price		7.53	16.5
	Average Market Price		15.01	23.23
Net Worth per Share (Note 2)e	Before Distribution		8.39	31.09
	After Distribution		8.39	31.09
Earnings per Share	Weighted Average Shares		24,98	24.98
	Earnings per Share		(1.09)	0.15
Dividends per Share	Cash Dividends		-	-
	Stock Dividends	-	-	-
		-	-	-
	Accumulated Undistributed Dividends		-	-
Return on Investment	Price / Earnings Ratio		-	154.87
	Price / Dividend Ratio		-	-
	Cash Dividend Yield Rate		-	-

(6) Dividend Policy and Implementation Status:

1. Dividend Policy:

According to the company's bylaws, if there is profit after the annual settlement, it will be distributed in the following order:

(1) Pay taxes and donations according to law.

(2) Make up for previous years' accumulated losses.

(3) 10% is set aside as legal profit reserve, but if the legal profit reserve has reached the company's paid-in capital, it does not need to be set aside.

(4) The remainder is set aside or special profit reserve is reversed according to legal regulations.

(5) If there is still a balance, together with accumulated undistributed profits, the board of directors will propose a profit distribution plan for shareholders' meeting based on the company's dividend policy.

The distribution of profits can be in the form of cash dividends or stock dividends, with cash dividends being prioritized, but stock dividends can also be distributed, but the ratio of stock dividend distribution should not exceed 50% of the total dividends. If the company has no distributable profits in the current year, or although there are profits, the amount of profits is lower than the actual distribution of profits in the previous year of the company, or considering factors such as the company's finance, business, and management, all or part of the reserves can be distributed according to laws or regulations of the competent authority. The company's profit distribution or loss allocation can be done at the end of each quarter.

2. Proposed dividend distribution at this shareholders' meeting: The company is still in a state of loss recovery in 2022, and it is proposed not to distribute dividends this year.

(7) The impact of the proposed free distribution of stocks on the company's business performance and earnings per share and the return on shareholders' investment
Since the company's 2022 financial statements showed a loss, it is proposed not to distribute dividends this year.

(8) Remuneration of Employees, Directors and Supervisors

3. The percentage or range of remuneration for employees, directors, and supervisors as stated in the company's articles of association:

According to the company's articles of association, if the company makes a profit in a year, it should allocate not less than 1% as employee remuneration, which the board of directors resolves to distribute in stock or cash. The beneficiaries include employees of affiliated companies who meet certain criteria, which are set by the board of directors. The company can allocate up to 1% of the above-mentioned profit as remuneration for directors and supervisors, which can only be in cash. Proposals for employee remuneration and remuneration for directors and supervisors should be reported to the shareholders' meeting. However, if the company still has accumulated

losses, a reserve should be set aside in advance.

4. The basis for estimating the amount of compensation to employees , directors and supervisors, the basis for calculating the number of shares distributed as compensation to employees, and the accounting treatment if the actual amount of distribution differs from the estimated amount:
 - (1) Estimated basis for the amount of remuneration for employees, directors, and supervisors this period: None.
 - (2) Basis for calculating the number of shares for employee remuneration distributed in stock: None.
 - (3) Accounting treatment if the actual distribution amount differs from the estimated amount: Not applicable.
5. Profit Distribution for Employee Bonus and Directors' Remuneration Approved in Board of Directors Meeting:
 - (1) The amount of employee remuneration and remuneration for directors and supervisors distributed in cash or stock: None.
 - (2) The amount of employee remuneration distributed in stock and its proportion of the total amount of net profit after tax and total employee remuneration in the individual or separate financial statements of this period: None.
6. The actual allotment of employees', directors' and supervisors' remuneration for the previous year: None.

(9) Buyback of Treasury Stock: None.

2. Corporate Bonds:

Type of Corporate Bonds		First (Term) Secured Corporate Bonds
Issue (Processing) Date		Jan. 30, 2019
Denomination		NT\$100,000
Place of issue and transaction (Note 3)		
Issue Price		Issued at 101% of the bond face amount
Total Amount		NT\$300 million in total
Interest Rate		Face interest rate is 0%
Term		Term of 3 years; Maturity Date: Jan. 30, 2022
Guaranteed Institution		Taiwan Cooperative Bank
Trustee		JihSun International Commercial Bank Co., Ltd.
Underwriter		Taiwan Cooperative Securities Investment Trust Co., Ltd.
Signing Counsel		FAR EAST LAW OFFICE: QIU, YA-WEN, Attorney at Law
Certified Public Accountant		Deloitte & Touche CPAs: HUANG, HAI-YUE, XIE, JIAN-XIN
Repayment Method		Other than bondholders converting to common shares according to Article 10 of the company's bond issuance and conversion procedure, redeeming in advance under Article 18, or the company repurchasing and canceling from the securities broker business department, the company will repay the bondholders holding this convertible corporate bond in cash at face value when the bond matures.
Outstanding Principal		NT 288,900,000
Terms for Redemption or Early Repayment		None
Restrictions (Note 4)		None
Name of Credit Rating Agency, Date of Rating, Results of Corporate Bond Rating		N/A
Other Rights Attached	As of the date of printing the annual report, the amount of ordinary shares, American Depositary Receipts (ADRs), or other securities that have been converted (exchanged or subscribed)	Converted to 380,129 ordinary shares
	Issuance and conversion (exchange or subscription) method	Please see Attachment 1 for details.
Issuance and conversion, exchange or subscription method, issuance conditions on the possible dilution of equity and the impact on existing shareholders' rights		The convertible corporate bonds issued by the company this time have a maximum dilution ratio of 18.99% for the original shareholders' equity, and the dilution effect will not have a significant impact on the existing shareholders.
Name of Entrusted Custodian for Exchange Object		Taiwan Depository & Clearing Corporation

Note 1: The handling of corporate bonds includes ongoing public offerings and private placements of corporate bonds. Ongoing public offering corporate bonds refer to those that have been approved (approved) by this association; ongoing private placement corporate bonds refer to those that have been approved by the board of directors.

Note 2: The number of columns is adjusted according to the actual number of operations.

Note 3: Fill in for overseas corporate bonds.

Note 4: If there are restrictions on the distribution of cash dividends, foreign investment, or the requirement to maintain a certain asset ratio, etc.

Note 5: If it belongs to a private placement, it should be marked in a prominent way.

Note 6: If it is a convertible corporate bond, exchange corporate bond, a comprehensive report issuing corporate bond, or a corporate bond with stock options, additional disclosure of convertible corporate bond information, exchange corporate bond information, comprehensive report issuing corporate bond situation, and corporate bond with stock options information should be done according to their nature and in the format of the form.

Convertible Corporate Bond Information

Type of corporate bonds		First secured convertible corporate bonds		
Year		2020	2021	For the current year up to March 31, 2022 (Note 4)
Item				
Market price of convertible corporate bonds (Note 2)	Highest	NT 107.05	NT103.5	N/A
	Lowest	NT 99.1	NT99.9	
	Average	NT 101.48	NT101.91	
Conversion price		NT29.20	NT80.41(註 5)	
Issue (implementation) date and conversion price at issue		NT29.99	NT29.99	
Method of fulfilling conversion obligation (Note 3)		Issuing new shares	Issuing new shares	

Note 1: The number of columns varies according to the actual number of operations carried out.

Note 2: For overseas corporate bonds with multiple trading locations, they are listed separately by trading location.

Note 3: Delivery of issued shares or issuance of new shares.

Note 4: Data for the current year up to the date of printing of the annual report should be filled in.

Note 5: On January 22, 2021, the conversion price became NT 29.20 due to private placement. On August 25, 2021, the conversion price became NT80.41 due to capital reduction to cover losses.

3.Preferred Shares: None.

4.Global Depository Receipts: None.

5.Employee Stock Options: None.

6.Restricted Stock Awards: None.

7.Circumstances of acquiring or receiving shares from other companies and issuing new shares: None.

8.Implementation of capital utilization plan: None.

V.Business Overview

1.Business Content

(1)Business Scope

1. The Business Scope of the Company is as follows:

1. C301010 Yarn Spinning Mills
2. C302010 Weaving of Textiles
3. C307010 Apparel, Clothing Accessories and Other Textile Product Manufacturing
4. C801120 Manufacture of Man-made Fibers
5. F104110 Wholesale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing Accessories
6. F111090 Wholesale of Building Materials
7. F204110 Retail Sale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing Accessories
8. F211010 Retail Sale of Building Materials
9. F401010 International Trade
- 10.H701010 Housing and Building Development and Rental
- 11.H701020 Industrial Factory Buildings Lease Construction and Development
- 12.F199990 Other Wholesale Trade
- 13.H703090 Real Estate Business
- 14.E601010 Electric Appliance Construction
- 15.E603090 Lighting Equipments Construction
- 16.E603050 Automatic Control Equipment Engineering
- 17.E606010 Power Consuming Equipment Inspecting and Maintenance
- 18.E607010 Solar Thermal Energy Equipment Installation Engineering
- 19.E701030 Restrained Telecom Radio Frequency Equipments and Materials Construction
- 20.E603040 Fire Fighting Equipments Construction
- 21.CC01010 Manufacture of Power Generation, Transmission and Distribution Machinery
- 22.CC01090 Batteries Manufacturing
- 23.CB01010 Mechanical Equipment Manufacturing
- 24.D101050 Combined Heat and Power
- 25.D101060 Self-usage power generation equipment utilizing renewable energy industr
- 26.E501011 Tap Water Pipelines Contractors
- 27.E602011 Refrigeration and Air Conditioning Engineering
- 28.E601020 Electric Appliance Installation
- 29.F213110 Retail Sale of Batteries
- 30.F113100 Wholesale of Pollution Controlling Equipments
- 31.F213100 Retail Sale of Pollution Controlling Equipments
- 32.H701040 Specific Area Development

- 33.H701050 Investment, Development and Construction in Public Construction
- 34.H701060 New County and Community Construction and Investment
- 35.H701070 Process Zone Expropriation and Urban Land Readjustment Agency
- 36.H701080 Urban Renewal Reconstruction
- 37.IG03010 Energy Technical Services
- 38.J101030 Waste Disposing
- 39.J101040 Waste Treatment
- 40.J101060 Wastewater (Sewage) Treatment
- 41.J101990 Other Environmental Sanitation and Pollution Prevention Service
- 42.I103060 Management Consulting
- 43.IZ12010 Manpower Dispatched

2. The Company's major product operating shares in 2022 are as follows

Unit: NT\$ thousands ; %

Item	Net sales	Operating weight(%)
Construction	1,169,012	100.00
Total	1,169,012	100.00

3.Current products (services) of the company

Various construction income, mainly.

4.Planned new products (services) for development

To meet the needs of the company's future transformation, the 2020 shareholders' meeting decided to add new business items such as building materials retail, residential and building development and leasing, industrial plant development and leasing, real estate trading, electrical contracting, lighting equipment installation construction, automatic control equipment construction, electrical equipment inspection and maintenance, solar thermal equipment installation construction, telecommunications control RF equipment installation construction, fire safety equipment installation construction, and other business items. Starting from 2021, we began to implement the transformation plan, increasing the sales of building materials and sales amount, and through investing in subsidiary companies to participate in public sector public construction tenders and various construction cases of private enterprises to gain more opportunities to contract current customer construction cases, and combine the division of labor within the group to expand the scale of operations, strive for the maximization of company profits, and turn losses into profits in 2022, focusing on the main business and striving to advance.

(2) Industry Overview:

1. Current Situation and Development of the Industry

In the 102nd committee meeting of the National Development Council in September 2022, the progress of public construction plans was reported. The achievement rate of planned funds for the first 8 months of 2022 reached a new high for the same period in nearly 15 years. The government will continue to stabilize economic development through public construction. To continuously boost the momentum of economic development and ensure that Taiwan continues to move forward after the epidemic, the Executive Yuan recently approved the 2023 central government's total budget and the special budget for the 4th phase of forward-looking infrastructure projects. The overall public construction budget for 2023 is close to NT\$ 600 billion, a substantial increase of nearly NT\$ 146 billion from 2022, a growth of 32%, setting a new historical high.

Judging from the above information, the government hopes to stimulate the economic development of all industries by increasing investment in various public constructions, with the construction industry leading as the locomotive industry, accelerating our country's economic transformation and upgrade, and boosting the long-term competitiveness of the country. The market demand for the construction industry is expected to grow steadily in the future.

2. The Relationship between Upstream, Midstream, and Downstream of the Industry

The building materials construction industry can be classified as follows according to its business nature:

Upstream: Building material suppliers, construction designers.

Midstream: Construction factories, construction companies, construction contractors (including franchised and non-franchised).

Downstream: Interior and exterior decoration, property management.

3. Various Development Trends of Products

The building and construction industry refers to the industry that engages in the design, construction, or general contracting of buildings such as residential, commercial, factory, or public works. The company currently includes contracting repair/construction projects, undertaking construction such as site development, infrastructure, installation of building equipment and civil construction construction, remodeling, and repair, etc. Civil construction covers road construction, public utility projects, and other civil works, while specialized construction includes site development, foundation and structural construction, garden landscape construction, mechanical, plumbing and other building equipment installations, finishing works of buildings, and other specialized construction.

Public construction is the engine of national development, stimulating the

economy, increasing employment and domestic demand in the short term, while accumulating capital stock in the long term to boost private investment and improve the quality of life for the people. In order to accelerate public construction investment, improve national infrastructure, and alleviate the impact of the Wuhan pneumonia epidemic on the economy, the government will also do its best to accelerate the promotion of public construction and stimulate the economy.

(3) Technical and R&D status: The company currently has no R&D plan.

(4) Long-term and short-term business development plans:

1. Short-term business development plan

- (1) Focus on managing project schedules to ensure completion within the contract period.
- (2) Inspect construction quality according to contract and legal regulations to ensure acceptance.
- (3) Strengthen project cost management to improve project gross profit.
- (4) Comply with all work safety, environmental safety, and labor safety regulations to ensure the safety of the work site and workers.
- (5) Improve internal management processes to improve work efficiency.

2. Long-term business development plan

- (1) Actively participate in the bidding of various public works projects to expand future revenue performance.
- (2) Cooperate with the government's new energy policy, bid for solar energy, wind energy and other green electricity related projects to expand business items and increase profits.

2. Market and Production/Sales Overview

(1) Market Analysis:

1. Main sales regions of major products:

Unit: NT\$ thousands

Region	2022	
	Amount	Percentage
Domestic sales	1,169,012	100.00
Total	1,169,012	100.00

2. Market share of main products:

The government's projects vary in type and purpose, and the degree of customization is high. Therefore, calculating the market share in a single market does not reflect the true situation. Therefore, The company is committed to creating a good reputation in the industry and accumulating experience and achievements as our goal.

3. Future market supply and demand and growth:

Currently, the global financial market is experiencing significant changes. In the post-pandemic era, inflation continues to rise, and the US Federal Reserve has announced a significant interest rate hike, shaking the global economy. Moreover, with the crisis across the Taiwan Strait and challenges like the US-China tech war, the economy is generally not optimistic for the next year. The central bank estimates that Taiwan's economic growth rate for 2023 should fall between 2.5% and 3%.

However, public infrastructure construction is a significant means to stimulate the economy. In the face of economic hardship, the government needs to expand the public infrastructure budget to maintain economic growth. Public infrastructure is the driving force for national development. In the short term, it stimulates the economy, increases employment and domestic demand, while in the long term, it accumulates capital stock, promotes private investment, and improves the quality of life for the people.

The National Development Council stated that the overall public infrastructure budget for 2023 is nearly NT\$ 600 billion, a record high, an increase of NT\$ 146 billion from 2022, a growth of about 32%. The government is promoting the "Forward-Looking Infrastructure Development Program", expanding comprehensive infrastructure investment, through government construction of adequate infrastructure, strengthening private investment momentum, thereby driving the overall economic growth potential. The Forward-Looking Infrastructure Development Plan has now entered the fourth phase (2023-2024), with a budget of NT\$ 209.8 billion.

Therefore, even though the global economy is not optimistic for the next year, the country will inevitably strengthen public infrastructure construction plans to lay a solid foundation for future economic growth. In recent years, despite the pandemic, the execution rate of public infrastructure plans has reached 95.87%, the highest in 14 years. Nearly 90% of cases have been successfully decided, showing that all public projects are being successfully promoted.

4 Competitive Advantage and Future Development Prospects - Favorable and Unfavorable Factors and Countermeasures:

A. Advantages

The Public Construction Commission of the Executive Yuan stated several measures in the policy promotion direction in 2022, which are beneficial factors for government construction tenders:

a. Assisting the construction industry to solve the labor shortage problem

To coordinate and improve the domestic construction industry's labor shortage, the Executive Yuan Public Works Committee has coordinated with the Ministry of Labor to reasonably revise the regulations for foreign workers in public works and is currently promoting comprehensive improvement measures with the Ministry of the Interior, Ministry of Labor, and Ministry of Economic Affairs.

b. Stabilizing the supply and demand of sand and gravel

To ensure the stable supply of sand and gravel nationwide, and to address the issues related to its supply and demand, we have requested the Ministry of Economic Affairs to accurately grasp the situation regarding the supply and demand of sand, ready-mix concrete, and their market prices. Special projects have been initiated to manage the extraction of sand and gravel from rivers, ensuring sufficient resources. We have adopted strategies such as transporting sand from the east to the north and selling extracted sand and gravel at fixed prices to stabilize market conditions. Monthly tracking and early warning systems have been implemented to respond to the problems related to the supply and demand of sand and gravel. Since 2022, the Construction Council, in conjunction with various departments, has taken countermeasures to overcome challenges caused by the pandemic, labor shortages, rising prices of raw materials, and stabilizing the supply and demand as well as prices of sand and ready-mix concrete, facilitating smooth progress of public works, ensuring financial liquidity, and effectively enhancing

economic efficiency.

c. Public Works Quality Award

We have discussed the suitability and appropriateness of including "maintenance management" in the Public Works Quality Award, and have strengthened sustainable ecological measures. This includes integrating ecological checks into the recommendation criteria, including ecological experts in field evaluations or review meetings, which makes the award and its scope broader, and the evaluation criteria more comprehensive.

d. Improving Electronic Procurement Operations, Building a Friendly and Convenient Procurement Environment

We continue to promote the electronic bid bond mechanism and public access to electronic quotation procurement methods, while improving system functions.

B. Disadvantages

a. The financial system's conservative attitude towards financing the construction industry, resulting in less flexible fund turnover.

b. Large international construction companies are entering the domestic market, competing for the construction market.

C. Response

a. Strengthen organizational efficiency and enhance cost control to reduce costs and maintain profitability; carefully select excellent peers and collaborate with professionals in the same or different industries to reduce cost risks, reduce large amounts of short-term expenditure, and through mutual cooperation, improve overall quality and thereby increase the bank's trust and credit conditions.

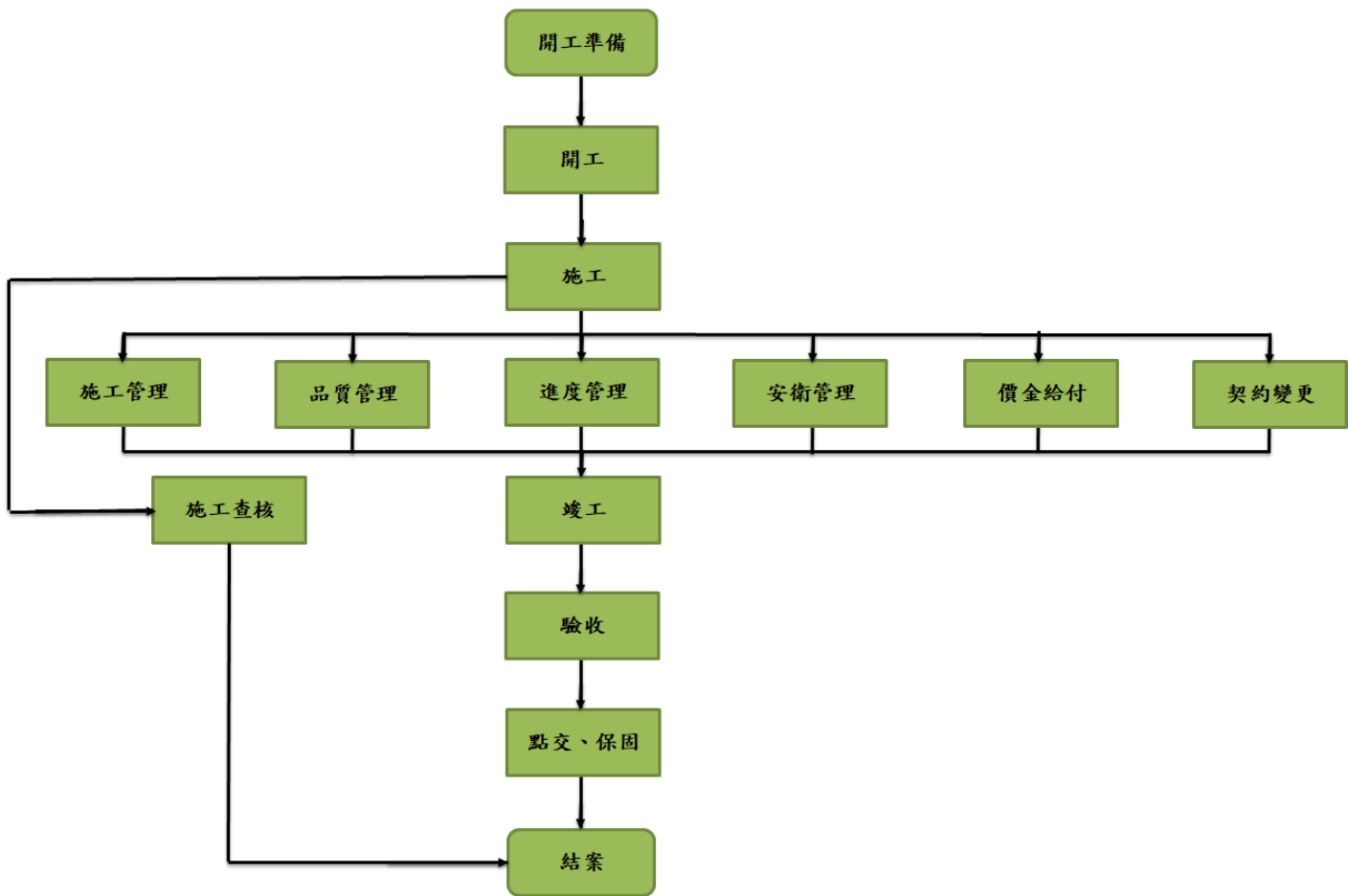
b. Make practical preparations for each project and strive to win the Public Works Quality Award to enhance the company's overall image, establish good construction quality, effectively use the background of listed companies, make good use of financial advantages, and establish customer trust in The company.

(2) Important Uses and Manufacturing Process of Main Products:

1. Uses of Main Products

Major products	Important uses
1. Residential projects 2. Commercial buildings 3. Public projects 4. Factories and other projects	1. Government public housing, dormitories, and other projects. 2. Office buildings, hospitals, schools, and other projects. 3. Rapid transit projects, highways, civil bridge projects, etc. 4. Factory projects and other special projects.

2. Main production process of major products



(3) Supply situation of main raw materials:

Category	Main raw materials	Supply status
Civil engineering	Ready-mixed concrete, rebar	Domestic supply, normal
Steel structures	Steel, iron materials	Domestic supply, normal
Piping	Plastic pipes, steel pipes, valves	Domestic supply, normal
Instrumentation and electrical	Distribution panels, cables, detection equipment	Domestic supply, normal
Equipment	Firefighting equipment, ice water machine, etc.	Domestic supply, normal

The company undertakes projects in a general contract manner for owners, with materials, labor, and equipment supplied by subcontractors who have long-term cooperation with the company. Plus, the Public Construction Commission of the Executive Yuan has implemented measures to assist the construction industry in resolving labor shortages and stabilizing the supply and demand of sand and gravel, so there are no incidents of supply shortage affecting the project schedule.

(4)The list of main customers in the past two years:

1.Vendors with a total purchase amount of more than 10% in the past two years:

Unit: NT\$ thousands

Item	2021 (restated)				2022			
	Name	Amount	Percentage of the total annual net purchasing amount (%)	Relationship with the issuer	Name	Amount	Percentage of the total annual net purchasing amount (%)	Relationship with the issuer
1	Supplier A	40,682	9.66	None	—	—	—	—
2	Others	380,662	90.34	—	Others	1,037,897	100.00	—
	Net purchasing amount	421,344	100.00	—	Net purchasing amount	1,037,897	100.00	—

Note: The company has transitioned to the construction industry, and our subsidiary is responsible for undertaking public construction projects. Due to the numerous projects, suppliers are scattered, so there was no vendor in 2022 with purchases exceeding 10%. In 2021, Vendor A was a subcontractor for plumbing and electrical works. Overall, there are no significant abnormalities.

2.Customers with a total sales amount of more than 10% in the past two years:

Unit: NT\$ thousands

Item	2021 (restated)				2022			
	Name	Amount	Percentage of total annual net sales amount (%)	Relationship with the issuer	Name	Amount	Percentage of total annual net sales amount (%)	Relationship with the issuer
1	Customer A	303,988	50.50	None	Customer A	429,382	36.73	None
2	Customer B	128,209	21.30	None	Customer B	198,780	17.00	None
3	Customer C	125,411	20.83	None	Customer C	320,460	27.41	None
4	Customer D	—	—	None	Customer D	177,938	15.22	None
	Others	44,336	7.37	—	Others	42,452	3.64	—
	Net sales amount	601,943	100.00	—	Net sales amount	1,169,012	100.00	—

Note: The company has transitioned to the construction industry, and our subsidiary is responsible for undertaking public construction projects. Revenue is recognized based on the progress of the projects,

as the projects recognized in each financial reporting period are different, the comparison of operating income is not based on the same basis, which is the operating characteristics of The company. Customers A, B, and D are government agencies, undertaking multiple projects with larger contract amounts; Customer C is a state-owned enterprise, recognizing revenue based on project progress. Overall, there are no significant abnormalities.

(5) Production Value Table for the past two years:

Unit: Ton / Thousand yards / Thousand pieces; NT\$ Thousands

Year	2021 (restated)		2022	
Production value Key products	Output	%	Output	%
Construction engineering	421,344	100.00	1,037,897	100.00
Total	421,344	100.00	1,037,897	100.00

(6) Sales Value Table for the Last Two Years:

Unit: Ton / Thousand yards / Thousand pieces; NT\$ Thousands

Year	2021 (restated)		2022	
Sales Value Key products	Domestic sales		Domestic sales	
	Amount	%	Amount	%
Construction engineering	601,943	100.00	1,169,012	100.00
Total	601,943	100.00	1,169,012	100.00

3. Information about the number of employees in the past two years and up to the date of the printing of the annual report, average service years, average age, and education distribution ratio.

Year		2021	2022	As of March 31, 2023
Number of Employees	Direct Labor	42	0	0
	Indirect Labor	31	26	29
	Total	73	26	29
Average Age		42.38	41.62	40.10
Average Years of Service		1.35	2.89	2.61
Distribution of Educational Background	Doctorate	0.00%	0.00%	0.00%
	Master's	12.33%	23.08%	20.69%
	Bachelor's	75.34%	61.54%	60.07%
	High School	12.33%	15.38%	17.24%
	Below High School	0.00	0.00%	0.00%

4. Environmental protection expenditure information:

In the recent year and up to the date of the printing of the annual report, the total amount of losses (including compensation) and disposals due to environmental pollution, and the future response strategies (including improvement measures) and possible expenses: None.

Our textile factory ceased operations in November 2020, and completed the deregistration of business waste, wastewater, soil and groundwater pollution in 2021, completed the closure registration, and estimated that there will be no significant environmental protection expenditures in the future. The future development of the construction industry plans to contract with qualified suppliers, and strictly require suppliers to follow environmental protection regulations and fulfill their environmental protection responsibilities.

5. Labor relations:

(1)List the company's employee welfare measures, advancement, training, retirement system and its implementation, as well as agreements between labor and capital and measures to maintain employee rights:

1.Employee welfare measures, advancement, training:

The company has an Employee Welfare Committee, which handles employee welfare activities. Every year, there are detailed welfare plans and budget

allocation, including festival gifts, employee group activities, marriage and funeral subsidies, and birthday vouchers for employees. In addition, the company provides group insurance for employees and conducts educational training irregularly to enhance workplace skills.

2. Retirement system and its implementation:

The company has implemented the "Labor Pension Act" since July 1, 2005. After implementation, employees can choose to apply for the pension provisions related to the "Labor Standards Act" or apply for the pension system under the Act and retain the working years before the Act was implemented. For employees who apply the Act, the retirement contribution rate borne by The company every month cannot be lower than 6% of the employee's monthly salary.

3. Employee advancement and training:

To encourage employees to self-advance during their spare time, the company has established on-the-job training regulations. The training plan is proposed by each department at the end of each year based on annual educational and training needs. The company's employee advancement and training are divided into three types: training for new personnel, on-the-job training, and internal training. The aim is to enable employees to continue to self-advance and learn in their respective positions, and to lay the foundation for the company's future growth.

4. Labor-management agreement:

The company has always valued the opinions of our colleagues. In addition to regularly convening labor-management meetings, we also encourage employees to make suggestions through formal or informal communication channels at any time to understand colleagues' opinions on company management and welfare systems for improvement. Through bilateral communication opportunities between the company and employees, both labor and management can better understand each other and reach a consensus. The opinions of the labor side are taken seriously and quickly resolved.

5. Measures to maintain various employee rights:

The company currently does not have a union organization, but under the principle of emphasizing harmony between labor and management and valuing employee opinions, since its establishment, not only has it established work rules in accordance with government regulations, but it has also established perfect and reasonable regulations for salaries, working hours, vacations, retirement, and pensions. Besides, it also has effective safety and health, educational training, and other welfare measures. Meanwhile, it pays attention to communication and coordination to solve employee feedback and has generally gained the trust and support of employees. So far, there have been no major labor disputes that have

led to losses, so the labor-management relationship is harmonious.

6. Important contracts:

As of the printing date of this annual report, the following are the effective and upcoming important contracts that may affect shareholder rights, including supply and marketing contracts, technical cooperation contracts, construction contracts, long-term loan contracts and other important contracts.

Contract Type	Contracting Parties	Contract Start and End Date	Main Contents	Restrictive Terms
Purchase and Sale Contract	Mr. Hong Hong-zhang and Ms. Jiang Yu-lian	2020.12.25	Transacted 100% of the shares of SHANG TING CONSTRUCTION CO. for a total of NT\$775,750,000, totaling 25 million shares, with a single share price of NT\$31.03.	The total price is paid in three installments. It is specifically agreed that the seller must assist SHANG TING CONSTRUCTION to obtain new cases to achieve the agreed quota. If the seller cannot meet the conditions by December 31, 2023, the buyer does not need to pay the final payment.
Engineering Contract	Agency: Pingtung County Government Legal Representative: Pan Meng-an Contractor: SHANG TING CONSTRUCTION Legal Representative: Hong Ling-cen	Contract signed on 2020.09.22	Restoration and Reuse Project of the Historical Building "Original Hengchun County Office Official Residence" in Pingtung County	Work should start within 10 days of the official notification date, and should be completed within 240 days from the date of commencement.
Engineering Procurement Contract	Agency: Taiwan International Ports Corporation Ltd., Kaohsiung branch Legal Representative: Zhang Guoming Contractor: SHANG TING CONSTRUCTION Legal Representative: Hong Ling-cen	Total contract price NT\$ 364,970,000 Contract signed on 2020.10.26	Kaohsiung Port's Seventh Container Center Plan—S4S5 Container Yard Associated Building Project	Work should start within 10 days of the official notification date, and should be completed within 540 days from the date of commencement.
Engineering Contract	Agency: Directorate General of Highways, Ministry of Transportation and Communications, 3rd Maintenance Office Legal Representative: Director Wu Zhao-huang Contractor: SHANG TING CONSTRUCTION Legal Representative: Hong Ling-cen	Total project price NT\$ 334,042,211 Contract signed on 2020.11.07	New Construction Project of Lingya Supervision Station Relocation Plan in Kaohsiung City by the Highway Administration, Ministry of Transport	Work should start within 5 days of the official notification date, and should be completed within 630 days from the date of commencement.

Contract Type	Contracting Parties	Contract Start and End Date	Main Contents	Restrictive Terms
Engineering Contract	Agency: Pingtung County Government Legal Representative: Pan Meng-an Contractor: SHANG TING CONSTRUCTION Legal Representative: Hong Ling-cen	Total contract price NT\$ 308,297,000 Contract signed on 2020.11.10	New Construction Project of Multi-Level Active Care Service Facility Park in Pingtung County	Work should start within 10 days of the official notification date, and should be completed within 720 days from the date of commencement.
Engineering Contract	Agency: Pingtung County Government Legal Representative: Pan Meng-an Contractor: SHANG TING CONSTRUCTION Legal Representative: Hong Ling-cen	Total contract price NT\$ 141,000,000 Contract signed on 2021.02.17	Construction Project of Liuqiu New Fishing Port Visitor Center	Work should start within 7 days of the official notification date, and should be completed within 420 days from the date of commencement.
Engineering Contract	Agency: Pingtung County Government Legal Representative: Pan Meng--an Contractor: SHANG TING CONSTRUCTION Legal Representative: CHEN HE-SHUN	Total contract price NT\$ 345,610,000 Contract signed on 2021.05.12	Construction Project of County-Owned Joint Office Building in Donggang Area	Work should start within 7 days of the official notification date, and should be completed within 580 days from the date of commencement.
Engineering Procurement Contract	Agency: Kaohsiung City Government Transportation Bureau Legal Representative: Zhang Shujuan Vendor: SHANG TING CONSTRUCTION Legal Representative: CHEN HE-SHUN Zhao Jianming Architecture Firm	Total contract price NT\$ 545,970,000 Contract signed on 2022.03.01	New Construction Project of Multistory Parking Lot Attached to Kaohsiung High School	
Engineering Contract	Agency: Pingtung County Government Legal Representative: Pan Meng'an Vendor: SHANG TING CONSTRUCTION Legal Representative: CHEN HE-SHUN	Total contract price NT\$ 386,600,000 Contract signed on 2022.06.27	New Construction Project of Accommodation-Type Long-term Care Institution in Ligang Township, Pingtung County	Work should start within 10 days of the official notification date, and should be completed within 595 days from the date of commencement.

Contract Type	Contracting Parties	Contract Start and End Date	Main Contents	Restrictive Terms
Engineering Procurement Contract	Agency: Taiwan International Ports Corporation, Kaohsiung Branch Legal Representative: Wang Jinrong Vendor: SHANG TING CONSTRUCTION Legal Representative: CHEN CHI-YU	Total contract price NT\$ 890,000,000 Contract signed on 2022.06.27	Kaohsiung Port's Seventh Container Center Plan—S1S3 Container Yard Associated Building Project	Work should start within 10 days of the official notification date, and should be completed within 570 days from the date of commencement.
Engineering Procurement Contract	Agency: Taiwan International Ports Corporation, Kaohsiung Branch Legal Representative: Wang Jinrong Vendor: SHANG TING CONSTRUCTION Legal Representative: CHEN CHI-YU	Total contract price NT\$ 368,100,000 Contract signed on 2022.07.05	Construction Project of Nanzi District National Sports Hall in Kaohsiung City	Work should start within 10 days of the official notification date, and should be completed within 500 days from the date of commencement.
Engineering Procurement Contract	Agency: Kaohsiung City Government Water Resources Bureau Legal Representative: Cai Changzhan Vendor: SHANG TING CONSTRUCTION, TRIOCEAN INDUSTRIAL, Zhao Jianming Architecture Firm	Total contract price NT\$ 1,761,467,000 Contract signed on 2022.08.29	New Construction Project of Daliao Social Housing	Work should be completed within 1400 calendar days from the day after the decision date.
Engineering Procurement Contract	Agency: Tainan City Government Public Works Bureau Vendor: TRIOCEAN INDUSTRIAL, SHANG TING CONSTRUCTION Joint Bid	Total contract price NT\$ 55,668,570 Contract signed on 2023.01.09	New Construction Project of Yu-Jing Agricultural Product Processing and Cold Chain Logistics Center	Work should start within 10 days of the official notification date, and should be completed within 450 days from the date of commencement. Estimated completion date is December 30, 2025.
Engineering Procurement Contract	Agency: Kaohsiung City Government	NT\$ 173,720,000 Contract signed on January 4, 2023	Second Phase, First Standard Project of Gangshan-Bridge Sewage Area (Gangshan District)	Estimated completion date is January 31, 2024.

Contract Type	Contracting Parties	Contract Start and End Date	Main Contents	Restrictive Terms
Engineering Procurement Contract	Agency: Kaohsiung City Government Public Works Bureau, New Construction Office	Total contract price NT\$ 390,648,895 Contract signed on 2023.01.17	"New Construction Project of No. 205 Factory of the Armament Bureau's Production Manufacturing Center in the National Defense Ministry's Guangfu and Dashu North Camps (Guangfu Camp)" Ciren Fifth Village Official Dormitory Seismic Reinforcement and Renovation Project	Estimated completion date is December 31, 2026.
Engineering Procurement Contract	Agency: National Housing and Urban Renewal Center Representative: Hua Jingqun Vendor: TRIOCEAN INDUSTRIAL, SHANG TING CONSTRUCTION Joint Bid	NT\$ 2.63 billion and 77 million Contract signed on 2023.02.01	New Construction Project of "Mountain Bright Home" and "Water Show Home" Social Housing in Xiaogang District, Kaohsiung City	TRIOCEAN INDUSTRIAL's contract amount ratio: 15% Work should be completed within 1600 calendar days from the day after the decision date.
Engineering Procurement Contract	Agency: National Housing and Urban Renewal Center Representative: Hua Jingqun Vendor: TRIOCEAN INDUSTRIAL, SHANG TING CONSTRUCTION Joint Bid	NT\$ 2.63 billion and 77 million Contract signed on 2023.02.01	New Construction Project of "Mountain Bright Home" and "Water Show Home" Social Housing in Xiaogang District, Kaohsiung City	SHANG TING CONSTRUCTION's contract amount ratio: 82.61% Work should be completed within 1600 calendar days from the day after the decision date.
Engineering Procurement Contract	Agency: Air Force Officer School	Total contract price NT\$ 531,567,000 Contract signed on 2023.02.20	"New Construction Project of Cien 25 Village Official Dormitory"	Estimated completion date is February 21, 2025.

VI. Financial Information

1. Condensed Balance Sheet and Income Statement for the Recent Five Years

(1) Condensed Balance Sheet and Income Statement Information

1. Consolidated Condensed Balance Sheet

Unit: NT\$ thousands

Item	Year	Financial information for the last five years (Note 1)					Financial data as of March 31, 2023, for the current year
		2018	2019	2020 (Note 2)	2021 年 (Note 3)	2022 年	
Current assets		311,763	857,410	764,176	1,031,061	1,409,785	N/A
Property, plant and equipment		495,166	420,652	304,861	101,089	100,512	
Right-of-use assets		—	35,992	16,024	25,511	37,415	
Investment real estate (Note 3)		—	—	—	730,880	721,010	
Goodwill and intangible assets		635	65,968	502,722	478,252	439,897	
Other Assets		48,370	110,419	195,012	58,526	52,461	
Total assets		855,934	1,490,441	1,782,795	2,425,319	2,761,080	
Current liabilities	Before distribution	510,858	696,419	997,467	1,126,296	1,236,585	
	After distribution	510,858	696,419	997,467	1,126,296	1,236,585	
Non-current liabilities (Note 3)		33,774	322,462	524,700	529,861	747,731	
Total liabilities (Note 3)	Before distribution	544,632	1,018,881	1,522,167	1,656,157	1,984,316	
	After distribution	544,632	1,018,881	1,522,167	1,656,157	1,984,316	
Total equity attributable to owners of parent (Note 3)		311,302	471,560	260,628	769,162	776,764	
Share Capital		426,727	460,528	860,528	249,881	249,881	
Capital reserve		—	54,851	7,340	7,340	7,340	
Retain surplus (Note 3)	Before distribution	(113,674)	(58,309)	(610,647)	(27,491)	(23,774)	
	After distribution	(113,674)	(58,309)	(610,647)	(27,491)	(23,774)	
Other Equity (Note 3)		(1,751)	14,490	3,407	539,432	543,317	
Treasury stock		—	—	—	—	—	
Non-controlling interest		—	—	—	—	—	
Total Equity (Note 3)	Before distribution	311,302	471,560	260,628	769,162	776,764	
	After distribution	311,302	471,560	260,628	769,162	776,764	

Note 1: The financial data for each year has been audited and certified by CPA.

Note 2: TRIOCEAN INDUSTRIAL CORPORATION CO., LTD. acquired 100% of the shares of SHANG TING CONSTRUCTION CO. in 2020 using cash. TRIOCEAN INDUSTRIAL CORPORATION CO., LTD. has adjusted the original accounting treatment and preliminary amounts from the date of acquisition and has recompiled the comparative information for 2020.

Note 3: From January 1, 2022, TRIOCEAN INDUSTRIAL CORPORATION CO., LTD. changed its accounting policy for investment properties. The subsequent measurement has been changed from the cost model to the fair value model, thus retrospectively applying the policy and adjusting the affected items in the 2021 financial report.

2. Consolidated Condensed Income Statement

Unit: NT\$ thousands

Year Item	Financial information for the last five years (note 1)					Financial data as of March 31, 2023, for the current year
	2018	2019	2020 (Note 2)	2021 年 (Note 3)	2022 年	
Turnover	599,246	452,953	41,895	601,943	1,169,012	N/A
Gross profit	3,018	38,799	(13,371)	125,222	108,191	
Net Operating Profit and Loss	(68,531)	77,189	(55,535)	10,287	(6,930)	
Non-operating income and expenses (Note 3)	(1,718)	(3,803)	(97,578)	(12,388)	4,493	
Net profit (loss) before tax	(70,249)	73,386	(153,113)	(2,101)	(2,437)	
Net profit (loss) for the period from continuing operations	(67,956)	55,457	(153,113)	(5,557)	3,283	
Net profit (loss) from discontinued operations (Note 4)	—	—	(272,011)	(21,791)	434	
Net profit (loss) for the period	(67,956)	55,457	(425,124)	(27,348)	3,717	
Other comprehensive income for the period (Net of tax)	6,868	16,149	(12,208)	535,882	3,885	
Total comprehensive profit or loss for the period	(61,088)	71,606	(437,332)	508,534	7,602	
Net profit attributable to owners of the parent company	(67,956)	55,457	(425,124)	(27,348)	3,717	
Net profit attributable to non-controlling interests	—	—	—	—	—	
Total comprehensive income attributable to the owners of the parent company	(61,088)	71,606	(437,332)	(508,534)	7,602	
Total comprehensive income attributable to non-controlling interests	—	—	—	—	—	
Earnings (loss) per share from both continuing and discontinued operations	(1.59)	1.23	(29.82)	(1.09)	0.15	
Earnings (loss) per share from continuing operations	(1.59)	1.23	(10.74)	(0.22)	0.13	

Note 1: The financial data for each year has been audited and certified by CPA.

Note 2: TRIOCEAN INDUSTRIAL CORPORATION CO., LTD. acquired 100% of the shares of SHANG TING CONSTRUCTION CO. in 2020 using cash. TRIOCEAN INDUSTRIAL CORPORATION CO., LTD. has adjusted the original accounting treatment and preliminary amounts from the date of acquisition and has recompiled the comparative information for 2020.

Note 3: TRIOCEAN INDUSTRIAL CORPORATION CO., LTD. changed its accounting policy for investment property from January 1, 2022. Its subsequent measurement changed from cost model to fair value model, therefore, this accounting policy is applied retrospectively and adjusts the affected items in the 2021 financial report.

Note 4: The loss of the discontinued operations is presented net of tax.

3. Condensed Individual Balance Sheet

Unit: NT\$ thousands

Year		Financial information for the last five years (note 1)					Financial data as of March 31, 2023, for the current year
		2018	2019	2020 (Note 2)	2021 年 (Note 3)	2022 年	
Current assets		287,804	605,689	522,457	501,591	354,113	N/A
Property, plant and equipment		342,332	267,033	174,780	496	1,162	
Investment real estate (Note 3)		—	—	—	730,880	721,010	
Right-of-use assets		—	16,391	10,259	247	14,535	
Intangible assets		635	42,449	20	750	195	
Other assets		222,018	415,951	1,021,357	1,049,811	1,095,988	
Total assets (Note 3)		852,789	1,347,513	1,728,873	2,283,775	2,187,003	
Current liabilities	Before distribution	507,709	571,362	959,200	1,041,084	727,634	
	After distribution	507,709	571,362	959,200	1,041,084	727,634	
Non-current liabilities (Note 3)		33,778	304,591	509,045	473,529	682,605	
Total liabilities (Note 3)	Before distribution	541,487	875,953	1,468,245	1,514,613	1,410,239	
	After distribution	541,487	875,953	1,468,245	1,514,613	1,410,239	
Total equity attributable to owners of parent (Note 3)		311,302	471,560	260,628	769,162	776,764	
Share Capital		426,727	460,528	860,528	249,881	249,881	
Capital reserve		—	54,851	7,340	7,340	7,340	
Retain surplus (Note 3)	Before distribution	(113,674)	(58,309)	(610,647)	(27,491)	(23,774)	
	After distribution	(113,674)	(58,309)	(610,647)	(27,491)	(23,774)	
Other interests (Note 3)		(1,751)	14,490	3,407	539,432	543,317	
Treasury stock		—	—	—	—	—	
Non-controlling interest		—	—	—	—	—	
Total Equity (Note 3)	Before distribution	311,302	471,560	260,628	769,162	776,764	
	After distribution	311,302	471,560	260,628	769,162	776,764	

Note 1: The financial data for each year has been audited and certified by CPA.

Note 2: TRIOCEAN INDUSTRIAL CORPORATION CO., LTD. acquired 100% of the shares of SHANG TING CONSTRUCTION CO. in 2020 using cash. TRIOCEAN INDUSTRIAL CORPORATION CO., LTD. has adjusted the original accounting treatment and preliminary amounts from the date of acquisition and has recompiled the comparative information for 2020.

Note 3: TRIOCEAN INDUSTRIAL CORPORATION CO., LTD. changed its accounting policy for investment property from January 1, 2022. Its subsequent measurement changed from cost model to fair value model, therefore, this accounting policy is applied retrospectively and adjusts the affected items in the 2021 financial report.

4. Condensed Individual Income Statement

Unit: NT\$ thousands

Item \ Year	Financial information for the last five years (note 1)					Financial data as of March 31, 2023, for the current year
	2018	2019	2020 (Note 2)	2021 年 (Note 3)	2022 年	
Turnover	599,291	444,054	—	84,777	85,056	N/A
Gross profit	24,973	57,853	—	29,737	35,200	
Net operating Profit and Loss	(42,255)	(103,646)	—	(16,412)	(1,206)	
Non-operating income and expenses (Note 3)	(27,994)	177,032	(153,113)	9,948	2,674	
Net profit (loss) before tax	(70,249)	73,386	(153,113)	(6,464)	1,468	
Net profit (loss) for the period from continuing operations	(67,956)	55,457	(153,113)	(5,557)	3,283	
Net profit (loss) from discontinued operations (Note 4)	—	—	(272,011)	(21,791)	434	
Net profit (loss) for the period	(67,956)	55,457	(425,124)	(27,348)	3,717	
Other comprehensive income (net of tax) for the period	6,868	16,149	(12,208)	535,882	3,885	
Total comprehensive income for the period	(61,088)	71,606	(437,332)	508,534	7,602	
Earnings (loss) per share from both continuing and discontinued operations	(1.59)	1.23	(29.82)	(1.09)	0.15	
Earnings (loss) per share from continuing operations	(1.59)	1.23	(10.74)	(0.22)	0.13	

Note 1: The financial data for each year has been audited and certified by CPA.

Note 2: TRIOCEAN INDUSTRIAL CORPORATION CO., LTD. acquired 100% of the shares of SHANG TING CONSTRUCTION CO. in 2020 using cash. TRIOCEAN INDUSTRIAL CORPORATION CO., LTD. has adjusted the original accounting treatment and preliminary amounts from the date of acquisition and has recompiled the comparative information for 2020.

Note 3: TRIOCEAN INDUSTRIAL CORPORATION CO., LTD. changed its accounting policy for investment property from January 1, 2022. Its subsequent measurement changed from cost model to fair value model, therefore, this accounting policy is applied retrospectively and adjusts the affected items in the 2021 financial report.

Note 4: The loss of the discontinued operations is presented net of tax.

(2) Name of the CPAs and Audit Opinion:

Year	Firm	CPA	Opinion	Reason for Changing Accountant
2017	Deloitte & Touche	HUANG, HAI-YUE. XIE, JIAN-XIN	Unqualified opinion	—
2018	Deloitte & Touche	HUANG, HAI-YUE. XIE, JIAN-XIN	Unqualified opinion	—
2019	Deloitte & Touche	HUANG, HAI-YUE. XIE, JIAN-XIN	Unqualified opinion	—
2020	Deloitte & Touche	CHEN, ZHEN-LI. XU, KAI-NING	Unqualified opinion	Audit Firm Rotation
2021年	Deloitte & Touche	CHEN, ZHEN-LI. XU, KAI-NING	Unqualified opinion	—
2022年	Deloitte & Touche	CHEN, ZHEN-LI. XU, KAI-NING	Unqualified opinion	—

2. Financial analysis in the past five years

(1) Consolidated financial analysis

Year		Financial information for the last five years (Note 1)					Financial data as of March 31, 2023, for the current year
		2018	2019	2020 (Note 2)	2021 (Note 3)	2022	
Item							
Financial Structure (%)	Debt to assets ratio	63.63	68.36	85.38	68.29	71.87	N/A
	Long-term capital to property, plant and equipment ratio	62.87	188.76	257.60	1,285.03	1,516.73	
Solvency (%)	Mobility Ratio	61.03	123.12	76.61	91.54	114.01	
	Quick Ratio	47.34	102.32	72.56	89.73	105.93	
	Interest cover multiplier	Note 4	Note 4	Note 4	Note 4	Note 4	
Operating Capabilities	Receivables turnover rate (times)	5.24	7.02	0.83	14.09	55.79	
	Average number of days of receipt	69.66	51.99	439.76	25.90	6.54	
	Inventory turnover rate (times)	4.55	2.83	0.71	36.21	Note 8	
	Turnover rate of accounts payable (times)	5.66	8.5	0.70	6.74	9.74	
	Average number of sales days	80.22	128.98	514.08	10.08	Note 8	
	Property, plant and equipment turnover rate (times)	1.20	0.99	0.12	2.97	11.60	
	Total Asset Turnover (Times)	0.67	0.39	0.03	0.29	0.45	
Profitability	Return on Assets (%) (Note 5)	—	—	(9.30)	0.22	0.64	
	Return on Assets (%)	(6.85)	5.47	(25.35)	(0.82)	0.66	
	Return on Equity (%) (Note 5)	—	—	(41.82)	(1.08)	0.42	
	Return on Equity (%)	(19.88)	14.17	(116.12)	(5.29)	0.48	
	Net income before income tax to paid-in capital (%) (Note 5)	—	—	(17.79)	3.88	(0.98)	
	Net income before income tax to paid-in capital (%)	(16.46)	15.94	(49.37)	(0.84)	(0.8)	
	Net profit rate (%) (Note 5)	—	—	(365.47)	(1.02)	0.28	
	Net profit rate (%)	(11.34)	12.24	(129.18)	(4.54)	0.32	
	Earnings per share (NT\$) (Note 5)	(1.59)	1.23	(10.74)	(1.09)	0.15	
Cash Flow	Cash flow ratio (%)	Note 6	Note 6	Note 6	Note 6	13.37	
	Cash flow fair ratio (%)	Note 6	Note 6	Note 6	Note 6	Note 6	
	Cash reinvestment ratio (%)	Note 6	Note 6	Note 6	Note 6	16.13	
Leverage	Operating leverage	Note 7	1.82	Note 7	Note 7	Note 7	
	Financial leverage	0.90	1.16	0.98	(4.38)	0.29	

Please explain the reasons for the changes in various financial ratios in the last two years. (Analysis is not required if the increase or decrease is less than 20%)

1. Financial structure: The ratio of long-term funds to fixed assets, plants, and equipment has increased. The primary reason is that the long-term loans in 2022 have grown due to the increase in the number of contracted projects, which has increased the required operating funds.

2. Solvency: The quick ratio has increased, primarily due to the growth in contract assets and other financial assets caused by an increase in the number of contracted projects.

3. Operating capability: The turnover rate of receivables has increased, mainly due to the recovery after requesting payment from the project owner at the end of this year; the inventory turnover rate was not calculated because The company stopped operating the textile and goods business groups in 2021 and cleared the inventory; the increase in the turnover rate of fixed assets and assets is mainly because The company has transformed into a construction industry and actively bidding, leading to increased revenue and costs, and the change in the accounting policy for investment properties from the cost model to the fair value model since January 1, 2022, adjusting the affected items in previous financial reports.

4. Profitability, cash flow, and leverage changes: Mainly because The company has transformed into a construction industry and has actively bid, leading to increased revenue and costs.

Note 1: The financial data for each year has been audited and certified by an accountant.

Note 2: TRIOCEAN INDUSTRIAL CORPORATION CO., LTD. acquired 100% of the shares of SHANG TING CONSTRUCTION CO. in 2020 using cash. TRIOCEAN INDUSTRIAL CORPORATION CO., LTD. has adjusted the original accounting treatment and preliminary amounts from the date of acquisition and has recompiled the comparative information for 2020.

Note 3: TRIOCEAN INDUSTRIAL CORPORATION CO., LTD. changed its accounting policy for investment property from January 1, 2022. Its subsequent measurement changed from cost model to fair value model, therefore, this accounting policy is applied retrospectively and adjusts the affected items in the 2021 financial report.

Note 4: The pre-tax profit or loss for the year was negative, so it is not calculated.

Note 5: The after-tax profit or loss for the year is calculated based on the net profit (loss) of continuing operations for the current period.

Note 6: For the calculation of related ratios in cash flows, if the net cash flow from operating activities is negative, it is not calculated.

Note 7: The operating profit for the year was negative, so it is not calculated.

Note 8: The current inventory is zero, so it is not calculated.

(2) Individual Financial Analysis

Item	Year	Financial information for the last five years (Note 1)					Financial data as of March 31, 2023, for the current year
		2018	2019	2020 (Note 2)	2021 (Note 3)	2022	
Financial Structure (%)	Debt to assets ratio	63.5	65.01	84.92	66.32	64.48	NA
	Long-term capital to property, plant and equipment ratio	100.8	290.66	440.37	250,542.54	125,591.14	
Solvency (%)	Mobility Ratio	56.69	106.01	54.47	48.18	48.67	
	Quick Ratio	44.27	91.4	51.41	47.97	46.26	
	Interest cover multiplier (Note 6)	—	—	Note 4	Note 4	1.10	

	Interest cover multiplier	Note 4	8.96	Note 4	Note 4	1.13
Operating Capabilities	Receivables turnover rate (times)	5.79	7.90	Note 5	4.55	5.73
	Average number of days of receipt	63.02	46.21	Note 5	80.22	63.70
	Inventory turnover rate (times)	8.16	5.51	Note 5	6.52	Note 9
	Turnover rate of accounts payable (times)	5.53	8.06	Note 5	1.98	2.61
	Average number of sales days	44.72	66.24	Note 5	55.98	Note 9
	Property, plant and equipment turnover rate (times)	1.76	1.46	Note 5	1.59	102.60
	Total Asset Turnover (Times)	0.67	0.40	Note 5	0.07	0.04
Profitability	Return on Assets (%) (Note 6)	—	—	(9.95)	0.24	0.69
	Return on Assets (%)	(6.89)	5.74	(27.03)	(0.85)	0.71
	Return on Equity (%) (Note 6)	—	—	(41.82)	(1.08)	0.42
	Return on Equity (%)	(19.88)	14.17	(116.12)	(5.31)	0.48
	Net income before income tax to paid-in capital (%) (Note 6)	—	—	(17.79)	(2.59)	0.59
	Net income before income tax to paid-in capital (%)	(16.46)	15.94	(49.37)	(7.31)	0.76
	Net profit rate (%) (Note 6)	—	—	Note 5	(6.55)	3.86
	Net profit rate (%)	(11.34)	12.49	(148.02)	(19.57)	4.37
Earnings per share (NT\$)	(1.59)	1.23	(10.74)	(1.09)	0.15	
Cash Flow	Cash flow ratio (%)	Note 7	Note 7	Note 7	Note 7	22.00
	Cash flow fair ratio (%)	Note 7	Note 7	Note 7	Note 7	Note 7
	Cash reinvestment ratio (%)	Note 7	Note 7	Note 7	Note 7	16.69
Leverage	Operating leverage	Note 8	1.32	Note 5	Note 8	Note 8
	Financial leverage	0.85	1.09	Note 5	0.73	0.06

Reasons for changes in the financial ratios for the last two years (analysis is not required if the change is less than 20%)

1. Financial structure: The ratio of long-term funds to fixed assets, plants, and equipment has increased. The primary reason is that the long-term loans in 2022 have grown due to the increase in the number of contracted projects, which has increased the required operating funds.

2. Operating capability: The turnover rate of receivables has increased, mainly due to the recovery after requesting payment from the project owner at the end of this year; the inventory turnover rate was not calculated because the company stopped operating the textile and goods business groups in 2021 and cleared the inventory; the increase in the turnover rate of fixed assets and assets is mainly because the company has transformed into a construction industry and actively bidding, leading to increased revenue and costs, and the change in the accounting policy for investment properties from the cost model to the fair value model since January 1, 2022, adjusting the affected items in previous financial reports.

3. Profitability, cash flow, and leverage changes: Mainly because the company has transformed into a construction industry and has actively bid, leading to increased revenue and costs.

Note 1: The financial data for each year has been audited and certified by an accountant.

Note 2: TRIOCEAN INDUSTRIAL CORPORATION CO., LTD. acquired 100% of the shares of SHANGTING CONSTRUCTION CO. in 2020 using cash. TRIOCEAN INDUSTRIAL CORPORATION CO., LTD. has adjusted the original accounting treatment and preliminary amounts from the date of acquisition and has recompiled the comparative information for 2020.

Note 3: TRIOCEAN INDUSTRIAL CORPORATION CO., LTD. changed its accounting policy for investment property from January 1, 2022. Its subsequent measurement changed from cost model to fair value model, therefore, this accounting policy is applied retrospectively and adjusts the affected items in the 2021 financial report.

Note 4: The pre-tax profit or loss for the year was negative, so it is not calculated.

Note 5: The operating income, operating cost, and operating profit of the ongoing business unit for the current year are zero, so no calculation is made.

Note 6: The after-tax profit or loss for the year is calculated based on the net profit (loss) of continuing operations for the current period.

Note 7: For the calculation of related ratios in cash flows, if the net cash flow from operating activities is negative, it is not calculated.

Note 8: The operating profit for the year was negative, so it is not calculated.

Note 9: The current inventory is zero, so it is not calculated.

The calculation formula is as follows:

1. Financial Structure

(1) Debt to asset ratio = Total liabilities / Total assets.

(2) Long-term capital to property, plant and equipment = (Total equity + non-current liabilities) / net property, plant and equipment.

2. Solvency

(1) Current ratio = Current assets / Current liabilities.

(2) Quick ratio = (current assets - inventories - prepaid expenses) / current liabilities.

(3) Interest coverage = Net income before income tax and interest expense / Interest expense for the period.

3. Management capability

(1) Turnover rate of accounts receivable (including accounts receivable and notes receivable arising from operations) = net sales / average balance of accounts receivable (including accounts receivable and notes receivable arising from operations) for each period.

(2) Average collection days = 365/receivable turnover rate.

(3) Inventory turnover rate = Cost of goods sold / average inventory amount.

(4) Turnover rate of accounts payable (including accounts payable and notes payable arising from operations) = cost of goods sold / average balance of accounts payable (including accounts payable and notes payable arising from operations) for each period.

(5) Average sales days = 365 / Inventory turnover rate.

(6) Turnover rate of property, plant and equipment = net sales / average net property, plant and equipment.

(7) Total Asset Turnover = Net Sales / Average Total Assets.

4. Profitability

(1) Return on assets = [Profit and loss after tax + interest expense × (1 - tax rate)] / average total assets.

(2) Return on equity = Profit or loss after tax / average total equity.

(3) Net profit margin = profit or loss after tax / net sales.

(4) Earnings per share = (Profit or loss attributable to owners of the parent company - preferred stock dividends) / weighted-average number of shares outstanding. (Note 4)

5. Cash flow

(1) Cash flow ratio = Net cash flow from operating activities / Current liabilities.

(2) Net cash flow fair ratio = Net cash flow from operating activities for the last five years / (capital expenditures + increase in inventories + cash dividends) for the last five years.

(3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other noncurrent assets + working capital). (Note 5)

6. Leverage

(1) Operating leverage = (net operating revenues - variable operating costs and expenses) / operating income. (Note 6)

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

Formula for Financial Analysis:

1. Financial Structure

- (1) Debt to asset ratio = Total liabilities / Total assets.
- (2) Long-term capital to property, plant and equipment = (Total equity + non-current liabilities) / net property, plant and equipment.

2. Solvency

- (1) Current ratio = Current assets / Current liabilities.
- (2) Quick ratio = (current assets - inventories - prepaid expenses) / current liabilities.
- (3) Interest coverage = Net income before income tax and interest expense / Interest expense for the period.

3. Management capability

- (1) Turnover rate of accounts receivable (including accounts receivable and notes receivable arising from operations) = net sales / average balance of accounts receivable (including accounts receivable and notes receivable arising from operations) for each period.
- (2) Average collection days = 365/receivable turnover rate.
- (3) Inventory turnover rate = Cost of goods sold / average inventory amount.
- (4) Turnover rate of accounts payable (including accounts payable and notes payable arising from operations) = cost of goods sold / average balance of accounts payable (including accounts payable and notes payable arising from operations) for each period.
- (5) Average sales days = 365 / Inventory turnover rate.
- (6) Turnover rate of property, plant and equipment = net sales / average net property, plant and equipment.
- (7) Total Asset Turnover = Net Sales / Average Total Assets.

4. Profitability

- (1) Return on assets = [Profit and loss after tax + interest expense × (1 - tax rate)] / average total assets.
- (2) Return on equity = Profit or loss after tax / average total equity.
- (3) Net profit margin = profit or loss after tax / net sales.
- (4) Earnings per share = (Profit or loss attributable to owners of the parent company - preferred stock dividends) / weighted-average number of shares outstanding. (Note 4)

5. Cash flow

- (1) Cash flow ratio = Net cash flow from operating activities / Current liabilities.
- (2) Net cash flow fair ratio = Net cash flow from operating activities for the last five years / (capital expenditures + increase in inventories + cash dividends) for the last five years.
- (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other noncurrent assets + working capital). (Note 5)

6. Leverage

- (1) Operating leverage = (net operating revenues - variable operating costs and expenses) / operating income. (Note 6)
- (2) Financial leverage = Operating income / (Operating income - interest expense).

3.Audit Committee's Review Report on the Most Recent Year's Financial Statements

TRIOCEAN INDUSTRIAL CORPORATION CO., LTD.

Audit Committee's Review Report

The board of directors of the Company presented the annual business report, financial statements, and surplus distribution statement for the year 2022. The financial statements have been audited by Deloitte & Touche, which issued an audit report. The audit committee has reviewed the documents submitted by the board of directors and found no discrepancies. In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, this report is prepared for your review.

To: 2023 Shareholders Meeting of TRIOCEAN INDUSTRIAL CORPORATION CO., LTD.

Convener of the Audit Committee: NING KUO-HUI

March 23, 2023

4. The latest annual financial report, including auditor's audit report, balance sheet comparison for two years, consolidated income statement, changes in equity statement, cash flow statement, and notes or appendices:

Please see pages 95 to 165 in Appendix II.

5. The latest annual individual financial report of the company audited and certified by the accountant. However, this does not include the details of important accounting items:

Please see pages 166 to 225 in Appendix III.

6. For the company and its related enterprises, if there have been financial difficulties in the latest year and up to the date of the annual report publication:

There has been no such situation.

VII. Review of Financial Conditions, Operating Results, and Risk Management

1. Analysis of Financial Status

(1) Financial Condition Comparative Analysis Table - Consolidated

Unit: NT\$ thousands

Item \ Year	2022 年	2021 (restated)	Amount of increase or decrease	Variation (%)
Net operating Income	1,169,012	601,943	567,069	94
Operating Costs	1,060,821	476,721	584,100	123
Gross profit	108,191	125,222	(17,031)	-14
Operating Expenses	115,121	114,935	186	0
Net profit (loss)	(6,930)	10,287	(17,217)	-167
Non-operating income and expenses	4,493	(12,388)	16,881	-136
Net loss before tax	(2,437)	(2,101)	(336)	16
Income tax expense (gain)	(5,720)	3,456	(9,176)	-266
Net income (loss) from continuing operations	3,283	(5,557)	8,840	-159
Net income (loss) from discontinued operations	434	(21,791)	22,225	-102
Net profit (loss) for the period	3,717	(27,348)	31,065	-114
Items with a change in the increase/decrease ratio of 20% or more and a change in amount reaching 10 million are analyzed as follows:				
1. The major changes in financial performance over the two years are mainly due to the global labor and material shortages and inflation in recent years, leading to increased project costs, decreased gross profit margin, and the cessation of loss-making department operations in 2021, reducing expense expenditure.				

2. Analysis of Operation Results

(1) Financial Performance Comparison Analysis - Consolidated

Unit: NT\$ thousands

Item \ Year	2022	2021 (restated)	Amount of increase or decrease	Variation (%)
Net operating Income	1,169,012	601,943	567,069	94
Operating Costs	1,060,821	476,721	584,100	123
Gross profit	108,191	125,222	(17,031)	-14
Operating Expenses	115,121	114,935	186	0
Net profit (loss)	(6,930)	10,287	(17,217)	-167
Non-operating income and expenses	4,493	(12,388)	16,881	-136
Net loss before tax	(2,437)	(2,101)	(336)	16
Income tax expense (gain)	(5,720)	3,456	(9,176)	-266
Net income (loss) from continuing operations	3,283	(5,557)	8,840	-159
Net income (loss) from discontinued operations	434	(21,791)	22,225	-102
Net profit (loss) for the period	3,717	(27,348)	31,065	-114
Items with a change in the increase/decrease ratio of 20% or more and a change in amount reaching 10 million are analyzed as follows:				
2. The major changes in financial performance over the two years are mainly due to the global labor and material shortages and inflation in recent years, leading to increased project costs, decreased gross profit margin, and the cessation of loss-making department operations in 2021, reducing expense expenditure.				

(2) Estimated sales volume for the next year and its basis

1. The estimated sales volume for the year 2023 is as follows

Main Product	Estimated Sales Amount
Engineering Revenue (Thousand Dollars)	1,222,225

2. Basis: Estimated based on the progress of the Company's ongoing projects and the projects won at the end of 2022.

3. Analysis of Cash Flow

(1) Analysis of Liquidity over the Last Two Years

Item \ Year	2021	2020	Variation(%)
Cash flow ratio (%)	—	—	—
Cash flow allowance ratio (%)	—	—	—
Cash reinvestment ratio (%)	—	—	—
Analysis of changes in ratios: For the calculation of related ratios in cash flows, if the net cash flow from operating activities is negative, it is not calculated.			

Item \ Year	2022	2021	Variation(%)
Cash flow ratio (%)	—	—	—

Cash flow allowance ratio (%)	—	—	—
Cash reinvestment ratio (%)	—	—	—
Analysis of changes in ratios: For the calculation of related ratios in cash flows, if the net cash flow from operating activities is negative, it is not calculated.			

(2) Cash flow analysis for the coming year:

Unit: NT\$ thousands

Initial cash balance at the beginning of the period (1)	Estimated full year cash flow from operating activities (2)	Estimated cash outflow in investing activities (3)	Estimated surplus (shortfall) of cash (1)+(2)-(3)	Remedial measures for cash shortfall
				Financial Planning
253,649	97,641	-	385,576	N/A
Analysis of cash flow changes in the next year: The company's estimated cash inflows for the next year are mainly due to the fact that the construction projects currently under construction have increased their completion progress in 2022, and the newly accepted projects have not yet invested heavily, so there will be no difficulty in cash expenditure.				

4. Major Capital Expenditure Items: None.

5. Investment Policy in Last Year, Main Causes for Profits or Losses, Improvement Plans and the Investment Plans for the Coming Year

The company's investment policy, the main reasons for its profit or loss, improvement plans, and investment plans for the next year for the investee companies in the most recent year are as follows:

Investee Company Name	Shareholding Ratio (%)	The Investee Company's Current Period Profit (Loss)	Main Reasons for Profit or Loss	Improvement Plan	Investment Plan for the Next Year
Tri Ocean Textile (Thailand) Co., Ltd.	100	(14,898)	Recognize in operating loss	Reduce necessary expenditures	Seek opportunities for sale
SHANG TING CONSTRUCTION CO.	100	13,964	Recognize in operating profit	Continuously tender for engineering projects	Actively tendering

6. Analysis and assessment of risk items up to the printing date of the annual report in the most recent fiscal year

(1) Impact of changes in interest rates, exchange rates and inflation on the Company's profit and the response of the Company:

1. Interest rates

A. Impact on Company's Profit and Loss

Year	2021 (restated)		2022	
	Amount	Ratio to net operating income (%)	Item	Amount
Interest income	952	0.16	Interest income	952
Interest expense	12,637	2.10	Interest expense	12,637

Data Source: Financial statements audited and certified by CPA.

The interest income of The company in 2022 and 2021 were respectively NT\$2,863 thousand and NT\$952 thousand, representing 0.24% and 0.16% of the annual net operating income, which has limited impact on The company.

B. Response in Future

Affected by the interest rate hike by banks in 2022, the market interest rate has increased. However, The company actively requests payment from the project owners according to the project progress, so the fluctuation of interest rate should not have a significant impact on the company's profits and losses.

2. Rate changes

The company's main business is domestic public works contracts, so exchange rate fluctuations do not have a significant impact.

3. Inflation:

The public works projects contracted by The company can apply for a price index subsidy. Therefore, inflation does not have a significant impact on The company.

(2) Policies on engaging in high-risk, highly leveraged investments, lending of funds to others, endorsement of guarantees and derivative transactions, the main reasons for profits or losses and the response of the Company:

1. The company handles lending funds to others, endorsing guarantees, and derivative financial product transactions according to the company's "Asset Acquisition or Disposal Procedure", "Procedure for Lending Funds to Others", and "Endorsement Guarantee Procedure". Apart from the merger and transformation of the construction project in 2022, which has shown results, the company has not engaged in high-risk, high-leverage investments leading to substantial profits or significant losses.

2. Lending funds to others: Not applicable.

3. Endorsement guarantee: Not applicable.

4. Derivative products: Not applicable.

(3) Future Research and Development Plans and Estimated R&D Expenditure: None.

(4) Impact of important domestic and international Law and legal changes on the Company's financial operations and the response of the Company:

As of the printing date of the annual report, The company has not been affected by significant changes in domestic and foreign policies and laws that impact financial business. In the future, the company will collect and assess the impact of important domestic and foreign policy and legal changes on the company's finances and business irregularly.

(5) Impact of technological changes and industry changes on the Company's financial operations and the response of the Company: None.

(6) Impact of the change in corporate image due to corporate crisis management and the response of the Company:

The corporate image of The company has always been good, and there have been no incidents that have caused a significant change in the corporate image and caused a corporate crisis.

(7) Expected benefits, possible risks and responses to mergers and acquisitions: None.

(8) Expected benefits, possible risks and contingency measures for plant expansion: None.

(9) Risks of concentration of imports or sales and the response of the Company:

The company mainly contracts public works. The project owners are mostly government agencies, so there is no risk of not being able to collect payment for concentrated sales projects. In addition, The company has established a list of qualified suppliers, and there are substitute suppliers for all material purchases, so there is no risk of concentrated purchases.

(10) Impact, risk and response to the substantial shift or change in shareholding of directors or

substantial shareholders holding more than 10% of the shares of the Company:

The transfer of shares by the directors of The company or shareholders holding more than 10% of the shares is personal financial planning and is reported according to the relevant regulations. There is no significant impact on the company's control and market risk.

(11) Impact of changes in operating rights on the Company, risks and the response of the Company:

As of the printing date of the annual report, there has been no change in the control of The company.

(12) Litigation or non-litigation events:

There have been no major lawsuits, non-litigations, or administrative litigation events that have been finally adjudicated or are still in progress, involving directors, supervisors, general managers, actual responsible persons, shareholders holding more than 10% of the shares, and subsidiaries of The company, and the results may have a significant impact on shareholders' rights or the price of securities. These include the disputed facts, the amount of the subject matter, the start date of the lawsuit, the main litigants involved, and the handling situation as of the printing date of the annual report: Not applicable.

(13) Other significant risks and the response of the Company:

Cybersecurity Risks and Responses:

1. The company has formulated this policy to enhance information security risk management and ensure the security of data, systems, equipment, and networks.

2. The term "information security" in this policy refers to ensuring the correctness of the company's information processing, the reliability of the computer software, hardware, peripherals, and network systems used by the operators, and to ensure that the above resources are free from interference, destruction, invasion actions or attempts.

3. The goal of information security is to ensure legal access to the company's information, provide uninterrupted information system operation when possibly under attack, and, in the event of an emergency, quickly respond to recover normal operations in the shortest time, thus minimizing potential damage.

4. To prevent computer virus attacks, legitimate antivirus software should be purchased, and virus codes and antivirus engines should be updated regularly to effectively implement information security work.

5. If a cybersecurity incident occurs in any unit, it should immediately report to the information unit for handling, and the information unit should handle the crisis urgently.

6. Employees who violate information security regulations will be held accountable for their information security responsibilities in accordance with disciplinary procedures.

7. This policy should comply with relevant laws, technology, and the latest developments in business, ensuring the effectiveness of information security practical operations.

8. Implement backup software and purchase firewall security mechanisms to ensure information integrity and shorten restoration time when under a cyber attack.

9. Matters not covered in this policy shall be handled in accordance with relevant laws and company regulations.

7. Other important matters: None.

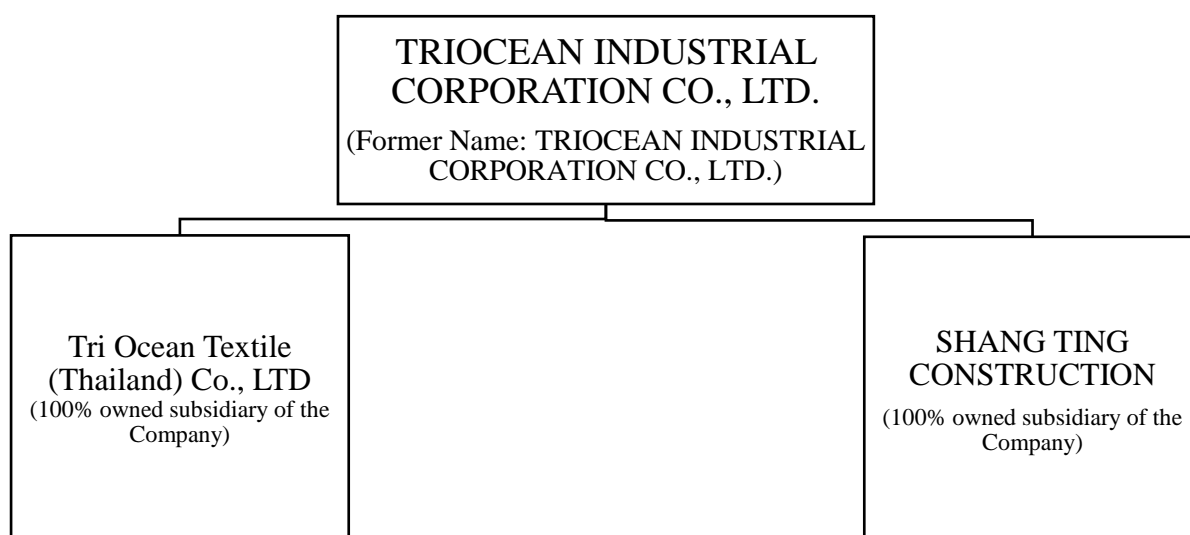
VIII. SPECIAL DISCLOSURE

1. Summary of Affiliated Companies

(1) Report on Consolidated Operations of Affiliated Companies:

1. Organizational Chart

Record Date: Mar. 31, 2023



2. Basic Information on Affiliates

Dec. 31, 2022

Name	Date of establishment	Location	Paid-in capital	Business
TRIOCEAN INDUSTRIAL CORPORATION CO., LTD. (TRIOCEAN INDUSTRIAL CORPORATION CO., LTD.)	1968.10.17	No. 360, Jiabao Rd., Dashe Dist., Kaohsiung City	249,880,820	Comprehensive construction industry, building material trading
Tri Ocean Textile (Thailand) Co., LTD	2016.07.04	Thailand	BAHT 937,250 (TWD 813,625)	Manufacturing, processing, and trading of fiber textiles
SHANG TING CONSTRUCTION CO.	2013.12.11	No. 360, Jiabao Rd., Dashe Dist., Kaohsiung City	500,000,000	Comprehensive construction industry

3. Presumed to be related by control and subordination - The same shareholder data: Not applicable.

4. Overall operation of related enterprises covers industries and division of labor: TRIOCEAN INDUSTRIAL CORPORATION CO., LTD. has gradually reduced and shut

down the original textile production and bedding sales business in 2021, turning to the construction industry; Tri Ocean Textile (Thailand) Co., LTD is engaged in the weaving, processing, manufacturing, and buying and selling of synthetic fibers and their raw materials, while SHANG TING CONSTRUCTION CO.'s main business items are government construction projects.

5. Information on directors, supervisors, and general managers of each related company.

Dec. 31, 2022 ; Unit: shares ; %

Name	Title	Rept.	Shareholding	
			Shares	Ratio
Controlling company: TRIOCEAN INDUSTRIAL CORPORATION CO., LTD. (TRIOCEAN INDUSTRIAL CORPORATION CO., LTD.)	Chairperson	Dai Wan Shiung Ching Co., Ltd.	2,087,657	8.35%
	Director	Rep: CHEN CHI-YU	853,993	3.42%
	Director	HUANG CHUN-MING	305	0.00%
	Director	CHIEN YEU ENTERPRISE CO., LTD.	100,248	0.40%
	Independent Director	Rep: TSAI HUI-MING	-	-
	Independent Director	CHAOSHEN INVESTMENT CO.	-	-
SHANG TING CONSTRUCTION CO.	Chairperson	Rep: HUANG TAI-FENG	-	-
		TRIOCEAN INDUSTRIAL CORPORATION CO., LTD.	500,000,00	100.00%
		(Former Name: TRIOCEAN INDUSTRIAL CORPORATION CO., LTD.) Rep: CHEN CHI-YU	0	

6. Overview of the operations of our affiliates

Dec. 31, 2022 ; Unit: NT\$ thousands

Name	Amount of capital	Total Assets	Total liabilities	Net value	Operating income	Operating profit or loss	Profit or loss for the period (After tax)	Earnings per share (\$)
TRIOCEAN INDUSTRIAL CORPORATION CO., LTD.	249,881	2,235,907	1,451,883	784,024	2,478	(10,392)	8,390	0.336
Tri Ocean Textile (Thailand) Co., LTD	BAHT 937,250 (TWD 813,625)	94,350	4,786	89,564	—	(3,776)	(3,798)	(0.047)
SHANG TING CONSTRUCTION CO.	500,000	2,882,433	2,352,367	530,066	245,528	1,443	1,254	0.025

Note 1: SHANG TING CONSTRUCTION CO. issued 15,000,000 new shares in December 2022.

Note 2: The Profit or loss for the period (After tax) is the net profit or loss from continuing operations.

(3) Statement of Affiliated Enterprises' Consolidated Financial Statements

Statement of Affiliated Enterprises' Consolidated Financial Statements

The Company, for the year 2022 (from January 1, 2022, to December 31, 2022), pursuant to the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises", has the same companies to be included in the preparation of the affiliated enterprises' consolidated financial statements as those to be included in the preparation of the parent-subsidary consolidated financial statements according to International Financial Reporting Standard 10. All the relevant information that should be disclosed in the affiliated enterprises' consolidated financial statements has been disclosed in the aforementioned parent-subsidary consolidated financial statements, therefore, there is no need to separately prepare the affiliated enterprises' consolidated financial statements.

Company: TRIOCEAN INDUSTRIAL CORPORATION CO., LTD.

Responsible Person: Dai Wan Shiung Ching Co., Ltd.

CHEN, QI-YU

March 23, 2023

(3) Relationship Report: Not applicable.

2.Private Placement Securities in the Most Recent Years: None.

3.The Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years: None.

4.Other items of description which needs to be supplemented: None.

IX. As of the most recent fiscal year and up until the publication date of the annual report, in accordance with Article 36, Paragraph 2, Subparagraph 2 of the Securities Exchange Act, there are no significant issues affecting shareholder rights or security prices.

Attachment 1: Domestic First Secured Convertible Corporate Bond Issuance and Conversion Method

TRIOCEAN INDUSTRIAL CORPORATION CO., LTD.

Domestic First Secured Convertible Corporate Bond Issuance and Conversion Method (hereinafter referred to as "this method")

I. Name of the bond:

TRIOCEAN INDUSTRIAL CORPORATION CO., LTD.
(hereinafter referred to as "the Company")'s first domestic
secured convertible corporate bonds (hereinafter referred to
as "these convertible bonds").

II. Issue Date:

January 30, 2019 (hereinafter referred to as the "Issue Date").

III. Total Issue Amount and Par Value per Bond:

The par value of each convertible bond is one hundred thousand
New Taiwan dollars, with a total issue of three thousand
bonds. The total face value of the issue is three hundred
million New Taiwan dollars, issued at 101% of the bond par
value. The total amount issued is three hundred and three
million New Taiwan dollars.

IV. Issuance Period:

The issuance period is three years, starting from January 30, 2019,
and ending on January 30, 2022 (hereinafter referred to as the
"Maturity Date").

V. Coupon Rate:

The annual coupon rate of this convertible bond is 0%.

VI. Repayment and Interest Payment Date and Method:

According to Article 5 of this method, the annual coupon rate of
this convertible bond is 0%, so there is no need to set an
interest payment date and method. Except for bondholders
who convert into ordinary shares of the company according
to Article 10 of this method, or the company redeems in
advance according to Article 18 of this method, or the
company buys back and cancels from a securities firm, the
company will repay the convertible bond held by the
bondholder in cash at face value when this convertible bond
matures.

VII. Guarantee:

(1) This convertible bond is guaranteed by the Cooperative Bank
(hereinafter referred to as the "Guarantee Bank"). The
guarantee period is from the day when the debt of this

convertible bond is fully collected to the day when the principal and interest to be paid according to this method are fully paid. The guarantee scope includes the balance of the principal issued by this convertible bond and the interest compensation due to the creditor and other burdens subordinate to the main debt.

- (2) If the holder of this convertible bond intends to request payment from the guarantee bank, they should submit a request to the trustee during the guarantee period. After the trustee receives the request, they should notify the guarantee bank of the full amount of the request, and the guarantee bank will pay the trustee within fourteen business days after receiving the trustee's request for payment according to this convertible bond.
- (3) During the guarantee period, if the company fails to repay the principal and interest on time, or violates the trust contract signed with the trustee bank, or violates the "guarantee contract" signed with the guarantee bank, or violates the items approved by the competent authority, which may affect the rights and interests of the holders of this convertible bond, this convertible bond is considered to be fully matured.
- (4) When the holder of this convertible bond requests the guarantee bank to pay the guarantee amount of this convertible bond, the creditor of the company's bond should sign a pledge, pledging that the creditor's right to the convertible bond guaranteed by the guarantee bank has been fully compensated from the guarantee bank and may not request the guarantee bank to perform the guarantee responsibility of the convertible bond again.

VIII. Conversion Target:

Bondholders may, in accordance with the provisions of this method, request the Company to convert this convertible bond into the common shares of the Company at face value and the conversion price at the time of the request for conversion. The Company will deliver the new common shares issued.

IX. Conversion Period:

- (1) Bondholders can request the Company to convert into the Company's common shares according to this method from the day after three months from the date of issuance of this convertible bond (May 1, 2019) to the maturity date (January 30, 2022), except for the period of suspension of transfer by law and the period specified in paragraph (2) of this article, and handle it according to the provisions of Articles 10, 13, and 15 of this method.
- (2) Conversion is suspended from 15 business days before the stop transfer date of the Company's gratuitous stock dividend, cash dividend, or cash capital increase subscription, to the base date of dividend distribution, and from the base date of capital reduction to the day before the start of trading of capital reduction replacement shares.

X. Conversion Request Procedure:

- (1) The bondholder goes to the original transaction broker to fill in the "Convertible Bond Book Transfer Conversion / Redemption / Sell-back Application Form" (indicating conversion), and the transaction broker applies to the Taiwan Depository & Clearing Corporation (hereinafter referred to as "TDCC"). After the TDCC accepts the application, it will be delivered to the Company's shareholder service agent. The conversion effect will take effect at the time of delivery, and the application cannot be cancelled. The conversion procedure will be completed within five business days after delivery, and the common shares of the Company will be directly allocated into the original bondholder's centralized account.
- (2) When overseas Chinese and foreigners convert this convertible bond into shares, the TDCC handles the distribution by book transfer.

XI. Conversion Price and Its Adjustment:

- (1) The base date for setting the conversion price of this convertible bond is January 22, 2019. The base price is either the simple arithmetic average of the closing price of the Company's common shares one business day, three business days, and five business days before the base date (excluding), and then the base price multiplied by 102% as the calculation basis (calculated to the fraction of the New Taiwan Dollar, and rounding to the nearest fraction). If there is a ex-dividend or ex-interest before the base date, the closing price used for sampling to calculate the conversion price should first be calculated as the price after ex-dividend or ex-interest; after the conversion price is determined, if there is a ex-dividend or ex-interest before the actual issue date, it should be adjusted according to the conversion price adjustment formula. According to the above method, the conversion price is 29.99 per share.
- (2) After the issuance of these convertible bonds, except for the common shares exchanged from various securities with the right of conversion into ordinary shares or the right of subscription issued (or privately placed) by the Company, or the new shares issued due to employee remuneration are not subject to the following provisions, the Company should adjust the conversion price of these convertible bonds according to the following formula when the issued (or privately placed) common shares of the Company increase (including but not limited to issuing new shares by means of fundraising, private placement, profit transfer to increase capital, capital reserve transfer to increase capital, company merger, or issuance of new shares by acquiring shares of other companies, stock split, and cash increase to participate in the issuance of depository receipts, etc.), and send a letter to the Taiwan Securities Exchange OTC Center (hereinafter referred to as "OTC Center") to announce, on the ex-right base date for the issuance of new shares (Note 1) adjust (actual payment operation is adjusted on the day when the share money is paid in full). If the issuance price of new

shares changes after the ex-right base date of issuing new shares by cash capital increase, adjust it again according to the revised new share issuance price following the formula below. If the adjusted conversion price after calculation is lower than the conversion price announced before the original ex-right base date, the OTC Center should be requested to announce the adjustment again.

Adjusted conversion price = Pre-adjustment conversion price \times [Issued share quantity (Note 2) + (Per share subscription amount (Note 3) \times Number of new shares issued or private placement shares) / Per share market price (Note 4)] / (Issued share quantity + Number of new shares issued or private placement shares)

Note 1: If a stock split is in effect, the benchmark date is the split date. If cash capital increase or issuance of overseas depositary receipts is implemented by price inquiry, and there is no ex-right benchmark date, adjustments will be made on the date when the share capital is paid in full. In case of a merger or a capital increase from a transfer, adjustments will be made on the benchmark date of the merger or transfer. If the capital increase is carried out through a private placement, or the increased shares are privately placed securities, adjustments will be made on the delivery date of the privately placed securities.

Note 2: The number of issued shares refers to the total number of common shares issued (including fundraising issued and private placement shares), minus the number of treasury shares repurchased by the company that have not yet been cancelled or transferred.

Note 3: If the per share subscription amount is for free distribution of shares or stock splitting, then the subscription amount is zero. If new shares are issued due to a merger capital increase, then the per share subscription amount is calculated based on the net asset value per share verified by the accountant or reviewed from the most recent financial statements of the extinguished company, times the exchange ratio. If new shares are issued by acquiring other companies, the per share subscription amount is calculated based on the net asset value per share verified by the accountant or reviewed from the most recent financial statements of the acquired company, times the exchange ratio.

Note 4: The setting of the per share market price should be based on the simple arithmetic average of the closing price of the common shares on one, three, or five business days, whichever is chosen, prior to the ex-

right benchmark date, pricing benchmark date, or stock split benchmark date.

- (3) After the issuance of this convertible corporate bond, if the proportion of cash dividend distribution of common shares of the company exceeds 1.5% of the per share market price, the conversion price should be adjusted downward on the ex-dividend benchmark date according to the proportion of the per share market price, and the adjusted conversion price should be announced (calculated to the nearest cent of the New Taiwan dollar, rounded to the nearest cent). The adjustment formula is as follows: Adjusted conversion price = Pre-adjustment conversion price × (1 - ratio of common share cash dividend distribution to per share market price (Note 5))

Note 5: The per share market price is chosen based on the simple arithmetic average of the closing price of the company's common shares on one, three, or five business days prior to the ex-dividend announcement day of the cash dividend.

- (4) After the issuance of this convertible corporate bond, if the company reissues (or private places) various securities with common share conversion rights or share subscription rights at a conversion or subscription price lower than the per share market price (Note 6), the company should adjust the conversion price of this convertible corporate bond according to the following formula (calculated to the nearest cent of the New Taiwan dollar, rounded down, and not adjusted upwards), and announce it at the GreTai Securities Market on the day of the issuance of the aforementioned securities or the delivery day of the privately placed securities: Adjusted conversion price = Pre-adjustment conversion price × [Issued share quantity (Note 7) + (conversion or subscription price of newly issued or privately placed securities or share subscription rights ×
- (5) After the issuance of this convertible corporate bond, if the company's common stock shares decrease due to a reduction not resulting from the cancellation of treasury stock, the adjusted conversion price should be calculated according to the following formula and announced at the counter purchase center, adjusted as of the date of the reduction.

When the reduction is to compensate for losses:

Adjusted conversion price = Pre-adjusted conversion price × [Number of ordinary shares issued before reduction (Note 8) / Number of ordinary shares issued after reduction].

When cash is reduced:

Adjusted conversion price = (Pre-adjustment conversion price - cash refund per share) × [Number of ordinary shares issued before reduction (Note 8) / Number of ordinary shares issued

after reduction].

Note 8: The number of shares issued refers to the total number of ordinary shares issued (including those raised and privately issued) minus the number of treasury shares purchased by the company but not yet cancelled or transferred.

XII. The listing and delisting of this convertible corporate bond:
This convertible corporate bond applies to the counter purchase center for listing before the issuance date, and will be announced after the company has negotiated with the counter purchase center. The listing of this convertible corporate bond will cease when all are converted into common stock or all are repurchased or repaid by the company.

XIII. Listing of new shares after conversion:
The ordinary shares issued after the conversion of this convertible corporate bond will be listed for sale at the counter purchase center from the delivery date, and will be announced after the company has negotiated with the counter purchase center.

XIV. The company should announce the number of shares delivered due to the exercise of this convertible corporate bond within fifteen days after the end of each quarter, and should apply to the competent authority for the registration of the change in capital at least once a quarter.

XV. Handling of balance that cannot be converted into one share:
When converted into ordinary shares, if there are fractional shares less than one share, in addition to offsetting the centralized securities custody transfer fee, the company will repay it in cash (calculated to the new Taiwan dollar, rounded to the nearest dime).

XVI. Ownership of annual cash dividends and stock dividends after conversion:

(1) Cash Dividends

1. Bondholders who request conversion from January 1st of the current year to fifteen business days before the company's stop-transfer date for cash dividends in the current year will participate in the cash dividends of the previous year resolved by the shareholders' meeting with the common shares obtained from conversion.
2. The conversion of this convertible corporate bond will stop from fifteen business days (inclusive) before the company's cash dividend stop-transfer date in the current year to the ex-dividend base date (inclusive).
3. Bondholders who request conversion from the day after the ex-dividend base date in the current year to December 31st of the current year (inclusive) will not be eligible for the cash dividends of the previous year resolved by the shareholders' meeting, but can participate in the cash dividends of the current year resolved by the next year's shareholders' meeting.

(2) Stock Dividends

1. Bondholders who request conversion from January 1st of the current year to fifteen business days before the company's stop-transfer date for bonus shares in the current year will participate in the stock dividends of the previous year resolved by the shareholders' meeting with the common shares obtained from conversion.
2. The conversion of this convertible corporate bond will stop from fifteen business days (inclusive) before the company's stop-transfer date for bonus shares in the current year to the ex-right base date (inclusive).
3. Bondholders who request conversion from the day after the ex-right base date in the current year to December 31st of the current year (inclusive) will not

XVII. Rights and Obligations after Conversion:

The new shares after conversion have the same rights and obligations as the ordinary shares of this company.

XVIII. The company's redemption right of this convertible bond:

- (1) From the day after the three-month anniversary of the issuance of this convertible bond (May 1, 2019) until 40 days before the end of the issuance period (December 21, 2021), if the closing price of this company's ordinary shares exceeds the then conversion price by 30% (inclusive) for thirty consecutive business days, the company may, within the next thirty business days, send by registered mail a one-month "Bond Recall Notice" (the aforementioned period starts from the date the company sends the letter, and ends on the date when the bond is recalled, and the aforementioned period cannot be the suspension conversion period in Article 9) to the bondholders (who are determined by the roster of bondholders five business days before the date the "Bond Recall Notice" is sent out, and those who acquire this convertible bond due to purchase or other reasons afterward, will be notified by announcement). The company will also, five business days after the bond recall benchmark date, recall the convertible bonds in circulation at face value.
- (2) Starting from the day after three months after the issuance of this convertible bond (May 1, 2019) to forty days before the end of the issuance period (December 21, 2021), if the remaining amount of this convertible bond in circulation is less than ten percent of the original total issuance amount, the Company can at any time afterwards send a one-month "Bond Redemption Notice" by registered mail (the aforementioned period is calculated from the day the Company sends the letter, and the day the period expires is the base date for bond redemption, and the aforementioned period cannot be the suspension of conversion period in Article 9) to bondholders (those listed in the bondholder register five business days before the date of dispatch of the "Bond Redemption Notice" are the standard, for those who subsequently acquired the convertible bond due to buying and selling or other reasons, it will be announced), and the Company will redeem the

convertible bonds in circulation in cash according to the face amount of the bond five business days after the bond redemption base date.

- (3) If the creditor does not reply in writing to the Company's stock affairs agency (effective upon delivery, if sent by mail, the postmark will serve as proof) before the bond redemption base date stated in the "Bond Redemption Notice", the Company will redeem its convertible bonds in circulation in cash according to the face amount of the bond five business days after the bond redemption base date.

XIX. All the convertible bonds recalled (including those bought back from the secondary market), repaid, or converted by this company will be cancelled and cannot be sold or issued again.

XX. Both this convertible bond and the ordinary shares issued in exchange are registered. Transfer, registration of changes, pledging, loss, etc., are handled in accordance with the "Guidelines for the Handling of Share Affairs by Publicly Listed Companies" and the relevant provisions of the Company Act. Tax matters are handled in accordance with the tax law at that time.

XXI. This convertible bond is entrusted to Jih Sun International Commercial Bank Co., Ltd., Trust Department, to act as the trustee for bondholders and exercise the right and duty to audit and supervise the company's performance of the issuance of this convertible bond. Any bondholder of this convertible bond, whether subscribed at the time of issuance or acquired midway, agrees to the trustee contract terms, rights and obligations of the trustee, and this method set between the company and the trustee, and gives the trustee full authority on matters related to the trust. This authorization cannot be withdrawn midway. As for the content of the trust contract, bondholders may inspect it at the company or trustee's office during business hours.

XXII. The company's stock affairs agency is responsible for handling the principal and interest payments and conversion matters of this convertible bond.

XXIII. The issuance of this convertible bond does not print physical bonds in accordance with Article 8 of the Securities Trading Act.

XXIV. In the event of any matters not covered in the issuance and conversion method of this convertible bond, they will be handled in accordance with the relevant laws and regulations.

**Attachment 2: The most recent annual
financial report**

**Triocean Industrial Corporation
Co., Ltd. And Subsidiaries**

**Consolidated Financial Statements for
the Years Ended December 31, 2022
and 2021 (restated) and Independent
Auditors' Report**

REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of Triocean Industrial Corporation Co., Ltd. as of and for the year ended December 31, 2022, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10 “Consolidated Financial Statements”. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Triocean Industrial Corporation Co., Ltd. and Subsidiaries did not prepare a separate set of combined financial statements.

Very truly yours,

Triocean Industrial Corporation Co., Ltd.

By

Dai Wan Shiung Ching Co., Ltd. Chen Chi-Yu
Chairman

March 23, 2023

INDEPENDENT AUDITORS' REPORT

The Board of Directors and the shareholders
Triocean Industrial Corporation Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Triocean Industrial Corporation Co., Ltd. and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation and its subsidiaries as of December 31, 2022 and 2021, their consolidated financial performance and their consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matter

The key audit matter is which that, in our professional judgment, is most significant to our review of the Consolidated Financial Statements of The Group for 2022. Such matter has been considered in the process of examining the consolidated financial statements taken as a whole and forming an opinion thereon, and we do not express an opinion on the matter individually.

The following is the description of the key audit matter in the Consolidated Financial Statements of The Group for 2022:

Accuracy of Revenue Recognition for Construction Projects

After the acquisition of Shang Ting Co., Ltd., The Group is currently focusing on construction engineering business. The accounting policy for revenue recognition of construction projects is described in Note 4 and is measured by the cost input method to determine the degree of

completion of performance obligations, which is the proportion of actual input costs to expected total costs.

The accounting treatment of construction contracts involves significant accounting estimates and judgments by management, so the accuracy of revenue recognition for construction projects is one of the key audit matters.

The main audit procedures performed by the accountant are as follows:

1. Evaluate the completeness and accuracy of management's estimates of total contract costs.
2. Selectively review contracts awarded and input costs, and verify the accuracy of the degree of completion of performance obligations and revenue recognition for construction projects.

Impairment Assessment of Goodwill

The goodwill of The Group mainly comes from the acquisition of Shang Ting Co., Ltd. When management assesses whether goodwill is impaired, the estimated recoverable amount of cash-generating units, which include the allocated goodwill, is based on the value in use. When management evaluates the value in use of the aforementioned assets, they take into account factors such as projected revenue growth and profitability in the future operational outlook and calculate the weighted average cost of capital as the discount rate. Since these assumptions involve subjective judgments by management and may be affected by future project acceptance and the construction industry market conditions, they have a high degree of estimation uncertainty. Therefore, the accountant considers the impairment assessment of The Group's goodwill as one of the key audit matters for this year.

1. Obtain management's impairment assessment for cash-generating units and understand the process and basis for management's estimates of projected revenue growth rates and profit margins in their future operational outlook.
2. Evaluate the professional competence, qualifications, and objectivity of the external valuation specialists used by management.
3. Assess the reasonableness of management's execution of goodwill impairment testing, including evaluating the goodwill impairment testing report issued by external valuation specialists and engaging our firm's financial advisory experts to assess key valuation parameters, key assumptions, and the appropriateness of the value in use.

Emphasis of matter

As described in Note III of the consolidated financial statements, The Group changed its accounting policy for investment properties from January 1, 2022. The subsequent measurement has been changed from the cost model to the fair value model. As a result, the Company retrospectively applied this accounting policy and adjusted the affected items in prior financial statements. This has not led the accountants to modify their audit opinion.

Others

Triocean Industrial Corporation Co., Ltd. has prepared parent company only financial statements for the years 2022 and 2021, and the accountant has issued unqualified audit reports with an emphasis-of-matter paragraph on file for reference.

Responsibilities of management and directors for the consolidated financial statements

Management's responsibility is to prepare the consolidated financial statements present fairly, in all material respects, according to Regulations Governing the Preparation of Financial Reports by

Securities Issuers as well as the International Financial Reporting Standards, International Accounting Standards, Interpretation, and Interpretation Announcement recognized and announced the effectiveness by Financial Supervisory Commission as well as maintain necessary internal control related to the preparation of the consolidated financial statements in order to ensure there is no major untrue expression on the financial statements due to fraud or error.

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

The responsibilities of the governing body (including the audit committee) include overseeing the financial reporting process of The Group.

Auditors' responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for audit opinions. Because fraud may be related to conspiracy, forgery, deliberate omission, false statement or breach of internal control, the risk of a material misstatement caused by fraud which is not identified is higher than the risk of a material misstatement caused by any error.
2. Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the internal control effectiveness of The Group.
3. Assess the appropriateness of management's use of accounting policies and the reasonability of the accounting estimate and relevant disclosure.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of The Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause The Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial

statements (including the relevant notes), and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. We have obtained sufficient and appropriate evidence to audit the consolidated financial information of The Group to express an opinion on the Consolidated Financial Statements. We are responsible for the guidance, supervision and execution of the audit and for forming an audit opinion on The Group.

We communicate with the governing body regarding, among other matters, the planned scope and timing of the audit and significant audit findings (including any significant deficiency in internal controls that we identify during our audit).

We have also provided the governing body with a statement that the independence-regulated personnel of the firm to which we are affiliated have complied with the Code of Ethics for Professional Accountants with respect to independence, and communicate with the governing body about all relationships and other matters (including related protective measures) that may be considered to affect the accountant's independence.

We have determined the key audit matter for the audit of the Consolidated Financial Statements of The Group for the year ended December 31, 2022 from the communications we have had with the governing body. We identified such matter in our auditor's report, except for those matters that are not permitted by law to be disclosed publicly or, in the rarest of circumstances, we decided not to communicate those matters in our auditor's report because we reasonably could expect the negative effect of such communication to outweigh the public interest.

The engagement partners on the reviews resulting in this independent auditor's review report are Chen-Li Chen and Kai-Ning Hsu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 23, 2023

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

TRIOCEAN INDUSTRIAL CORPORATION CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(In Thousands of New Taiwan Dollars)

Code	Assets	Dec. 31, 2022		Dec. 31, 2021(restated)	
		Amount	%	Amount	%
	Current assets				
1100	Cash (Note IV and VI)	\$ 253,649	9	\$ 283,190	12
1110	Financial assets measured at FVTPL - current (Note IV and VII)	-	-	30,045	1
1140	Contract assets - current (Note IV, XXIV and XXXI)	297,706	11	184,190	8
1150	Notes receivable (Note IV, X, XXIV and XXXI)	-	-	24,906	1
1170	Accounts receivable(Note IV, X, XXIV and XXXI)	-	-	17,000	1
1200	Other receivables	202	-	105	-
1220	Current income tax assets (Note IV and XXVI)	190	-	73	-
1410	Advance payment	99,923	4	20,394	1
1460	Assets (or disposal groups) held for sale (Note XI)	29,646	1	-	-
1476	Other financial assets - current (Note IV, IX and XXXII)	724,266	26	470,416	19
1479	Other current assets	4,203	-	742	-
11XX	Total current assets	<u>1,409,785</u>	<u>51</u>	<u>1,031,061</u>	<u>43</u>
	Non-current assets				
1517	Financial assets measured at FVTOCI—non-current (Note IV and VIII)	31,500	1	32,860	1
1600	Property, plant and equipment (Note IV, XIII and XXXII)	100,512	4	101,089	4
1755	Right-of-use assets (Note IV and XIV)	37,415	1	25,511	1
1760	Net investment property (Note III, IV, XV and XXXII)	721,010	26	730,880	30
1805	Goodwill(Note IV and XVI)	428,702	16	428,702	18
1821	Other intangible assets (Note IV and XVII)	11,195	-	49,550	2
1840	Deferred tax assets (Note IV and XXVI)	12,831	1	7,754	-
1980	Other financial assets - non-current (Note IV, IX and XXXII)	8,116	-	17,898	1
1995	Other non-current assets	14	-	14	-
15XX	Total non-current assets	<u>1,351,295</u>	<u>49</u>	<u>1,394,258</u>	<u>57</u>
1XXX	Total assets	<u>\$ 2,761,080</u>	<u>100</u>	<u>\$ 2,425,319</u>	<u>100</u>
	Liabilities and Equity				
	Current liabilities				
2100	Short-term loans (Note XVIII and XXXII)	\$ 456,340	16	\$ 667,911	28
2130	Contract liabilities - current (Note IV and XXIV)	132,450	5	9,304	-
2150	Notes payable (Note XX)	56,730	2	31,927	1
2170	Accounts payable (Note XX and XXXI)	98,747	4	30,515	1
2200	Other payables (Note XXI)	26,972	1	16,684	1
2220	Other payables—Related parties (Note XXXI)	213,025	8	-	-
2230	Current income tax liabilities (Note IV and XXVI)	18,597	1	13,861	1
2250	Provision for liabilities - current (Note IV and XXII)	1,701	-	8	-
2260	Liabilities directly related to disposal group held for sale (Note XI)	1,114	-	-	-
2280	Lease liabilities - current (Note IV and XIV)	10,314	-	3,140	-
2321	Corporate bonds payable - current (Note IV and XIX)	-	-	288,393	12
2322	Long-term borrowings due within one operating cycle (Note XVIII and XXXII)	218,490	8	54,216	2
2399	Other current liabilities	2,105	-	10,337	-
21XX	Total current liabilities	<u>1,236,585</u>	<u>45</u>	<u>1,126,296</u>	<u>46</u>
	Non-current liabilities				
2500	Financial liabilities measured at FVTPL (Note IV, VII and XXXI)	232,725	9	219,750	9
2540	Long-term loans (Note XVIII and XXXII)	410,140	15	10,113	-
2550	Provision for liabilities – non-current (Note IV and XXII)	38,166	1	17,029	1
2570	Deferred income tax liabilities (Note III, IV and XXVI)	33,899	1	41,459	2
2580	Lease liabilities - non-current (Note IV and XIV)	27,235	1	22,861	1
2620	Other payables—Related parties (Note XXXII)	-	-	213,025	9
2645	Deposits received	5,566	-	5,624	-
25XX	Total non-current liabilities	<u>747,731</u>	<u>27</u>	<u>529,861</u>	<u>22</u>
2XXX	Total liabilities	<u>1,984,316</u>	<u>72</u>	<u>1,656,157</u>	<u>68</u>
	Equity attributable to the owners of the Company (Note XXIII)				
3100	Common stock capital	249,881	9	249,881	11
3200	Capital reserves	7,340	-	7,340	-
3350	Accumulated deficit	(23,774)	(1)	(27,491)	(1)
3400	Other equity	543,317	20	539,432	22
3XXX	Total liabilities	<u>776,764</u>	<u>28</u>	<u>769,162</u>	<u>32</u>
	Total liabilities and equity	<u>\$ 2,761,080</u>	<u>100</u>	<u>\$ 2,425,319</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.

TRIOCEAN INDUSTRIAL CORPORATION CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings (Losses) Per Share)

Code		For the Year Ended December 31			
		2022		2021(restated)	
		Amount	%	Amount	%
4000	Operating revenue (Note IV, XXIV and XXXI)	\$ 1,169,012	100	\$ 601,943	100
5000	Operating cost (Note IV, XXV and XXXI)	<u>1,060,821</u>	<u>90</u>	<u>476,721</u>	<u>79</u>
5900	Gross profit	<u>108,191</u>	<u>10</u>	<u>125,222</u>	<u>21</u>
	Operating expense (Note XI and XXV)				
6100	Promotion expense	-	-	14	-
6200	Administration expense	<u>115,121</u>	<u>10</u>	<u>114,921</u>	<u>19</u>
6000	Total operating expenses	<u>115,121</u>	<u>10</u>	<u>114,935</u>	<u>19</u>
6900	Net operating profit (loss)	(<u>6,930</u>)	-	<u>10,287</u>	<u>2</u>
	Non-operating revenue/expense (Note XI and XXV)				
7100	Interest income	2,863	-	952	-
7010	Other income	32,116	3	8,765	2
7020	Other gains and losses	(13,713)	(1)	(9,468)	(2)
7050	Financial costs	(<u>16,773</u>)	(<u>2</u>)	(<u>12,637</u>)	(<u>2</u>)
7000	Total non-operating revenue/expense	<u>4,493</u>	-	(<u>12,388</u>)	(<u>2</u>)
7900	Net profit (loss) before tax	(2,437)	-	(2,101)	-
7950	Income tax expense (benefit) (Note IV and XXVI)	(<u>5,720</u>)	-	<u>3,456</u>	<u>1</u>
8000	Net profit (loss) from continuing operations	3,283	-	(5,557)	(1)
8100	Net profit (loss) from discontinued operations (Note 11)	<u>434</u>	-	(<u>21,791</u>)	(<u>4</u>)
8200	Net income (loss)	<u>3,717</u>	-	(<u>27,348</u>)	(<u>5</u>)
	Other comprehensive income				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8312	Revaluation surplus on property	\$ -	-	\$ 578,200	96

		For the Year Ended December 31			
		2022		2021(restated)	
Code		Amount	%	Amount	%
8316	Unrealized gains (losses) from investments in equity instruments measured at FVTOCI	(1,359)	-	(7,557)	(1)
8349	Income tax related to the items which were not reclassified	<u>-</u>	<u>-</u>	<u>(21,803)</u>	<u>(4)</u>
		<u>(1,359)</u>	<u>-</u>	<u>548,840</u>	<u>91</u>
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation	6,555	1	(16,198)	(3)
8399	Income tax related to components of other comprehensive income	<u>(1,311)</u>	<u>-</u>	<u>3,240</u>	<u>1</u>
		<u>5,244</u>	<u>1</u>	<u>(12,958)</u>	<u>(2)</u>
8300	Other comprehensive income (net of tax) for the year	<u>3,885</u>	<u>1</u>	<u>535,882</u>	<u>89</u>
8500	Total comprehensive income in the fiscal year	<u>\$ 7,602</u>	<u>1</u>	<u>\$ 508,534</u>	<u>84</u>
8600	Net income (loss) attributable to				
8610	The owners of the Company	<u>\$ 3,717</u>	<u>-</u>	<u>(\$ 27,348)</u>	<u>(5)</u>
8700	The total comprehensive income attributable to				
8710	The owners of the Company	<u>\$ 7,602</u>	<u>1</u>	<u>\$ 508,534</u>	<u>(84)</u>
	Earnings (loss) per share (Note XXVII)				
	From continuing and discontinued operations				
9750	Basic	<u>\$ 0.15</u>		<u>(\$ 1.09)</u>	
9850	Diluted	<u>\$ 0.15</u>		<u>(\$ 1.09)</u>	
	From continuing operations				
9710	Basic	<u>\$ 0.13</u>		<u>(\$ 0.22)</u>	
9810	Diluted	<u>\$ 0.13</u>		<u>(\$ 0.22)</u>	

The accompanying notes are an integral part of the consolidated financial statements.

TRIOCEAN INDUSTRIAL CORPORATION CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

Code		Common stock capital	Additional paid- in capital	Accumulated deficit	Other equity items			Total	Total equity
					Exchange difference on translation of the financial statements of foreign operations	Unrealized gains or losses of the financial assets measured at FVTOCI	Revaluation surplus on property		
A1	Balance as of Jan. 1, 2021	<u>\$860,528</u>	<u>\$ 7,340</u>	<u>(\$610,647)</u>	<u>\$ 652</u>	<u>\$ 2,755</u>	<u>\$ -</u>	<u>\$ 3,407</u>	<u>\$260,628</u>
F1	Capital reduction to offset losses	<u>(610,647)</u>	<u>-</u>	<u>610,647</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
D1	Net loss for the year 2021 (restated)	<u>-</u>	<u>-</u>	<u>(27,348)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(27,348)</u>
D3	Other comprehensive income after tax, 2021(restated)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,958)</u>	<u>(7,557)</u>	<u>556,397</u>	<u>535,882</u>	<u>535,882</u>
D5	The total comprehensive income in 2021(restated)	<u>-</u>	<u>-</u>	<u>(27,348)</u>	<u>(12,958)</u>	<u>(7,557)</u>	<u>556,397</u>	<u>535,882</u>	<u>508,534</u>
Q1	Disposal of equity instruments measured at FVTOCI	<u>-</u>	<u>-</u>	<u>(143)</u>	<u>-</u>	<u>143</u>	<u>-</u>	<u>143</u>	<u>-</u>
Z1	Balance as of Dec. 31, 2021	<u>249,881</u>	<u>7,340</u>	<u>(27,491)</u>	<u>(12,306)</u>	<u>(4,659)</u>	<u>556,397</u>	<u>539,432</u>	<u>769,162</u>
D1	Net income for 2022	<u>-</u>	<u>-</u>	<u>3,717</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,717</u>
D3	Other comprehensive income after tax, 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,244</u>	<u>(1,359)</u>	<u>-</u>	<u>3,885</u>	<u>3,885</u>
D5	The total comprehensive income in 2022	<u>-</u>	<u>-</u>	<u>3,717</u>	<u>5,244</u>	<u>(1,359)</u>	<u>-</u>	<u>3,885</u>	<u>7,602</u>
Z1	Balance as of Dec. 31, 2022	<u>\$249,881</u>	<u>\$ 7,340</u>	<u>(\$ 23,774)</u>	<u>(\$ 7,062)</u>	<u>(\$ 6,018)</u>	<u>\$556,397</u>	<u>\$543,317</u>	<u>\$776,764</u>

The accompanying notes are an integral part of the consolidated financial statements.

TRIOCEAN INDUSTRIAL CORPORATION CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

Code		For the Year Ended December 31	
		2022	2021 (restated)
	Cash flow from operating activities		
	Pre-tax net profit (loss)		
A00010	Pre-tax net profit (loss) from continuing operations	(\$ 2,437)	(\$ 2,101)
A00020	Pre-tax net profit (loss) from discontinued operations	434	(11,806)
A20010	Adjustments to reconcile profit (loss)		
A20100	Depreciation expense	19,236	22,638
A20200	Amortization expense	37,920	25,299
A20300	(Reversal of) expected credit loss	(159)	6
A20400	Net loss on financial assets and liabilities at FVTPL	14,316	31,837
A20900	Financial costs	16,773	12,665
A21200	Interest income	(2,863)	(952)
A21300	Dividend income	(2,584)	(2,654)
A22500	Profit on the disposal of property, plant and equipment	(722)	(27,413)
A22800	Loss on the disposal of intangible assets	590	-
A23200	Gain on the disposal of investment accounted for using the equity method	(2,730)	-
A24500	Provision for liabilities	22,923	12,850
A24600	Loss (gain) from adjustments to fair value of investment properties	14,670	(2,187)
A29900	Other items	-	(137)
A30000	Net changes in operating assets and liabilities		
A31125	Contract assets	(113,516)	(163,466)
A31130	Notes receivable	24,906	(9,979)
A31150	Accounts receivable	17,159	11,585
A31180	Other receivables	(97)	4,848
A31200	Inventory	-	26,334
A31230	Advance payment	(79,664)	(6,336)
A31240	Other current assets	(3,681)	(154)
A32125	Contract liabilities	123,146	7,537
A32130	Notes payable	24,803	14,565
A32150	Accounts payable	\$ 68,232	(\$ 31,057)
A32180	Other payables	10,964	(8,175)
A32200	Provision for liabilities	(93)	(162)
A32230	Other current liabilities	(8,147)	3,929
A33000	Cash generated from (used in) operations	179,379	(92,486)
A33100	Interest received	2,863	952
A33200	Dividends received	2,584	2,654
A33300	Interest paid	(15,828)	(8,584)
A33500	Income tax paid	(3,608)	(1,015)
AAAA	Net cash inflow (outflow) from operating activities	165,390	(98,479)

Cash flow from investing activities

<u>Code</u>		<u>For the Year Ended December 31</u>	
		<u>2022</u>	<u>2021</u> <u>(restated)</u>
B00010	Acquisition of financial assets measured at FVTOCI	-	(830)
B00100	Acquisition of financial assets measured at FVTPL	-	(29,078)
B00020	Disposal of financial assets measured at FVTOCI	-	1,893
B00200	Disposal of financial assets measured at FVTPL	4,209	66,197
B02200	Net cash outflow for the acquisition of subsidiaries	-	(80,000)
B02300	Net cash inflows from disposal of subsidiary	2,074	-
B02700	Purchase of property, plant and equipment	(7,852)	(841)
B02800	Proceeds from the disposal of property, plant, and equipment	3,038	55,054
B04500	Acquisition of intangible assets	(155)	(829)
B05400	Acquisition of investment properties	(4,800)	(6,363)
B06500	Decrease (increase) in other financial assets	(<u>244,068</u>)	<u>28,933</u>
BBBB	Net cash inflow (outflow) from investing activities	(<u>247,554</u>)	<u>34,136</u>
	Cash flow from financing activities		
C00100	Increase in short-term loans	372,400	1,295,558
C00200	Decrease in short-term loans	(583,971)	(1,204,122)
C01300	Repayment of corporate bonds	(288,900)	-
C01600	Long-term borrowings	711,656	64,600
C01700	Repayment of long-term borrowings	(147,355)	(271)
C00500	Increase in short-term notes payable	-	-
C03100	Increase (decrease) in deposits received	(58)	5,624
C04020	Repayment of lease principal	(<u>6,191</u>)	(<u>5,414</u>)
CCCC	Net cash inflow from financing activities	<u>\$ 57,581</u>	<u>\$ 155,975</u>
DDDD	Effect of exchange rate changes on cash	(<u>32</u>)	(<u>689</u>)
EEEE	Net increase (decrease) in cash	(24,615)	90,943
E00100	Beginning balance of cash	283,190	192,247
E00212	Cash included in disposal group held for sale	(<u>4,926</u>)	<u>-</u>
E00200	Ending balance of cash	<u>\$ 253,649</u>	<u>\$ 283,190</u>

The accompanying notes are an integral part of the consolidated financial statements.

Triocean Industrial Corporation Co., Ltd. And Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended 31 December 2022 and 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

I. GENERAL INFORMATION

Triocean Industrial Corporation Co., Ltd. , completed the change on July 14, 2021, hereinafter referred to as "the Company." The Company and the entities controlled by the Company are collectively referred to as the "consolidated companies". The Company was established in October, 1968, in Taipei, originally engaged in the weaving, dyeing, processing, buying, and selling of various fiber textiles. The Company's board of directors subsequently decided in November, 2020, to cease the production of textile business and change the company's registered address to Kaohsiung. The Company completed the disposal of equipment and inventory at the Taoyuan factory in September, 2021, and terminated the bedding business. Currently, the main focus is on the construction business. In August, 2011, the Board of Directors resolved to relocate the Company to No. 360, Jiabao Rd., Dashe Dist., Kaohsiung City.

The Company's shares have been listed on the TPEX, since January , 1999. The shares were then listed on the TWSE starting from September, 2000.

The consolidated financial statements are presented in the Company's functional currency, the New Taiwan dollar.

II. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors on March 23, 2023.

III. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

(1) First-time Adoption of New Accounting Policy

The management of the consolidated companies believes that the fair value model provides more reliable and relevant information. Therefore, on December 26, 2022, the board of directors resolved to change the accounting policy on January 1, 2022, and the investment properties were subsequently measured using the fair value model.

The impact for 2022 is summarized as follows:

Effect on assets, liabilities and equity

	<u>Dec. 31, 2022</u>
	Adjustments to fair value measurement of investment property
	<u>\$569,001</u>
Increase in investment property	<u>\$569,001</u>
Increase in assets	<u>\$569,001</u>
Increase in deferred income tax liabilities	\$ 21,803
Increase in liabilities	<u>\$ 21,803</u>
Decrease in retained earnings	(\$ 9,199)
Increase in other equity	<u>556,397</u>
Increase in equity	<u>\$547,198</u>

Effect on consolidated profit or loss

	<u>2022</u>
	Adjustments to fair value measurement of investment property
	<u>\$ 2,305</u>
Other gains and losses - Decrease in depreciation	\$ 2,305
Increase in fair value adjustment loss on investment property	(<u>14,670</u>)
Decrease in net income and total comprehensive income	(<u>12,365</u>)
The decrease in net income and total comprehensive income is attributable to:	
Owners of the Company	(<u>\$ 12,365</u>)

Effect on earnings per share

	<u>2022</u>
From continuing and discontinued operations	
Increase in basic and diluted earnings per share	(<u>\$ 0.50</u>)
From continuing operations	
Increase in basic and diluted earnings per share	(<u>\$ 0.50</u>)

The impact for 2021 is summarized as follows:

Effect on assets, liabilities and equity

<u>Dec. 31, 2021</u>	<u>Amount before restatement</u>	<u>Adjustments to fair value measurement of investment property</u>	<u>Amount after restatement</u>
Investment property	<u>\$ 149,514</u>	<u>\$ 581,366</u>	<u>\$ 730,880</u>

Dec. 31, 2021	Amount before restatement	Adjustments to fair value measurement of investment property	Amount after restatement
Total asset impact	<u>\$ 149,514</u>	<u>\$ 581,366</u>	<u>\$ 730,880</u>
Deferred income tax liabilities	<u>\$ 19,656</u>	<u>\$ 21,803</u>	<u>\$ 41,459</u>
Total effect of liabilities	<u>\$ 19,656</u>	<u>\$ 21,803</u>	<u>\$ 41,459</u>
Accumulated loss	(\$ 30,657)	\$ 3,166	(\$ 27,491)
Other equity	(<u>16,965</u>)	<u>556,397</u>	<u>539,432</u>
Total equity impact	(<u>\$ 47,622</u>)	<u>\$ 559,563</u>	<u>\$ 511,941</u>

Effect on consolidated profit or loss

	2021
	Adjustments to fair value measurement of investment property
Other gains and losses - Decrease in depreciation	<u>\$ 979</u>
Increase in gain from fair value adjustment of investment property	<u>2,187</u>
Increase in net income	<u>3,166</u>
Items not reclassified to profit or loss	
Revaluation surplus on property 增加	578,200
Decrease in income taxes related to items that are not reclassified	(<u>21,803</u>)
Increase in other comprehensive income after tax	<u>556,397</u>
Increase in total consolidated profit and loss	<u>\$ 559,563</u>
The increase in net income is attributable to:	
Owners of the Company	<u>\$ 3,166</u>
The increase in total consolidated profit or loss is attributable to:	
Owners of the Company	<u>\$ 559,563</u>

Effect on earnings per share

	2021
From continuing and discontinued operations	
Increase in basic and diluted earnings per share	<u>\$ 0.13</u>
From continuing operations	
Increase in basic and diluted earnings per share	<u>\$ 0.13</u>

- (2) Initial application of the Financial Supervisory Commission (hereinafter referred to as the "FSC") approved and effective International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations (IFRIC), and Interpretation Bulletins (SIC) (hereinafter referred to as "IFRSs")

The application of the amended FSC-approved and effective IFRSs will not result in significant changes to the merged company's accounting policies.

- (3) FSC-approved IFRSs applicable in 2023 (presumably in the Taiwan calendar, which corresponds to 2023 in the Gregorian calendar)

<u>New/amended/revised standards and interpretations</u>	<u>Effective date published by IASB</u>
Amendments to IAS 1 - "Disclosure of Material Accounting Policy Information"	Jan. 1, 2023(Note 1)
Amendments to IAS 8 - "Definition of Accounting Estimates"	Jan. 1, 2023(Note 2)
Amendments to IAS 12 - "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	Jan. 1, 2023(Note 3)

Note 1: This revision applies to reporting periods beginning on or after January 1, 2023.

Note 2: This revision applies to accounting estimate changes and accounting policy changes occurring during reporting periods beginning on or after January 1, 2023.

Note 3: Except for the temporary differences related to deferred income taxes recognized for lease and decommissioning obligations as of January 1, 2022, this revision applies to transactions occurring on or after January 1, 2022.

As of the date of issuance of this consolidated financial report, the Company has evaluated other criteria and interpretations and concluded that they will not have a significant impact on its financial condition and financial performance.

- (4) New IFRSs in issue but not yet endorsed and issued into effect by the FSC

<u>New/amended/revised standards and interpretations</u>	<u>Effective date published by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 - "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined.
Amendments to IFRS 16 - "Lease Liability in a Sale and Leaseback"	Jan. 1, 2024(Note 1)
<u>New/amended/revised standards and interpretations</u>	<u>Effective date published by IASB (Note 1)</u>

IFRS 17 “Insurance Contracts”	Jan. 1,2023
Amendments to IFRS 17	Jan. 1,2023
Amendments to IFRS 17 - “Initial Application of IFRS 17 and IFRS 9 — Comparative Information”	Jan. 1,2023
Amendments to IAS 1 - “Classification of Liabilities as Current or Non-current”	Jan. 1,2024
Amendments to IAS 1 - “Non-current Liabilities with Covenants”	Jan. 1,2024

Note 1: Unless otherwise stated, the above new/amended/revised standards or interpretations are effective for annual reporting periods beginning after the respective dates.

Note 2: The seller and lessee should retrospectively apply the amendments to IFRS 16 to sale and leaseback transactions entered into after the initial application of IFRS 16.

As of the date of adoption of this consolidated financial statements, the Consolidated Company is still evaluating the impact of the amendments to other standards and interpretations on the financial position and financial performance, which will be disclosed when the evaluation is completed.

IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs approved and issued by the FSC.

(2) Basis of Preparation

Apart from financial instruments measured at fair value, investment properties, and contingent consideration for the acquisition of subsidiaries, these consolidated financial statements are prepared on a historical cost basis.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
 3. Level 3 inputs are unobservable inputs for the asset or liability.
- (3) Standard in determining whether the asset or liability are current or non-current

Current assets include:

1. assets held mainly for transaction purposes;
2. assets to be realized within 12 months of the asset balance sheet; and
3. cash and cash equivalents (but not including cash used to exchange or clear liability within 12 months of the asset balance sheet).

Current liabilities include:

1. liabilities held mainly for transaction purposes;
2. liabilities due for payment within 12 months after the balance sheet date; and
3. the business entity does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Assets or liabilities not classified within the above definitions will be classified as non-current assets and liabilities.

The consolidated company is engaged in the construction engineering sector, with a business cycle longer than one year. Therefore, assets and liabilities related to construction business are classified as current or non-current based on the normal operating cycle.

(4) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries), and the consolidated statement of comprehensive income includes the operating income or loss of the acquired or disposed subsidiaries for the period from the date of acquisition or up to the date of disposal. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. The total comprehensive income of the subsidiaries is attributed to the owners of the Company and non-controlling interests, even if non-controlling interests become a loss balance as a result.

See Note XII and Table 7 for the detailed information of subsidiaries (including the percentages of ownership and main businesses).

(5) Corporate Merger

Corporate mergers are handled through the acquisition method. Acquisition-related costs are expensed in the period when they are incurred and the services are obtained.

Goodwill is measured as the excess of the total of the fair value of the consideration transferred and the fair value of the acquirer's previously held equity interest in the acquiree on the acquisition date, over the net amount of the identifiable assets acquired and liabilities assumed on the acquisition date.

When the consideration transferred in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its fair value on the acquisition date and is recognized as part of the consideration transferred in exchange for the acquiree. Changes in the fair value of the contingent consideration, if they relate to the measurement period, are retrospectively adjusted to the acquisition cost and correspondingly adjust goodwill. Measurement period adjustments refer to adjustments arising from additional information about facts and circumstances that existed at the acquisition date and are made during the "measurement period" (which must not exceed one year from the acquisition date).

Subsequent treatment of changes in the fair value of contingent consideration that are not measurement period adjustments depends on the classification of the contingent consideration. Other contingent considerations are measured at fair value on subsequent balance sheet dates, with changes in fair value recognized in profit or loss.

If the measurement of identifiable assets acquired and liabilities assumed in a business combination is not yet complete, they are recognized at provisional amounts on the balance sheet date, and retrospective adjustments or recognition of additional assets or liabilities are made during the measurement period to reflect new information about facts and circumstances that existed on the acquisition date.

(6) Foreign currency

When preparing financial statements, each entity translates transactions in currencies other than the functional currency of the entity (foreign currencies)

into the functional currency at the exchange rates prevailing on the transaction dates.

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

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the exchange rates ruling at the dates of transactions and are not retranslated.

For the purpose of preparing consolidated financial statements, assets and liabilities of foreign operations (including subsidiaries that operate in countries or currencies different from those of the Company) are translated into New Taiwan Dollars at the exchange rates prevailing on each balance sheet date. Income and expense items are translated at the average exchange rate for the period and the resulting exchange differences are included in other comprehensive income.

(7) Property, plant and equipment

Property, plant, and equipment are recognized by cost, and then measured by cost less accumulated depreciation and accumulated impairment.

Property, plant and equipment are depreciated separately over their useful lives on a straight-line basis for each significant component. The Consolidated Company reviews the estimated useful lives, residual values and depreciation methods at least at the end of each year and defers the effect of changes in applicable accounting estimates.

The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss when property, plant, and equipment are derecognized.

(8) Investment property

Investment property refers to real estate held for earning rental income, capital appreciation, or both. Investment property also includes land held for a purpose that has not yet been determined.

Owned investment properties are initially measured at cost (including transaction costs). Leased investment properties are initially measured at cost

(including the initial measurement amount of the lease liability, initial direct costs of lease payments made before the lease commencement date, and the estimated cost of restoring the underlying asset, less the received lease incentives).

From January 1, 2022, the accounting policy for subsequent measurement of investment properties in the consolidated company has changed from the cost model to the fair value model. All investment properties are subsequently measured using the fair value model, with changes in fair value recognized in profit or loss during the period in which they occur.

When property, plant, and equipment are reclassified as investment property after the cessation of self-use, the difference between the carrying amount and the fair value is recognized in other comprehensive income.

When an investment property is disposed of, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(9) Goodwill

Goodwill acquired in a business combination is recognized at its amount on the acquisition date as a cost and is subsequently measured at cost less accumulated impairment losses.

For impairment testing purposes, goodwill is allocated to the cash-generating units or groups of cash-generating units (referred to as "cash-generating units") of the combined entity that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually (and whenever there is an indication that the unit may be impaired) by comparing the carrying amount of the unit, including goodwill, with its recoverable amount. If the goodwill allocated to a cash-generating unit was acquired in a business combination during the year, the unit should be tested for impairment before the end of that year. If the recoverable amount of the cash-generating unit to which goodwill has been allocated is less than its carrying amount, an impairment loss is first applied to reduce the carrying amount of the allocated goodwill, and then to reduce the carrying amounts of the other assets in the unit based on their respective proportions. Any impairment loss is

recognized directly as a current-period loss. Goodwill impairment losses cannot be reversed in subsequent periods.

When disposing of an operation within a cash-generating unit to which goodwill has been allocated, the amount of goodwill related to the disposed operation is included in the carrying amount of the operation to determine the gain or loss on disposal.

(10) Intangible assets

1. Separately acquired

Separately acquired intangible assets with finite useful lives are initially measured at cost and are subsequently measured at cost less accumulated amortization. Intangible assets are amortized over their useful lives on a straight-line basis or in a pattern reflecting the expected consumption of future economic benefits, and the estimated useful lives, residual values, and amortization methods are reviewed at least at each year-end, with the effects of changes in accounting estimates being applied prospectively. Indefinite-lived intangible assets are reported at cost less accumulated impairment losses.

2. Acquired in a merger

Intangible assets acquired in a merger are recognized at their fair value on the acquisition date and are accounted for separately from goodwill. The subsequent measurement of these intangible assets is the same as that of separately acquired intangible assets.

3. Derecognition

When an intangible asset is derecognized, the difference between the net disposal proceeds and the carrying amount of the asset is recognized as a gain or loss in the current year's profit or loss.

(11) Impairment of property, plant and equipment, right-of-use assets, investment properties and intangible assets (excluding goodwill)

At each balance sheet date, the Consolidated Company assesses whether there is any indication that property, plant and equipment, right-of-use assets, investment properties and intangible assets may be impaired. If there is any indication of impairment, the recoverable amount of the asset is estimated, and if the recoverable amount of an individual asset cannot be estimated, the Consolidated Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and not yet available for use are tested for impairment at least annually and whenever there is an indication of impairment.

The recoverable amount is the higher fair value less selling cost and use value. If the recoverable amount of an individual asset or cash generating unit is less than its carrying amount, the carrying amount of the asset or cash generating unit shall be reduced to its recoverable amount, with the impairment loss recognized in profit or loss.

When the following recoverable amount increases, the carrying amount of the asset or cash generating unit increases to the amount that can be recovered after the revision. However, the increased carrying amount shall not exceed that (minus amortization or depreciation) determined by the asset or cash generating unit where the impairment loss was not recognized in the previous year. The reversal of impairment loss is recognized in profit or loss.

(12) Non-current assets held for sale

When the carrying amount of a disposal group is expected to be primarily recovered through a sale transaction rather than through continuing use, it is classified as held for sale. A disposal group that meets this classification must be immediately available for sale in its current condition, and its sale must be highly probable. The sale is considered highly probable when the appropriate management level commits to a plan to sell the asset, and the sale transaction is expected to be completed within one year from the classification date.

If control of a subsidiary will be lost upon sale, all assets and liabilities of the subsidiary are classified as held for sale, regardless of whether non-controlling interests are retained in the former subsidiary after the sale.

Disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell, and depreciation ceases for such assets.

(13) Financial instruments

Financial assets and financial liabilities are recognized in the Consolidated Statement of Financial Position when the Consolidated Company becomes a party to the contractual provisions of the instrument.

On initial recognition, financial assets and financial liabilities that are not measured at fair value through profit or loss are measured at fair value plus transaction costs that are directly attributable to the acquisition or issuance of the financial assets or financial liabilities. Transaction costs directly attributable to

the acquisition or issue of financial assets or financial liabilities measured at fair value through profit or loss are recognized immediately in profit or loss.

1. Financial assets

The transaction practice of the financial assets adopts accounting recognition and de-recognition on the transaction day.

(1) Measurement types

The types of financial assets held by the Consolidated Company are financial assets at amortized cost and investments in equity instruments at fair value through other comprehensive income.

A. Financial assets measured at FVTPL

Financial assets measured at FVTPL includes financial assets mandatorily measured at FVTPL. Financial assets mandatorily measured at FVTPL include investments in equity instruments not designated as measured at FVTOCI, and investments in debt instruments that do not qualify for classification as measured at amortized cost or measured at FVTOCI.

Financial assets measured at FVTPL are measured at fair value, with dividends and interest generated recognized in other income, and gains or losses from remeasurement recognized in other gains and losses. For the method of determining fair value, please refer to Note 30.

B. Financial assets at amortized cost

The Consolidated Company's investments in financial assets are classified as financial assets measured at amortized cost if both of the following conditions are met:

- a. they are held within an operating model whose objective is to hold the financial assets to collect the contractual cash flows; and
- b. the contractual terms give rise to cash flows at a specific date, which are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost are measured at amortized cost using the effective interest method to determine the total carrying amount less any impairment loss after initial

recognition, with any foreign currency exchange gain or loss recognized in profit or loss.

Interest income is calculated by multiplying the effective interest rate by the total carrying amount of the financial assets.

A credit-impaired financial asset is one for which the issuer or the debtor has experienced significant financial difficulties, defaulted, it is probable that the debtor will declare bankruptcy or other financial reorganization, or an active market for the financial asset has disappeared due to financial difficulties.

C. Investment in equity instruments measured at FVTOCI

At initial recognition, the Consolidated Company has an irrevocable option to designate investments in equity instruments that are not held for trading and for which there is contingent consideration recognized by the acquirer of the business combination to be measured at FVTOCI.

Investments in equity instruments measured at FVTOCI are measured at fair value, with subsequent changes in fair value reported in other comprehensive income and accumulated in other equity. On disposal of investments, the cumulative gain or loss is transferred directly to retained earnings and is not reclassified to profit or loss.

Dividends on investments in equity instruments measured at FVTOCI are recognized in profit or loss when the right to receive payments from the Consolidated Company is established, unless it is clear that the dividend represents a partial recovery of the cost of the investment.

(2) Impairment of financial assets and contract assets

The Consolidated Company assesses impairment losses on financial assets measured at amortized cost (including accounts receivable) and contract assets at each balance sheet date based on expected credit losses.

Accounts receivable and contract assets are recognized as an allowance for loss based on expected credit losses during the period of duration. Other financial assets are first evaluated to determine

whether there is a significant increase in credit risk since initial recognition. If not, they are recognized as an allowance for loss based on expected credit losses over 12 months, and if so, based on expected credit losses over the duration period.

Expected credit losses represent the weighted-average credit losses based on the risk of default. 12-month expected credit losses represent the expected credit losses arising from possible defaults of financial instruments within 12 months after the reporting date. The 12-month expected credit losses represent the expected credit losses arising from all possible defaults of the financial instruments during the 12-month period after the reporting date.

For internal credit risk management purposes, the consolidated company determines that the following situations represent default on a financial asset, without considering any collateral held:

- A. Internal or external information indicates that the debtor is no longer able to repay the debt.
- B. The debt is overdue by a certain number of days, unless there is reasonable and verifiable information indicating that a later default criterion is more appropriate.

All impairment losses on financial assets are reduced through an allowance account against their carrying amount.

(3) Derecognition of financial assets

The Consolidated Company derecognizes financial assets only when the contractual rights to the cash flows from the financial assets have lapsed or when the financial assets have been transferred and substantially all the risks and rewards of ownership of the assets have been transferred to other enterprises.

When a financial asset measured at amortized cost is derecognized in its entirety, the difference between its carrying amount and the consideration received is recognized in profit or loss. When an equity investment measured at fair value through other comprehensive income is derecognized in its entirety, accumulated gains and losses are directly transferred to retained earnings and are not reclassified to profit or loss.

2. Equity instruments

Debts and equity instruments issued by the Consolidated Company are classified as financial liabilities or equity based on the substance of the contractual agreements and the definitions of financial liabilities and equity instruments.

Equity instruments issued by the Consolidated Company are recognized at the amount of the acquisition price less direct issuance costs.

3. Financial liability

(1) Subsequent measurement

Except for the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

Financial liabilities measured at FVTPL

Financial liabilities measured at FVTPL include those held for trading and those designated as measured at fair value through profit or loss

Financial liabilities held for trading are measured at fair value, and related gains or losses are recognized in other gains and losses.

For the method of determining fair value, please refer to Note XXVII.

(2) Derecognition of financial liability

Any difference between the carrying amount of a financial liability at the time of derecognition and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

4. Convertible bonds

The components of compound financial instruments (convertible bonds) issued by the Consolidated Company are classified as financial liabilities and equity, respectively, on initial recognition, based on the substance of the contractual agreements and the definitions of financial liabilities and equity instruments.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument and is measured at amortized cost using the effective interest method until the date of conversion or maturity. Liability components that are embedded in non-equity derivatives are measured at fair value.

The conversion right classified as equity is equal to the remaining amount of the fair value of the compound instrument as a whole less the fair value of the liability component determined separately and is recognized in equity, net of the income tax effect, and is not subsequently measured. When the conversion right is exercised, the related liability component and the amount in equity are transferred to equity and capital surplus - issue premium. If the conversion right of the convertible bonds is not executed on the maturity date, the amount recognized in equity will be transferred to

capital surplus - issue premium.

Transaction costs related to the issuance of convertible bonds are allocated to the liability (included in the carrying amount of the liability) and equity components (included in equity) of the instrument in proportion to the total apportioned price.

(14) Provision for liabilities

The amount recognized as provision for liabilities is the best estimate of the expenditure required to settle the obligation at the balance sheet date, taking into account the risk and uncertainty of the obligation. Provision for liabilities is measured at the discounted value of the estimated cash flows from the settlement of the obligation.

Warranty

Warranty obligations under construction contracts are recognized based on management's best estimate of the expenditures required to settle the consolidated company's obligations at the time the related construction warranty revenue is recognized.

Contingent liabilities acquired in a business combination:

Contingent liabilities assumed in a business combination, if they arise from past events and represent current obligations with a reliably measurable fair value, are recognized at their fair value as the initial measurement amount on the acquisition date. On subsequent balance sheet dates, such contingent liabilities are measured at their amortized amounts. However, if it is assessed to be highly probable that the current obligation amount will have to be paid, the subsequent measurement is based on the higher of the current obligation amount and the amortized amount.

(15) Income recognition

The Consolidated Company allocates the transaction price to each performance obligation after the performance obligation is identified in the customer contract and recognizes revenue when each performance obligation is satisfied.

1. Service Revenue:

Service revenue comes from the processing of various fibers and the procurement of engineering materials on behalf of clients. Related revenue is recognized when the services are provided.

2. Construction Revenue:

For real estate construction contracts in which the property is under the control of the customer during the construction process, the consolidated company recognizes

revenue over time. Since the costs incurred in construction are directly related to the degree of completion of the contract obligations, the consolidated company measures the progress of completion based on the proportion of actual costs incurred to the total estimated costs. The consolidated company recognizes contract assets during the construction process and reclassifies them as accounts receivable upon invoicing. If the amount of payments received for the work exceeds the recognized revenue, the difference is recognized as a contract liability. The retention amounts withheld by the customer according to the contract terms aim to ensure that the company fulfills all contract obligations and are recognized as contract assets before the consolidated company has completed its performance.

If the outcome of the performance obligations cannot be reliably measured, construction revenue is recognized only to the extent of the costs incurred that are expected to be recoverable.

(16)Lease

The Consolidated Company assesses whether a contract is a lease at the contract inception date.

For contracts that include lease and non-lease components, the consolidated company allocates the consideration in the contract based on relative standalone prices and handles them separately.

The consolidated company, as a lessor, classifies the lease as an operating lease when the lease terms do not transfer substantially all the risks and rewards of ownership to the lessee.

Under operating leases, lease payments are recognized as income on a straight-line basis over the term of the relevant lease. The original direct cost incurred in acquiring an operating lease is added to the carrying amount of the subject asset and recognized as an expense on a straight-line basis over the lease term.

When the Consolidated Company is a lessee, the lease payments for leases of low-value assets and short-term leases that qualify for recognition exemptions are recognized as expenses on a straight-line basis over the lease term. For all other leases, the right-of-use assets and lease liabilities are recognized at the lease commencement date.

The right-of-use assets are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses. The right-of-use assets are presented separately in the consolidated balance sheet.

The right-of-use assets are depreciated on a straight-line basis over the lease term. Lease obligations are measured initially at the present value of the lease payments. If the implied interest rate of the lease is readily determinable, the

lease payments are discounted using that rate. If the rate is not readily determinable, the lessee's incremental borrowing rate is used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, and interest expense is amortized over the lease term. If there is a change in future lease payments due to changes in the lease period or in the index or rate used to determine the lease payments, the Consolidated Company remeasures the lease liability and adjusts the right-of-use asset accordingly, but if the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasurement amount is recognized in profit or loss. Lease liabilities are presented separately in the balance sheet.

(17) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an eligible asset are included as part of the cost of the asset until substantially all activities necessary to bring the asset to its intended use or sale condition have been completed.

Investment income earned on temporary investments of specific borrowings made to fund qualifying capital expenditure is deducted from the borrowing costs that are eligible for capitalization.

Except as described above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(18) Employee benefits

1. Short-term employee benefits

The liability related to short-term employee benefits is measured as the non-discounted amount expected to be paid in exchange for employee services.

2. Post-employment benefits

Defined benefit pension plans are recognized as expenses over the period of service of the employees.

(19) Income tax

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

1. Current income tax

The Consolidated Company determines the current income (loss) in accordance with the regulations of each jurisdiction in which it files income tax returns and calculates the income tax payable (recoverable) accordingly.

The income tax on undistributed earnings under the Income Tax Act of the ROC is

recognized in the year of the resolution of the shareholders' meeting.

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

2. Deferred income tax

Deferred income tax is calculated based on the temporary differences between the carrying amount of assets and liabilities on the books and the basis for the calculation of taxable income.

Deferred income tax liabilities are generally recognized for all taxable temporary differences, while deferred income tax assets are recognized when it is probable that there will be taxable income available to offset the temporary differences and loss carryforwards.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced for those where it is no longer probable that there will be sufficient taxable income to allow all or part of the assets to be recovered. Deferred tax assets not previously recognized as such are also reviewed at each balance sheet date and the carrying amount is increased for those where it is probable that taxable income will be available to recover all or part of the assets.

Deferred tax assets and liabilities are measured by the tax rate of the expected liabilities settlement or assets realization in the current period, according to the tax rate and the tax law which have been legalized or substantively legalized on the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences of the way in which the Consolidated Company is expected to recover or pay off the carrying amount of its assets and liabilities on the balance sheet date.

3. Current and deferred tax

Current and deferred income taxes are recognized in the income statement, but current and deferred income taxes related to items recognized in other comprehensive income are recorded in other comprehensive income.

V. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

When the Consolidated Company adopts an accounting policy, management must make relevant judgments, estimates, and assumptions of relevant information that is difficult to obtain from other sources based on historical experience and other relevant factors.

The consolidated company has incorporated the economic impact of the COVID-19 pandemic into its significant estimates, and management will continuously review the estimates and underlying assumptions. If the revisions to estimates only affect the current period, they are recognized in the current period; if the adjustments to accounting estimates affect both the current and future periods, they are recognized in both the current and future periods.

(1) Impairment of goodwill

When determining whether goodwill is impaired, the value in use of the cash-generating units (CGUs) to which goodwill is allocated must be estimated. To calculate the value in use, management should estimate the expected future cash flows generated by the CGUs and determine the appropriate discount rate for calculating the present value. If actual cash flows are lower than expected, or changes in facts and circumstances result in downward revisions of future cash flows or upward revisions of discount rates, significant impairment losses may arise.

(2) Construction contracts

The recognition of profit or loss on construction contracts is based on the percentage of completion method, with revenues and costs recognized based on the degree of completion of contract activities. The percentage of completion is measured by the proportion of contract costs incurred to date to the estimated total contract costs. Since the estimation of total costs and contract items is determined by management's assessment and judgment on the nature of different projects, anticipated contract amounts, project duration, engineering implementation, and construction methods, it may affect the calculation of the percentage of completion and project profit or loss.

VI. Cash

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Cash	\$ 2,185	\$ 1,715
Bank Deposit	<u>251,464</u>	<u>281,475</u>
	<u>\$253,649</u>	<u>\$283,190</u>

The consolidated company's counterparties are financial institutions with good credit quality, and the consolidated company deals with multiple financial institutions to diversify credit risk, so no expected credit losses are assessed.

VII. Financial instruments measured at FVTPL

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
<u>Financial assets - current</u>		
Mandatorily measured at FVTPL		
Non-derivative Financial assets		
Stocks of listed domestic companies or traded over the counter	\$ -	\$ 25,300
Fund Beneficiary Certificate	<u>-</u>	<u>4,745</u>
	<u>\$ -</u>	<u>\$ 30,045</u>
	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
<u>Financial liability – non-current</u>		
Non-derivative financial liability		
Contingent consideration (Note XXVIII)	<u>\$232,725</u>	<u>\$219,750</u>

VIII. Financial assets measured at fair value through other comprehensive income - non-current

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Investments in equity instruments measured at fair value through other comprehensive income or loss		
<u>Stocks of listed domestic companies or traded over the counter</u>	<u>\$ 31,500</u>	<u>\$ 32,860</u>

The aforementioned ordinary shares are designated as measured at fair value through other comprehensive income due to their medium to long-term strategic investment purposes.

IX. Other Financial Assets

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Restricted bank deposit	\$596,582	\$449,296
Refundable deposits	<u>135,800</u>	<u>39,018</u>
	732,382	488,314
Less: Other financial assets - current	(<u>724,266</u>)	(<u>470,416</u>)
Other financial assets - non-current	<u>\$ 8,116</u>	<u>\$ 17,898</u>

As of December 31 in 2021 and 2022, the restricted bank deposit annual interest rates were 0.40% to 1.44% and 0.02% to 0.28%, respectively.

The consolidated company's transaction counterparties and performance obligors are all reputable financial institutions with no significant concerns about performance, and thus there is no significant credit risk expected.

For information on collateral for the consolidated company's other financial assets, please refer to Note 33.

X. Notes receivable and accounts receivable

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
<u>Notes receivable</u>		
Total carrying amount measured at amortized cost	\$ -	\$ 24,906
Less: allowance for loss	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 24,906</u>
Generated from operating activities	\$ -	\$ 24,706
Generated from non-operating activities	<u>-</u>	<u>200</u>
	<u>\$ -</u>	<u>\$ 24,906</u>
<u>Accounts receivable</u>		
Total carrying amount measured at amortized cost	\$ -	\$ 17,159
Less: allowance for loss	<u>-</u>	(<u>159</u>)
	<u>\$ -</u>	<u>\$ 17,000</u>

To mitigate credit risk, the Consolidated Company's management assigns a dedicated team to determine credit limits, approve credit facilities and other monitoring procedures to ensure that appropriate actions have been taken to collect overdue receivables. In addition, the Consolidated Company reviews the recoverable amounts of receivables on a case-by-case basis at the balance sheet date to ensure that appropriate impairment losses have been recorded for uncollectible receivables. Accordingly, the Consolidated

Company's management believes that the credit risk of the Consolidated Company has been significantly reduced.

The consolidated company adopts the simplified approach under IFRS 9 to recognize the provision for expected credit losses on accounts receivable based on lifetime expected credit losses. Lifetime expected credit losses are calculated using a provision matrix, which considers customers' past default history and current financial conditions, as well as GDP forecasts. The consolidated company's accounts receivable for the 2022 mainly come from government contract projects outsourced by related parties, with no expected credit impairment. Due to the consolidated company's historical credit loss experience showing no significant differences in loss patterns among different customer groups, the provision matrix has not been further divided into customer groups and only sets expected credit loss rates based on the overdue days of accounts receivable.

The Consolidated Company writes off a receivable when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery. For receivables that have been written off, the Consolidated Company continues to engage in enforcement activity to attempt to recover the receivables which are due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of accounts receivable based on the Consolidated Company's allowance matrix:

Dec. 31, 2021

	<u>Not past due</u>	<u>1-30 days past due</u>	<u>31-60 days past due</u>	<u>61-90 days past due</u>	<u>91-120 days past due</u>	<u>Over 120 days past due</u>	<u>Total</u>
Expected credit losses(%)	0~0.23	0~0.48	0~10.54	0~25.14	33.33~100	16.67~100	
Total carrying amount	\$ 41,888	\$ -	\$ -	\$ -	\$ -	\$ 177	\$ 42,065
Allowance for loss (lifetime expected credit losses)	-	-	-	-	-	(159)	(159)
Amortized cost	<u>\$ 41,888</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18</u>	<u>\$ 41,906</u>

Information on the changes in the allowance for losses on receivables is as follows:

	<u>2022</u>	<u>2021</u>
Beginning balance	\$ 159	\$ 4,693
(Reversal of) loss for the year	(159)	6
Actual elimination for the year	-	(4,540)
Ending balance	<u>\$ -</u>	<u>\$ 159</u>

XI. DISPOSAL GROUP HELD FOR SALE

(1) Non-operating unit

Due to the impact of the COVID-19 pandemic, the company's department store business has been severely hit, leading to a sharp decline in revenue. The Taoyuan factory ceased production entirely in November of year 2020, as approved by the board of directors, and the related equipment and inventory were disposed of by September of year 2021. The bedding sales business ceased operations starting from September 15th of year 2021.

Profit or loss for the year - non-operating unit:

	<u>2022</u>	<u>2021</u>
Operating revenue	\$ -	\$ 54,937
Operating cost	<u>-</u>	(<u>30,779</u>)
Gross profit	-	24,158
Promotion expense	-	(37,765)
Administration expense	-	(4,074)
Expected credit reversal benefit (impairment loss)	<u>159</u>	(<u>6</u>)
Net operating profit (loss)	159	(17,687)
Non-operating revenue/expense	<u>275</u>	<u>5,881</u>
Net profit before tax (loss)	434	(11,806)
Income tax expense	<u>-</u>	(<u>9,985</u>)
Profit or loss for the period	<u>434</u>	(<u>21,791</u>)
Profit and loss of the discontinued unit belongs to The Company's owner	<u>\$ 434</u>	(<u>\$ 21,791</u>)
Net cash inflow (outflow) from operating activities	\$ 275	(\$ 23,117)
Net cash inflows from investing activities	-	4,117
Net cash outflow in financing activities	<u>-</u>	(<u>2,716</u>)
Net cash inflow (outflow)	<u>\$ 275</u>	(<u>\$ 21,716</u>)

(2) Disposal group held for sale

On December 26, 2022, the Consolidated Company's board of directors passed

resolutions to sell 100% of the equity of its subsidiary, Shanghai Lifestyle Enterprise Inc., to a non-related party, and 100% of the equity of its subsidiary, Zhou Ting Property Co., Ltd., to a related party, Hung Ting Enterprise Co., Ltd. The transactions were completed in February 2023.

As of December 31, 2022, the consolidated company has reclassified the assets and liabilities of its subsidiary as held for sale and presented them separately in the consolidated balance sheet. The main categories of assets and liabilities held for sale are as follows:

	Dec. 31, 2022		
	Zhou Ting Property Co., Ltd.	Shanghai Lifestyle Enterprise Inc.	Total
Cash	1,765	3,161	4,926
Financial assets measured at FVTPL - current	24,495	-	24,495
Other assets	-	225	225
Total amount of disposal group held for sale	<u>\$ 26,260</u>	<u>\$ 3,386</u>	<u>\$ 29,646</u>
Liabilities directly related to disposal group held for sale	<u>\$ 120</u>	<u>\$ 994</u>	<u>\$ 1,114</u>

XII. SUBSIDIARIES.

The consolidated financial statements were prepared based on the information of the following companies:

Name of the Investment Company	Name of Subsidiary	Nature of Business	Percentage of shareholdings		Remark
			Dec. 31, 2022	Dec. 31, 2021	
The Company	Sanlong Investment Co. (Sanlong Investment)	General Investment	-	100	Note 1
	Tri Ocean Textile (Thailand) Co., Ltd. (Tri Ocean Textile (Thailand))	Manufacture, processing and trading of textile products	100	100	
	Zhou Ting Property Co., Ltd. (Zhou Ting Property, formerly known as Tri Ocean Dream Factory Co., Ltd.)	Wholesale and sale of building materials	100	100	Note 2
	Shanghai Lifestyle Enterprise Inc.	Furniture trading	100	100	Note 3
	Shang Ting Co. (Shang Ting)	Integrated manufacturing	100	100	Note 4
	Trioccean Energy Co., Ltd. (Trioccean Energy)	Manufacture of power generation, transmission and distribution machinery	-	100	Note 5

Note 1: The Company and Sanlong Investment, for the purpose of integrating group resources and simplifying organizational structure, have already passed a

resolution by the Board of Directors on April 22, 2022, with May 1, 2022, as the merger base date, to carry out a simplified merger. After the merger, the Company continues to exist, while Sanlong Investment ceases to exist, with its assets and liabilities assumed by the Company.

Note 2: Tir Ocean Dream changed its name to Zhou Ting Property Co., Ltd. in February 2021 and reduced its capital and returned share capital by \$26,000 thousand in the same year in December. Subsequently, for the purpose of improving group management efficiency and reducing group operating costs, the Company resolved to sell 100% of its equity in Zhou Ting Property Co., Ltd. through a Board of Directors resolution on December 26, 2022.

Note 3: Shanghai Lifestyle Enterprise Inc. reduced its capital and returned share capital by RMB 2,800 thousand in January 2022 and has completed the company change registration. For the purpose of improving group management efficiency and reducing group operating costs, the Company resolved to sell 100% of its equity in Shanghai Lifestyle Enterprise Inc. through a Board of Directors resolution on December 26, 2022.

Note 4: The Company acquired 100% of the shares in Shang Ting Co. from Hung Hung-Chang and Jiang Yu-Lian in December 2020 for a total consideration of \$775,750 thousand. As of December 31, 2022, and 2021, \$330,000 thousand has been paid. The remaining balance of \$213,025 thousand was agreed to be deferred to December 2023 (recorded as other payables - related parties) at the end of 2021, and an additional \$232,725 thousand will be paid after the seller assists Shang Ting Co. in obtaining new project contracts up to the agreed amount by December 31, 2022, with a further deferral to December 2024. As of the date of approval for issuance of the consolidated financial statement, the new project contracts have reached the agreed amount.

In December 2022 and May 2021, the Company completed capital increases of \$150,000 thousand and \$100,000 thousand, respectively, and has completed the necessary company registration changes.

Note 5: The Company established Triocean Energy Co., Ltd. in March 2021 with an initial investment of \$2,000 thousand, holding 100% of the shares. In May 2021, the Company further invested \$3,000 thousand in cash. To improve the group's management efficiency and reduce its operating costs, the board of directors resolved on April 22, 2022, to sell 100% of the shares in the subsidiary, Triocean

Energy Co., Ltd., to an unrelated party. The transaction was completed in April 2022. For information on the disposal of the subsidiary, please refer to Note XXVIII.

XIII. PROPERTY, PLANT AND EQUIPMENT

(1) The breakdown of property, plant and equipment is as follows:

2022

	Self-owned land	Buildings	Machinery and Equipment	Transportation equipment	Office Equipment	Other equipment	Total
<u>Cost</u>							
Balance on Jan. 1, 2022	\$ 30,215	\$ 177,596	\$ 420,483	\$ 5,316	\$ 5,167	\$ 13,366	\$ 652,143
Add	-	-	289	1,874	3,244	2,445	7,852
Disposal	-	-	-	(2,592)	(209)	(1,291)	(4,092)
Reclassify to disposal group for sale	-	-	-	-	(21)	-	(21)
Net exchange difference	<u>2,080</u>	<u>12,638</u>	<u>27,866</u>	<u>9</u>	<u>311</u>	<u>861</u>	<u>43,765</u>
Balance on Dec.31, 2022	<u>32,295</u>	<u>190,234</u>	<u>448,638</u>	<u>4,607</u>	<u>8,492</u>	<u>15,381</u>	<u>699,647</u>
<u>Accumulated depreciation and impairment</u>							
Balance on Jan. 1, 2022	6,478	152,344	371,512	4,245	4,726	11,749	551,054
Depreciation expense	-	7,048	3,812	240	459	1,136	12,695
Disposal	-	-	-	(379)	(106)	(1,291)	(1,776)
Reclassify to disposal group for sale	-	-	-	-	(16)	-	(16)
Net exchange difference	<u>464</u>	<u>11,158</u>	<u>24,450</u>	<u>8</u>	<u>310</u>	<u>788</u>	<u>37,178</u>
Balance on Dec.31, 2022	<u>6,942</u>	<u>170,550</u>	<u>399,774</u>	<u>4,114</u>	<u>5,373</u>	<u>12,382</u>	<u>599,135</u>
Dec.31, 2022-net	<u>\$ 25,353</u>	<u>\$ 19,684</u>	<u>\$ 48,864</u>	<u>\$ 493</u>	<u>\$ 3,119</u>	<u>\$ 2,999</u>	<u>\$ 100,512</u>

2021(restated)

	Self-owned land	Buildings	Machinery and Equipment	Transportation equipment	Office Equipment	Other equipment	Total
<u>Cost</u>							
Balance on Jan. 1, 2021	\$ 137,786	\$ 369,671	\$ 880,397	\$ 5,336	\$ 13,005	\$ 101,370	\$ 1,507,565
Add	-	-	-	-	369	-	369
Reassessment	408,659	169,541	-	-	-	-	578,200
Disposal	(20,927)	(12,840)	(403,197)	-	(7,573)	(86,256)	(530,793)
Transferred to investment real estate	(491,069)	(323,053)	-	-	-	-	(814,122)
Net exchange difference	<u>(4,234)</u>	<u>(25,723)</u>	<u>(56,717)</u>	<u>(20)</u>	<u>(634)</u>	<u>(1,748)</u>	<u>(89,076)</u>
Balance on Dec. 31, 2021	<u>30,215</u>	<u>177,596</u>	<u>420,483</u>	<u>5,316</u>	<u>5,167</u>	<u>13,366</u>	<u>652,143</u>
<u>Accumulated depreciation and impairment</u>							
Balance on Jan. 1, 2021	7,417	261,016	819,869	4,011	12,619	97,772	1,202,704
Depreciation expense	-	10,580	3,918	253	291	1,717	16,759
Disposal	-	(6,037)	(303,367)	-	(6,961)	(66,728)	(383,093)
Transferred to investment real estate	-	(91,792)	-	-	-	-	(91,792)
Exclusion of impairment loss	-	(111)	(99,830)	-	(590)	(19,528)	(120,059)
Net exchange difference	<u>(939)</u>	<u>(21,312)</u>	<u>(49,078)</u>	<u>(19)</u>	<u>(633)</u>	<u>(1,484)</u>	<u>(73,465)</u>
Balance on Dec. 31, 2021	<u>6,478</u>	<u>152,344</u>	<u>371,512</u>	<u>4,245</u>	<u>4,726</u>	<u>11,749</u>	<u>551,054</u>
Dec.31, 2021-net	<u>\$ 23,737</u>	<u>\$ 25,252</u>	<u>\$ 48,971</u>	<u>\$ 1,071</u>	<u>\$ 441</u>	<u>\$ 1,617</u>	<u>\$ 101,089</u>

- (2) The Consolidated Company's property, plant and equipment are depreciated on a straight-line basis over the following useful lives:

Buildings	20 years
Machinery and Equipment	3-20 years
Transportation equipment	2-10 years
Office Equipment	2-5 years
Other equipment	2-5 years

- (3) In order to revitalize assets, improve financial structure, and enrich operating capital, the company rented out Taoyuan properties in August, 2021 and reclassify them as investment properties (Note 15). Subsequently, in November, 2022, the board of directors resolved to sell the investment properties and planned to negotiate the subsequent sale matters at a price no less than a specific amount.

XIV. LEASE AGREEMENT

- (1) Right-of-use assets

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Right-of-use assets		
Carrying amount		
Land and Buildings	\$ 29,604	\$ 20,844
Transportation equipment	<u>7,811</u>	<u>4,667</u>
	<u>\$ 37,415</u>	<u>\$ 25,511</u>
	<u>2022</u>	<u>2021</u>
Right-of-use assets-add	<u>\$ 38,938</u>	<u>\$ 24,516</u>
Disposal of right-to-use assets	<u>\$ 20,493</u>	<u>\$ 9,150</u>
Right-of-use assets-Depreciation expense		
Land and Buildings	\$ 2,465	\$ 1,368
Transportation equipment	<u>4,076</u>	<u>4,511</u>
	<u>\$ 6,541</u>	<u>\$ 5,879</u>

Apart from the early termination of the lease for the office in Neihu and the warehouse in Luzhu in March, 2021, there were no significant subleases or impairment incidents for the company's right-of-use assets in 2022 and 2021.

The consolidated company leases an office building from a related party for office use; please refer to Note 32.

- (2) Lease liabilities

<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
----------------------	----------------------

Lease liabilities Carrying amount		
Current	<u>\$ 10,314</u>	<u>\$ 3,140</u>
Non-current	<u>\$ 27,235</u>	<u>\$ 22,861</u>

The discount rate range for the Lease liabilities is as follows.

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Land and Buildings	1.08~1.98	1.43~2.1
Transportation equipment	0.87~2.10	1.33~1.62

(3) Important Tenant Activities and Terms

The consolidated company leases land, buildings, and transportation equipment for use as offices, official vehicles, and for its subsidiary, Triocean Energy Co., Ltd., to set up solar photovoltaic power generation systems. The lease term ranges from 2 to 20 years. At the end of the lease term, the consolidated company has no preferential purchase rights for the leased land, buildings, and transportation equipment.

The right-of-use asset for land has been removed from the books after the sale of the subsidiary TRIOCEAN ENERGY shares in April, 2022.

(4) Other leasing information

	<u>2022</u>	<u>2021</u>
Total cash outflow from leases		
Short-term lease expenses	<u>\$ 3,369</u>	<u>\$ 3,458</u>
Lease expenses of low-value assets	<u>\$ 2,225</u>	<u>\$ 305</u>
Variable lease payment expense not included in the measurement of lease liabilities	<u>\$ -</u>	<u>\$ 13,560</u>
Total amount of cash (outflow) from lease	<u>(\$ 12,140)</u>	<u>(\$ 22,996)</u>

XV. INVESTMENT PROPERTY

	<u>Land</u>	<u>Building</u>	<u>Total</u>
<u>Dec. 31, 2022</u>			
Measured at fair value	<u>\$ 499,749</u>	<u>\$ 221,261</u>	<u>\$ 721,010</u>
	<u>Land</u>	<u>Building</u>	<u>Total</u>
<u>Dec. 31, 2021(restated)</u>			

Measured at fair value	<u>\$497,204</u>	<u>\$233,676</u>	<u>\$730,880</u>
------------------------	------------------	------------------	------------------

The investment properties of the consolidated company, which consist of land and buildings leased to unrelated parties in August, 2021, were reclassified from real estate, plants, and equipment.

The total amount of lease payments to be received in the future for the investment properties leased under operating leases is as follows:

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
The 1st year	\$ 25,725	\$ 25,725
The 2nd year	25,725	25,725
The 3rd year	25,725	25,725
The 4th year	20,367	25,725
The 5th year	<u>-</u>	<u>20,368</u>
Investment real estate rental commitments	<u>\$ 97,542</u>	<u>\$123,268</u>

Investment property measured at fair value

	<u>Land</u>	<u>Building</u>	<u>Total</u>
Balance on Jan. 1, 2022 (restated)	\$ 497,204	\$ 233,676	\$ 730,880
Add	-	4,800	4,800
Gain (loss) on changes in fair value	<u>2,545</u>	<u>(17,215)</u>	<u>(14,670)</u>
Balance on Dec.31, 2022	<u>\$499,749</u>	<u>\$221,261</u>	<u>\$721,010</u>
Balance on Jan. 1, 2021	\$ -	\$ -	\$ -
From property, plant and equipment	491,069	231,261	722,330
Add	-	6,363	6,363
Benefit from changes in fair value	<u>6,135</u>	<u>(3,948)</u>	<u>2,187</u>
Balance on Dec.31, 2021 (restated)	<u>\$497,204</u>	<u>\$233,676</u>	<u>\$730,880</u>

Investment properties are measured at fair value on a recurring basis, and their fair value was appraised in December of the 111th year by Wang Fu-sheng and Chen Ming-chuan, appraisers from the Jingrui Real Estate Appraisal Joint Office, who hold real estate appraiser qualifications in our country. The appraised fair values for the land and buildings as of December 31, 2021 and 2022 were 721,010 thousand and 730,880 thousand, respectively.

The aforementioned fair value measurement has taken into account the uncertainty of market fluctuations due to the subsequent developments of the COVID-19 pandemic.

The fair value of investment properties is evaluated using the income approach, with key assumptions as follows: when the estimated future net cash inflows increase or the discount rate decreases, the fair value will increase.

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Estimated future cash inflows	\$990,626	\$948,159
Estimated future cash outflows	<u>71,842</u>	<u>68,381</u>
Estimated future net cash inflows	<u>\$918,784</u>	<u>\$879,778</u>
Discount rate(%)	2.71	2.08

The rental market rates for the area where the investment properties are located are approximately 430 to 530 per ping, while the rental market rates for comparable properties in the market are approximately 433 to 522 per ping.

The investment properties are currently leased under operating leases, generating rental income of 26,236 thousand and 5,528 thousand in 2022 and 12021, respectively. The expected future cash inflows from the investment properties include rental income, security deposit interest income, and the disposal value at the end of the period. The rental income is estimated based on the company's current lease contracts and considering the future annual rent growth rate, with the income analysis period being 10 years; the security deposit interest income is estimated using the average one-year fixed deposit rate of the five major banks; the disposal value at the end of the period is estimated using the direct capitalization method of the income approach. The expected future cash outflows from the investment properties include land value tax, property tax, insurance premiums, maintenance fees, and management fees, which are estimated based on the current expenditure levels and considering the future adjustments of the announced land prices and tax rates stipulated in the property tax regulations.

The discount rate is determined by adding 3 basis points to the Chunghwa Post Co., Ltd.'s 2-year fixed deposit rate and adding a risk premium related to the investment properties. Please refer to Note 32 for the amount of investment properties set as collateral for loans.

XVI. GOODWILL

	<u>2022</u>	<u>2021</u>
<u>Costs</u>		
Beginning balance	\$480,157	\$480,157
Reclassify to disposal group for sale	(<u>51,455</u>)	<u>-</u>
Ending balance	<u>\$428,702</u>	<u>\$480,157</u>
<u>Accumulated Impairment Loss</u>		
Beginning balance	\$ 51,455	\$ 51,455
Reclassify to disposal group for sale	(<u>51,455</u>)	<u>-</u>
Ending balance	<u>\$ -</u>	<u>\$ 51,455</u>
Year-end net	<u>\$428,702</u>	<u>\$428,702</u>

The adjustments to the related items in the balance sheet are as follows:

The consolidated company conducted an impairment assessment on the recoverable amount of goodwill as of the end of the financial reporting period, using the use value as the calculation basis for the recoverable amount. For the calculation of the use value in 2022, the estimated future cash flows of the cash-generating unit for the next five years were used as the basis for estimation, and a 10% annual discount rate was applied to reflect specific risks of the relevant cash-generating unit. As of 2022, the assessed recoverable amount was still greater than the carrying amount, and therefore no impairment loss was recognized.

XVII. OTHER INTANGIBLE ASSETS

2022

	<u>Contract Value</u>	<u>License</u>	<u>Software</u>	<u>Trademark Rights</u>	<u>Patents</u>	<u>Total</u>
<u>Cost</u>						
Balance on Jan. 1, 2022	\$ 63,000	\$ 11,000	\$ 5,080	\$ 73,979	\$ 12	\$153,071
Add	-	-	155	-	-	155
Deletion of accounts	-	-	(1,395)	-	(12)	(1,407)
Reclassify to disposal group held for sale	-	-	-	(23,519)	-	(23,519)
Balance on Dec.31, 2022	<u>\$ 63,000</u>	<u>\$ 11,000</u>	<u>\$ 3,840</u>	<u>\$ 50,460</u>	<u>\$ -</u>	<u>\$128,300</u>
<u>Accumulated amortisation</u>						
Balance on Jan. 1, 2022	\$ 25,200	\$ -	\$ 4,330	\$ 73,979	\$ 12	\$103,521
Deletion of accounts	-	-	(805)	-	(12)	(817)
Amortization expense	37,800	-	120	-	-	37,920
Reclassify to disposal group held for sale	-	-	-	(23,519)	-	(23,519)
Balance on Dec.31, 2022	<u>\$ 63,000</u>	<u>\$ -</u>	<u>\$ 3,645</u>	<u>\$ 50,460</u>	<u>\$ -</u>	<u>\$117,105</u>
Dec.31, 2022-net	<u>\$ -</u>	<u>\$ 11,000</u>	<u>\$ 195</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,195</u>

2021

	<u>Contract Value</u>	<u>License</u>	<u>Software</u>	<u>Trademark Rights</u>	<u>Patents</u>	<u>Total</u>
<u>Cost</u>						
Balance on Jan. 1, 2021	\$ 63,000	\$ 11,000	\$ 4,251	\$ 73,979	\$ 12	\$152,242
Single acquisition	-	-	829	-	-	829
Balance on Dec.31, 2021	<u>\$ 63,000</u>	<u>\$ 11,000</u>	<u>\$ 5,080</u>	<u>\$ 73,979</u>	<u>\$ 12</u>	<u>\$153,071</u>
<u>Accumulated amortisation</u>						
Balance on Jan. 1, 2021	\$ -	\$ -	\$ 4,231	\$ 73,979	\$ 12	\$ 78,222
Amortization expense	25,200	-	99	-	-	25,299
Balance on Dec.31, 2021	<u>\$ 25,200</u>	<u>\$ -</u>	<u>\$ 4,330</u>	<u>\$ 73,979</u>	<u>\$ 12</u>	<u>\$103,521</u>
Dec.31, 2021-net	<u>\$ 37,800</u>	<u>\$ 11,000</u>	<u>\$ 750</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,550</u>

The consolidated company's construction permit has an indefinite useful life and is not subject to amortization; apart from contract value being amortized based on expected benefits, other intangible assets are amortized on a straight-line basis over the following useful lives:

PC software	1-5 years
Trademark Rights	4.4-10 years
Patents	3 years

XVIII. Loan

(1) Short-term loans

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Guaranteed Loans	<u>\$456,340</u>	<u>\$667,911</u>

The interest rate ranges for short-term borrowings at the balance sheet date were as follows:

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Bank loans(%)	1.86~2.75	0.81~1.80

(2) Long-term loans

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Guaranteed loans from the Credit Insurance Fund	\$ 27,996	\$ 16,729
Guaranteed Loans	600,634	47,600
Less: Long-term loans due within one business cycle	(218,490)	(54,216)
Long-term loans	<u>\$410,140</u>	<u>\$ 10,113</u>

Guaranteed loans from the Credit Insurance Fund		
Annual Interest Rate (%)	2.34~3.18	1.00~2.55
Maturity Period	Jul., 2024~ Nov., 2026	Nov.,2026

Guaranteed Loans		
Annual Interest Rate (%)	2.00~2.89	2.00
Maturity Period	Dec., 2023~ Aug., 2025	Dec., 2023

XIX. BONDS PAYABLE

	<u>Dec. 31, 2021</u>
Domestic guaranteed convertible bonds	<u>\$288,393</u>

The company issued a 3-year domestic secured convertible bond of 300,000 thousand NTD at 101% of the face value on January 30, 2019. The face annual interest rate is 0%, with a net amount of 294,229 thousand NTD (deducting transaction costs of 8,771

thousand NTD). The maturity date is January 30, 2022, which has already been repaid. The convertible bond was secured by Taiwan Cooperative Bank.

Bondholders were allowed to convert the bonds into ordinary shares of the company from May 1, 2019, three months after the issue date, until the maturity date of January 30, 2022. The initial conversion price was set at 29.99 NTD per share. Due to cash capital increase and capital reduction to offset losses, the conversion price was adjusted to 80.41 NTD as of December 31, 2021.

This convertible bond includes liability and equity components. The equity component is expressed as capital reserve - share options under the equity item. The liability component's original effective interest rate was 1.42%. The option derivative instrument is measured at fair value through profit or loss.

Issue price (deducting transaction costs of 8,771 thousand NTD)	\$294,229
Equity component (deducting transaction costs of 226 thousand NTD allocated to equity)	(7,622)
Financial assets measured at fair value through profit or loss - redemption option	<u>873</u>
Liability component on the issuance date	287,480
Interest calculated at an effective interest rate of 1.42%	11,636
Convertible bonds payable converted into ordinary shares	(<u>10,723</u>)
Liability component as of December 31, 2021	<u>\$288,393</u>

XX. NOTES PAYABLE AND ACCOUNTS PAYABLE

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Notes payable		
Generated from operating activities	\$ 56,730	\$ 31,927
Accounts payable (including related parties, Note XXXI)		
Generated from operating activities	98,747	30,515

The amount of construction retentions payable in accounts payable related to construction contracts was 38,974 thousand NTD and 14,096 thousand NTD as of December 31, 2022 and 2021, respectively. The construction retentions do not accrue interest and will be paid upon the end of the individual contract's retention period. This retention period is the company's normal operating cycle, which usually exceeds 1 year. For more information on construction contracts, please refer to Note 24.

XXI. OTHER PAYABLES

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
--	----------------------	----------------------

Salaries, bonuses and unused vacation payables	\$ 12,822	\$ 8,392
Labor costs payable	2,297	2,299
	Dec. 31, 2022	Dec. 31, 2021
Lease payable	5,710	-
Others	6,143	5,993
	<u>\$ 26,972</u>	<u>\$ 16,684</u>

XXII. PROVISION FOR LIABILITIES

	2022	2021
Beginning balance	\$ 17,037	\$ 4,349
New for the year	22,923	12,850
Used during the year	(93)	(162)
Ending balance	39,867	17,037
Minus: Provision for liabilities - current	(1,701)	(8)
Provision for liabilities – non-current	<u>\$ 38,166</u>	<u>\$ 17,029</u>

XXIII. EQUITY

(1) Share Capital

Common share

	Dec. 31, 2022	Dec. 31, 2021
Number of shares (in thousands of shares)	<u>99,000</u>	<u>99,000</u>
Authorized share capital	<u>\$990,000</u>	<u>\$990,000</u>
Number of issued and fully paid shares (in thousands of shares)	<u>24,988</u>	<u>24,988</u>
Share capital of issued shares	<u>\$249,881</u>	<u>\$249,881</u>

The issued ordinary shares have a par value of 10 NTD per share, with each share entitled to one voting right and the right to receive dividends.

To improve the financial structure, the company made a resolution at the shareholders' general meeting on July 1, 2021 to reduce capital by 610,647 thousand NTD to offset losses, canceling 61,065 thousand shares of ordinary stock. The capital reduction ratio was 70.96%, and the base date for capital reduction was August 25, 2021. The change registration has been completed.

As of December 31, 2022 and 2021, the total number of issued shares, including privately placed ordinary shares, was 14,353 thousand shares, and the public

offering process has not yet been carried out. Information on past private placements of ordinary shares is as follows:

<u>Private Placement Date</u>	<u>Number of private placement (capital reduction) (in thousands of shares)</u>	<u>Private Placement Amount</u>
Jul. 20, 2012	5,000	\$ 40,000
Dec. 5, 2012	2,150	28,595
Sep. 30, 2013	5,000	75,500
Dec. 28, 2015	2,500	29,750
Mar. 31, 2017	2,223	20,007
Sep. 1, 2017	(7,445)	\$ -
Dec. 4, 2020	40,000	226,400
Aug. 25, 2021	(35,075)	-
Total	<u>14,353</u>	<u>\$420,252</u>

(2) Capital reserves

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
May be used to make good losses, to make cash payments or to increase capital (Note)		
<u>Lapsed convertible bond warrants</u>	<u>\$ 7,340</u>	<u>\$ 7,340</u>

Note: This type of capital reserve can be used to offset losses, or it can be used to distribute cash or increase share capital when the company has no losses. However, when increasing share capital, it is limited to a certain ratio of the paid-in share capital each year.

(3) Retained Earnings and Dividend Policy

If the company has a profit in its annual financial statements, it shall pay taxes and dues according to the law, make up for accumulated losses, and then allocate 10% as statutory surplus reserves. The remaining amount shall be allocated or reversed as special surplus reserves according to legal regulations. If there is still a balance, it will be combined with accumulated undistributed earnings, and the board of directors will propose a profit distribution plan to be submitted to the shareholders' meeting for resolution to distribute dividends to shareholders. For policies on the distribution of employee and director remuneration, please refer to Note 25(6) regarding employee remuneration and director remuneration. In accordance with the company's articles of association, the distribution of

earnings can be in the form of cash dividends or stock dividends. The distribution of earnings prioritizes cash dividends but may also be distributed as stock dividends, provided that the ratio of stock dividends does not exceed 50% of the total dividend amount. If the company has no distributable earnings for the current year or if the earnings are significantly lower than the actual distributed earnings of the previous year, or based on the company's financial, business, and operational factors, all or part of the surplus may be distributed according to laws, regulations, or the competent authority's provisions.

The company's 2021 and 2020s' loss allocation proposals were respectively approved by the shareholders' meetings held on June 8, 2022, and July 1, 2021. The loss allocation proposal for 2022 has been approved by the board of directors, and is pending the resolution of the shareholders' meeting expected to be held in June 2023.

(4) Other equity interest items

1. Exchange differences on translation

	<u>2022</u>	<u>2021</u>
Beginning balance	(\$ 12,306)	\$ 652
Generated in the fiscal year		
Translation differences of foreign operating institutions	6,555	(16,198)
Income tax on foreign operating entities	(<u>1,311</u>)	<u>3,240</u>
Ending balance	(<u>\$ 7,062</u>)	(<u>\$ 12,306</u>)

2. Financial assets measured at fair value through other comprehensive income
Unrealized gains or losses

	<u>2022</u>	<u>2021</u>
Beginning balance	(\$ 4,659)	\$ 2,755
Generated in the fiscal year		
Unrealized gain or loss	(1,359)	(7,557)
Transfer of cumulative gain or loss on disposal of equity instruments to Retained earnings	<u>-</u>	<u>143</u>

Ending balance	(\$ 6,018)	(\$ 4,659)
----------------	------------	------------

3. Revaluation surplus on property

	<u>2022</u>	<u>2021(restated)</u>
Beginning balance	\$556,397	\$ -
Revaluation surplus on property	-	578,200
Related Income Taxes	<u>-</u>	<u>(21,803)</u>
Ending balance	<u>\$556,397</u>	<u>\$556,397</u>

XXIV. INCOME

	<u>2022</u>	<u>2021</u>
Income from customer contracts		
Product sales revenue	\$ -	\$ 54,937
Engineering Revenue	<u>1,169,012</u>	<u>601,943</u>
	1,169,002	656,880
Less: Operating income from discontinued operations	<u>-</u>	<u>(54,937)</u>
	<u>\$1,169,012</u>	<u>\$ 601,943</u>

(1) Contract balance

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>	<u>Jan. 1, 2021</u>
Notes receivable (Note X)	<u>\$ -</u>	<u>\$ 24,706</u>	<u>\$ 14,927</u>
Accounts receivable (Note X)	<u>\$ -</u>	<u>\$ 17,000</u>	<u>\$ 28,591</u>
Contract assets			
Engineering Construction	\$ 277,250	\$ 174,252	\$ 20,724
Reservation receivable for works	<u>20,456</u>	<u>9,938</u>	<u>-</u>
	<u>\$297,706</u>	<u>\$184,190</u>	<u>\$ 20,724</u>
Contract liabilities			
Engineering and Construction	\$ 132,450	\$ 9,304	\$ -
Product Sales	<u>-</u>	<u>-</u>	<u>1,767</u>
	<u>\$132,450</u>	<u>\$ 9,304</u>	<u>\$ 1,767</u>

The changes in contract assets and contract liabilities mainly result from the difference between the timing of fulfilling performance obligations and the timing of customer payments.

The contract asset credit risk management adopted by the consolidated company is the same as that of accounts receivable; please refer to Note 10.

(2) Breakdown of customer contract revenue

For revenue breakdown information, please refer to Note 36.

(3) Customer contracts not yet fully completed

As of December 31st of year 2022 and year 2021, the transaction prices allocated to the unfulfilled performance obligations of the consolidated company were 3,747,582 thousand and 959,047 thousand, respectively. It is expected to be completed by the end of 2026 and gradually recognize revenue.

XXV. NET PROFIT BEFORE INCOME TAX

(1) Other income

	<u>2022</u>	<u>2021</u>
Dividend income	\$ 2,584	\$ 2,654
Rental income	26,236	5,851
Others	<u>3,571</u>	<u>2,848</u>
	32,391	11,353
Less: Other income from discontinued operations	<u>-</u>	<u>(2,588)</u>
	<u>\$ 32,116</u>	<u>\$ 8,765</u>

(2) Other profits and losses

	<u>2022</u>	<u>2021(restated)</u>
Gain on the disposal of property, plant and equipment	\$ 722	\$ 27,413
Disposal of interests in subsidiaries accounted for using the equity method (Note 28)	2,730	-
Losses on financial instruments measured at fair value through profit or loss	(14,316)	(31,837)
Foreign exchange loss	12,856	(3,373)
Adjustments to fair value gain or loss on investment property	(14,670)	3,166
Other expenses	<u>(1,035)</u>	<u>(1,516)</u>
	(13,713)	(6,147)
Less: Other gains and losses attributable to the discontinued operations	<u>-</u>	<u>(3,321)</u>
	<u>(\$ 13,713)</u>	<u>(\$ 9,468)</u>

(3) Financial costs

<u>2022</u>	<u>2021(restated)</u>
-------------	-----------------------

Interest on Borrowings	\$ 18,988	\$ 8,328
Interest on Convertible Bonds	507	4,069
Lease liabilities interest	355	259
Other interest	37	9
Less: Included under contract assets	(3,114)	(-)
	<u>2022</u>	<u>2021(restated)</u>
	16,773	12,665
Less: Finance costs attributable to discontinued operations	<u>-</u>	(28)
	<u>\$ 16,773</u>	<u>\$ 12,637</u>
Interest capitalization rate (%)		
Contract assets	2.00~2.89	-

(4) Depreciation and Amortization

	<u>2022</u>	<u>2021</u>
Property, plant and equipment	\$ 12,695	\$ 16,759
Right-of-use assets	6,541	5,879
Intangible assets	<u>37,920</u>	<u>25,299</u>
	57,156	47,937
Less: Depreciation and amortization of discontinued operations	<u>-</u>	(1,210)
	<u>\$ 57,156</u>	<u>\$ 46,727</u>
Depreciation expense is summarized by function		
Operating costs	\$ 1,564	\$ 598
Operating expenses	<u>17,672</u>	<u>22,040</u>
	19,236	22,638
Less: Depreciation expense for discontinued operations	<u>-</u>	(1,210)
	<u>\$ 19,236</u>	<u>\$ 21,428</u>
Amortization expense is aggregated by function		
Operating expenses	<u>\$ 37,920</u>	<u>\$ 25,299</u>

(5) Employee benefits expenses

	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 85,567	\$ 75,927
Benefits after retirement		
Defined contribution plan	<u>3,962</u>	<u>3,004</u>
	89,529	78,931
	<u>2022</u>	<u>2021</u>
Less: Employee benefits expense for units that have ceased operations.	<u>-</u> <u>\$ 89,529</u>	(<u>17,360</u>) <u>\$ 61,571</u>
Aggregated by function		
Operating costs	\$ 54,817	\$ 22,509
Operating expenses	<u>34,712</u>	<u>56,422</u>
	89,529	78,931
Less: Employee benefits for units that have ceased operations.	<u>-</u> <u>\$ 89,529</u>	(<u>17,360</u>) <u>\$ 61,571</u>

(6) Compensation to employees and compensation to directors

The company allocates employee compensation and director compensation based on the pre-tax profit of the current year, deducting employee and director compensation at no less than 1% and no more than 1%, respectively. However, when the company has accumulated losses, it should reserve an amount for compensation first and then allocate employee compensation and director compensation according to the aforementioned ratio.

For year 2022 and 2021, as there were still losses to be compensated, no employee compensation and director compensation were estimated.

If there are still changes in the amount after the release date of the annual consolidated financial statements, they will be treated as accounting estimate changes and adjusted in the following year.

For 2021 and 2020, the board of directors resolved not to distribute employee compensation and director compensation.

For information on employee compensation and director compensation resolutions of the company's board of directors for 2022 and 2021, please visit TWSE MOPS.

(7) Foreign currency exchange gains (losses)

	<u>2022</u>	<u>2021</u>
Total foreign currency exchange gains	\$ 20,949	\$ 2,714
Total foreign currency exchange losses	(8,093)	(6,087)
Net foreign currency exchange gain or loss	12,856	(3,373)
	<u>2022</u>	<u>2021</u>
Less: Foreign currency translation gains and losses attributable to discontinued operations	<u>-</u>	<u>20</u>
	<u>\$ 12,856</u>	<u>(\$ 3,353)</u>

XXVI. INCOME TAX

(1) Income tax recognized in profit or losses

The major components of income tax expense (benefit) are as follows:

	<u>2022</u>	<u>2021(restated)</u>
Current income tax		
Generated in the fiscal year	\$ 8,228	\$ 12,029
Additional tax on undistributed earnings	-	487
Adjustments for the prior year	-	130
Deferred income tax		
Generated in the fiscal year	(13,948)	1,585
Adjustments for the prior year	<u>-</u>	(790)
Income tax expense recognized in profit or losses(gain)	(5,720)	13,441
Less: Income tax on discontinued operations	<u>-</u>	(9,985)
	<u>(\$ 5,720)</u>	<u>\$ 3,456</u>

The adjustment of accounting income to income tax expense (benefit) is as follows:

<u>2022</u>	<u>2021</u>
-------------	-------------

Net loss before income tax for continuing and discontinued operations	(<u>\$ 2,003</u>)	(<u>\$ 13,907</u>)
Income tax on net loss before tax at statutory rate	(\$ 401)	(\$ 2,782)
Non-deductible expenses and deductible income for tax purposes	(1,907)	(2,816)
	<u>2022</u>	<u>2021</u>
Unappropriated retained earnings levy	-	487
Unrecognized Temporary differences can be subtracted	5,953	7,087
Unrecognized (recognizable) loss carryforwards	(9,365)	10,732
Prior year adjustments	-	(660)
Others	<u>-</u>	<u>1,393</u>
Income tax expense recognized in profit or losses (gain)	(5,720)	13,441
Less: Income tax on discontinued operations	<u>-</u>	<u>(9,985)</u>
	<u>(<u>\$ 5,720</u>)</u>	<u><u>\$ 3,456</u></u>

(2) Income tax recognized in other comprehensive income

	<u>2022</u>	<u>2021</u>
Deferred income tax Generated in the fiscal year		
Revaluation surplus on property	\$ -	(\$21,803)
Translation of financial statements of foreign operating companies	(<u>1,311</u>)	<u>3,240</u>
	<u>(<u>\$ 1,311</u>)</u>	<u><u>\$ 17,563</u></u>

(3) Income tax assets in the current period

<u>Dec.31, 2022</u>	<u>Dec.31, 2021</u>
---------------------	---------------------

Income tax assets in the
current period
Tax refund
receivable

\$190

\$ 73

(4) Deferred income tax assets and liabilities

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

2022

	Beginning balance (restated)	Recognized in profit or losses	Recognized in other Consolidated profit or loss	Ending balance
<u>Deferred tax assets</u>				
Temporary differences				
Unrealized exchange loss	\$ 681	(\$ 681)	\$ -	\$ -
Unrealized interests in subsidiaries	176	(19)	-	157
Guaranteed liabilities	3,799	4,175	-	7,974
Translation of financial statements of foreign operating entities	3,077	-	(1,311)	1,766
Other	-	2,934	-	2,934
Unrealized interests in subsidiaries	<u>21</u>	<u>(21)</u>	<u>-</u>	<u>-</u>
	<u>\$ 7,754</u>	<u>\$ 6,388</u>	<u>(\$ 1,311)</u>	<u>\$ 12,831</u>
<u>Deferred income tax liabilities</u>				
Temporary differences				
Provision for land appreciation tax	\$ 33,899	\$ -	\$ -	\$ 33,899
Unrealized benefits	<u>7,560</u>	<u>(7,560)</u>	<u>-</u>	<u>-</u>
	<u>\$ 41,459</u>	<u>(\$ 7,560)</u>	<u>\$ -</u>	<u>\$ 33,899</u>

2021

	Beginning balance (restated)	Recognized in profit or losses	Recognized in other Consolidated profit or loss	Ending balance
<u>Deferred tax assets</u>				
Temporary differences				
Loss on decline in value of inventories	\$ 9,122	(\$ 9,122)	\$ -	\$ -
Allowance for bad debts	844	(844)	-	-
Unrealized exchange loss	244	437	-	681
Unrealized interests in subsidiaries	195	(19)	-	176
Guaranteed liabilities	79	3,720	-	3,799
Translation of financial statements of foreign operating entities	(163)	-	3,240	3,077
Other	<u>27</u>	<u>(6)</u>	<u>-</u>	<u>21</u>
	<u>\$ 10,348</u>	<u>(\$ 5,834)</u>	<u>\$ 3,240</u>	<u>\$ 7,754</u>
<u>Deferred income tax liabilities</u>				
Temporary differences				
Provision for land appreciation tax	\$ 12,096	\$ -	\$ 21,803	\$ 33,899
Unrealized benefits	<u>12,600</u>	<u>(5,040)</u>	<u>-</u>	<u>7,560</u>
	<u>\$ 24,696</u>	<u>(\$ 5,040)</u>	<u>\$ 21,803</u>	<u>\$ 41,459</u>

- (5) Deferred tax assets not recognized in the consolidated balance sheet for deductible temporary differences and unused tax loss carryforwards.

	<u>Dec.31, 2022</u>	<u>Dec.31, 2021</u>
Deductible temporary differences	\$ -	\$ 20,972
Loss carryforwards	<u>144,806</u>	<u>164,133</u>
	<u>\$144,806</u>	<u>\$185,105</u>

- (6) Information related to unused tax loss carryforwards:

As of December 31, 2022, the information on tax loss carryforwards is as follows:

<u>Undeducted tax credits</u>	<u>Due year</u>
\$ -	2022
3,683	2023
8,460	2024
13,575	2025
46,186	2026
7,936	2027
9,083	2028
14,115	2029
30,816	2030
<u>10,952</u>	2031
<u>\$144,806</u>	

- (7) Income tax assessment status

The company and the domestic subsidiaries' profit-seeking enterprise income tax declaration cases have been assessed by the tax collection authorities up to the fiscal year 2020, with no significant differences between the assessment results and the declared amounts.

XXVII. EARNINGS (LOSS) PER SHARE

The net profit (loss) for the current year and the weighted average number of common shares used to calculate the earnings (loss) per share of the continuing operating unit are as follows:

Net income (loss) for the year

	<u>2022</u>	<u>2021(restated)</u>
Net income (loss) for the year attributable to owners of the Company	\$ 3,717	(\$ 27,348)
	<u>2022</u>	<u>2021(restated)</u>

Less: Net income (loss) for the year from discontinued operations for the purpose of basic earnings (loss) per share of discontinued operations	<u>434</u>	<u>(21,791)</u>
Net income (loss) for the year used to calculate basic and diluted earnings (loss) per share for continuing operations	<u>\$ 3,283</u>	<u>(\$ 5,557)</u>
<u>Number of shares</u>		

Unit: Thousands of shares

	<u>2022</u>	<u>2021</u>
Weighted-average number of common shares for basic and diluted earnings (loss) per share calculations	<u>24,988</u>	<u>24,988</u>

If the consolidated company's outstanding convertible bonds are converted, as there was a net loss after tax for the fiscal year 2021, they have an anti-dilutive effect and are therefore not included in the calculation of diluted earnings (loss) per share.

XXVIII. DISPOSAL OF SUBSIDIARY

The consolidated company disposed of Triocean Energy Co., Ltd. in April , 2022, and lost control over it.

(1) Consideration received

Cash	<u>Triocean Energy Co., Ltd.</u> <u>\$ 6,230</u>
------	---

(2) Analysis of assets and liabilities related to the loss of control

	<u>Triocean Energy Co., Ltd.</u>
Current assets	
Cash	\$ 4,156
Other current assets	135
Non-current assets	
Right-of-use assets	20,427
Current liabilities	
Other current liabilities	(85)
Non-Current liabilities	
Lease liabilities	<u>(21,133)</u>
Net assets disposed	<u>\$ 3,500</u>

(3) Gain from the disposal of the subsidiary

	<u>Triocean Energy Co., Ltd.</u>
Consideration received	\$ 6,230
Net assets disposed of	(3,500)
Gain on disposal	<u>\$ 2,730</u>

(4) Net cash inflow from the disposal of the subsidiary

	<u>Triocean Energy Co., Ltd.</u>
Consideration received in cash	\$ 6,230
Less: Cash balance disposed	(4,156)
	<u>\$ 2,074</u>

XXIX. CAPITAL RISK MANAGEMENT

The consolidated company conducts capital management to ensure that, under the premise of continuing operations of companies of the Group, the debt and equity amounts are optimized to maximize shareholder equity.

The consolidated company's main management level reviews the capital structure periodically according to the economic environment and business considerations. Based on the recommendations of the main management level and in compliance with legal provisions, the consolidated company will balance its overall capital structure through capital market financing and bank financing, among other methods.

XXX. FINANCIAL INSTRUMENTS

(1) Fair value of financial instruments that are not measured at fair value

The consolidated company's management believes that the carrying amounts of financial assets and financial liabilities, excluding the payable corporate bonds measured at fair value, are close to their fair values.

Dec. 31, 2021

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost					
Convertible bonds	<u>\$288,393</u>	<u>\$ -</u>	<u>\$288,813</u>	<u>\$ -</u>	<u>\$288,813</u>

The aforementioned Level 2 fair value measurement is determined based on a binomial tree convertible bond valuation model.

(2) Fair value of financial instruments that are measured at fair value on a recurring basis

1. Fair value hierarchy

Dec. 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets measured at fair value through other comprehensive income				
Investments in equity instruments				
Domestic Listed (Over-the-Counter) Stocks	<u>\$ 31,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,500</u>
Financial liabilities measured at FVTPL				
Contingent consideration (Note XII)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 232,725</u>	<u>\$ 232,725</u>

Dec. 31, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets measured at FVTPL				
Domestic listed stocks and fund beneficiary certificates	<u>\$ 30,045</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,045</u>
Financial assets measured at fair value through other comprehensive income				
Investments in equity instruments				
Domestic Listed (Over-the-Counter) Stocks	<u>\$ 32,860</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,860</u>
Financial liabilities measured at FVTPL				
Contingent consideration (Note XII)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 219,750</u>	<u>\$ 219,750</u>

There are no transfers between Level 1 and Level 2 fair value measurements in fiscal 2022 and 2021.

2. Reconciliation of Level 3 fair value measurements of financial instruments

The only financial liability measured at Level 3 fair value for subsequent measurement by the consolidated company is the contingent consideration related to the acquisition of the Shang Ting Co.. The valuation losses related to the contingent consideration

recognized in 2022 and 2021 were 12,975 thousand and 11,750 thousand, respectively.

3. Level 2 fair value measurement techniques and inputs

<u>Financial instruments</u>	<u>Evaluation techniques and input values</u>
Derivative instruments - Convertible bond redemption option	Binomial tree convertible bond valuation model: The fair value is assessed based on observable stock prices, risk-free interest rates, and risk discount rates at the end of the period.

4. Level 3 fair value measurement techniques and inputs

<u>Financial instruments</u>	<u>Evaluation techniques and input values</u>
Contingent consideration contract	The fair value is assessed by discounting according to the agreement terms and data on payment risk interest rates and credit risk discount rates.

(3) Types of financial instruments

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
<u>Financial assets</u>		
Financial assets measured at FVTPL		
Mandatorily measured at FVTPL	\$ -	\$ 30,045
Financial assets measured at amortized cost (Note 1)	986,233	813,515
Financial assets measured at FVTOCI		
Investments in equity instruments	31,500	32,860
<u>Financial liability</u>		
Financial liabilities measured at FVTPL		
Measured at amortized cost (Note 2)	232,725	219,750
	1,473,188	1,310,016

Note 1: The balance includes financial assets measured at amortized cost, such as cash, notes receivable, accounts receivable, other receivables, and other financial assets.

Note 2: The balance includes financial liabilities measured at amortized cost, such as short-term borrowings, notes payable, accounts payable, other payables (including related parties), corporate bonds payable, and deposit guarantees, but does not include the amount of short-term employee benefits payable.

(4) Financial Risk Management Objectives and Policies

The main financial instruments of the consolidated company include accounts receivable, accounts payable, lease liabilities, and borrowings. The consolidated company's financial management department supervises and manages the financial risks related to the company's operations through internal risk reporting that analyzes the extent and degree of exposure to risks. These risks include market risks (including exchange rate risk, interest rate risk, and other price risks), credit risks, and liquidity risks.

1. Market Risk

The main market risks borne by the consolidated company's operating activities are foreign currency exchange rate risk and interest rate risk.

There has been no change in the consolidated company's exposure to market risks related to financial instruments and the ways in which it manages and measures such exposures.

(1) Exchange Rate Risk

On the balance sheet date, the carrying amount of monetary assets denominated in non-functional currencies, please refer to Note 34.

Sensitivity Analysis

The consolidated company is mainly affected by fluctuations in the US dollar exchange rate.

The table below illustrates the sensitivity analysis of the consolidated company when the exchange rate of the New Taiwan Dollar (functional currency) against related currency increases or decreases by 1%.

The sensitivity analysis includes foreign currency monetary items circulating on each balance sheet date, and the positive numbers in the table indicate that when the functional currency appreciates/depreciates against the US dollar by 1%, it will increase/decrease the pre-tax net profit (loss) amount.

	USD Impact	
	2022	2021
Gain and loss	\$ -	(\$ 1,150)

(2) Interest rate risk

The carrying amounts of the consolidated Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Fair value interest rate risk		
Financial liability	\$ 176,416	\$ 329,394
Cash flow rate risk		
Financial assets	852,969	730,768
Financial liability	946,103	717,240

Sensitivity Analysis

For floating-rate assets and liabilities, the consolidated company uses a variation rate of 100 basis points when reporting interest rate risk to the main management level. If the interest rate on the balance sheet date increases/decreases by 100 basis points (1%), with all other variables remaining unchanged, the consolidated company's pre-tax net profit (loss) for 2022 and 2021 will increase/decrease by approximately 931 thousand and 135 thousand dollars, respectively. The main reason is the company's floating-rate bank borrowings and deposits.

(3) Other Price Risks

The consolidated company is exposed to equity price risk due to investments in listed equity securities. The consolidated company's management mitigates risk by holding different risk portfolios.

Sensitivity Analysis

The following sensitivity analysis is based on the equity price exposure on the balance sheet date.

If equity prices rise/fall by 5%, the net profit (loss) after tax for 2021 will increase/decrease by 1,502 thousand New Taiwan dollars due to the increase/decrease in the fair value of financial assets measured at fair value through profit or loss.

If equity prices rise/fall by 5%, the other comprehensive income for 2022 and 2021 will increase/decrease by 1,575 thousand and 1,643 thousand New Taiwan dollars, respectively, due to the increase/decrease in the fair value of financial assets measured at fair value through other comprehensive income.

2. Credit Risk

Financial assets are potentially affected by the consolidated company's counterparties

or other parties not fulfilling their contractual obligations, including the concentration of credit risk, the composition of elements, and the contract amount of the financial instruments the company engages in. The credit risk of the consolidated company's financial assets is assessed based on the contracts with a positive fair value on the balance sheet date. The credit risk amount of the financial assets held by the company is approximately equal to the carrying value.

The credit risk of the consolidated company's public construction projects is mainly concentrated in government agencies, and the expected credit risk is not significant.

3. Liquidity Risk

As of December 31, 2022, the consolidated company has utilized a short-term bank financing limit of 1,084,970 thousand New Taiwan dollars, and the unused limit is 410,625 thousand dollars.

The table below illustrates the remaining contractual maturity analysis of the consolidated company's non-derivative financial liabilities with agreed repayment periods, based on the earliest possible date the consolidated company may be required to repay, and compiled using the undiscounted cash flows of financial liabilities, including cash flows of interest and principal.

Dec. 31, 2022

Non-derivative financial liability	Request pay-as-you-go or less than 1 month	1-3 months	3 months to 1 year	1-5 years
No interest-bearing liabilities	\$ 106,457	\$ 246,859	\$ 37,131	\$ 243,318
Fixed-rate liabilities	\$ 307	\$ 614	\$ 3,068	\$ 140,631
Variable rate liabilities	\$ 1,780	\$ 3,563	\$ 482,276	\$ 488,058
Lease liabilities	\$ 983	\$ 1,968	\$ 7,881	\$ 27,978

Dec. 31, 2021

Non-derivative financial liability	Request pay-as-you-go or less than 1 month	1-3 months	3 months to 1 year	1-5 years
No interest-bearing liabilities	\$ 44,929	\$ 12,503	\$ 13,302	\$ 451,374
Fixed-rate liabilities	\$ 288,923	\$ 15,021	\$ -	\$ -
Variable rate liabilities	\$ 453	\$ 102,171	\$ 556,426	\$ 62,488
Lease liabilities	\$ 371	\$ 617	\$ 2,207	\$ 6,423

Further information on the maturity analysis of lease liabilities is as follows:

Lease liabilities	Within 1 year	1-5 years	5-10 years	10-15 years	More than 15 years
	\$ 3,195	\$ 6,423	\$ 5,847	\$ 5,847	\$ 10,039

The consolidated company's management has implemented measures to improve finances and reduce losses. On July 1, 2021, the shareholders' general meeting approved a resolution to offset losses of 610,647 thousand dollars through capital reduction. The capital reduction base date was August 25, 2021, and the change registration was completed. In addition to leasing out the Taoyuan factory site and receiving financial support from shareholders, the company is still actively promoting the following operations:

- (1) Financial

A. Continuously negotiate and increase credit limits with financial institutions to meet the needs of new business operations.

B. Extend the repayment of investment funds until December, 2023, reducing the pressure on fund repayment.

(2) Operational

A. Actively expand construction projects and wholesale building materials business, and control costs to generate group profits.

B. Actively dispose of the Taoyuan factory site and Thailand subsidiary's property to increase the group's operating funds.

C. Integrate group resources and simplify organizational structure through mergers, capital reductions, and sales of subsidiaries, to reduce group operating costs.

XXXI. TRANSACTION WITH RELATED PARTIES

The transactions, account balances, income, and expenses between the company and its subsidiaries have been fully eliminated during the consolidation process, and therefore, they are not disclosed in this note.

Transactions between the consolidated company and other related parties are as follows:

(1) Name of related party and its Relationships

<u>Name of related party</u>	<u>Relationship with the consolidated company</u>
Hung Hung-Chang	Substantial related parties
Chiang Yu-Lien	Substantial related parties
Lien Chuang Co.	Substantial related parties
Long Ting Cement Corporation	Substantial related parties
Jia Jie Biomedical Co., Ltd.	Substantial related parties

(2) Operating revenue

Construction Contracting

1. 2022

<u>Name of related party</u>	<u>Total contract price</u>	<u>Project revenue recognized for the year</u>	<u>Accumulated revenue from recognized projects</u>	<u>Pre-receipt of project payments</u>
Lien Chuang Co.	\$ 85,424	\$ 42,065	\$ 83,495	\$ 85,424

2. 2021

Name of related party	Total Contract Price	Project revenue recognized for the year	Accumulated revenue from recognized projects	Pre-receipt of project payments
Lien Chuang Co.	\$ 70,716	\$ 41,430	\$ 41,430	\$ 10,208

The total contract price of the engineering contract with a related party is negotiated by both parties and billed according to the construction progress of the project. The payment conditions are equivalent to those of unrelated parties.

(3) Contract assets and liabilities

Accounting item	Type of related party	Dec. 31, 2022	Dec. 31, 2021
Contract assets	Lien Chuang Co.	\$ -	\$ 31,758
Contract liabilities	Lien Chuang Co.	\$ 1,929	\$ -

The total contract price of the engineering contract with a related party is negotiated by both parties and billed according to the construction progress of the project. The payment conditions are equivalent to those of unrelated parties.

(4) Receivables and payables from related parties

Accounting item	Type of related party	Dec. 31, 2022	Dec. 31, 2021
Accounts receivable	Substantial related parties	\$ -	\$ 49
Accounts payable	Substantial related parties	\$ 40	\$ -
Other payables	Hung Hung-Chang Chiang Yu-Lien	\$ 255,450 190,300	\$ 255,450 190,300
		445,750	445,750
Recognized as other payables		(213,025)	(213,025)
Less: Valuation adjustments		-	(12,975)
Financial liabilities measured at FVTPL – non-current		\$ 232,725	\$ 219,750

Other payables to related parties mainly include payables for the acquisition of subsidiary shares by related parties. This includes contingent consideration recognized at fair value as of the acquisition date, which is recorded as non-current financial liabilities measured at fair value through profit or loss.

For more detailed information on the aforementioned other payables and contingent consideration agreements, please refer to Note 12.

(5) Tenancy Agreement – 2022

<u>Accounting item</u>	<u>Type of related party/Name</u>	<u>Dec. 31, 2022</u>
Acquisition of right-of-use assets	Substantial related parties Lien Chuang Co.	<u>\$ 29,604</u>

<u>Accounting item</u>	<u>Type of related party/Name</u>	<u>Dec. 31, 2021</u>
Lease liabilities - current	Substantial related parties Lien Chuang Co.	\$ 6,178
Lease liabilities – non-current	Substantial related parties Lien Chuang Co.	<u>23,502</u>
		<u>\$ 29,680</u>

<u>Accounting item</u>	<u>Type of related party/Name</u>	<u>2022</u>
Interest on lease liabilities	Substantial related parties Lien Chuang Co.	<u>\$ 162</u>

<u>Accounting item</u>	<u>Type of related party/Name</u>	<u>Dec. 31, 2022</u>
Guaranteed deposits on deposit (included in other financial assets - non-current)	Substantial related parties Lien Chuang Co.	<u>\$ 1,100</u>

In September, 2022, the consolidated company leased the Lien Chuang Building from a substantial related party, Lien Chuang Co., for office use. The rent is based on the rental level of similar assets and is paid monthly according to the lease agreement as a fixed lease payment.

(6) Endorsement guarantee

As of December 31, 2022 and 2021, Chairman Chen Chi-Yu and substantial related party Hung Hung-Chang provided endorsement guarantees for the consolidated company's borrowings.

(7) Other related party transactions

<u>Accounting item</u>	<u>Type of related party/Name</u>	<u>2022</u>
Other Fees	Substantial related parties	<u>\$236</u>

(8) Compensation of the management

	<u>2022</u>	<u>2021</u>
Salaries, bonuses, special expenses and bonuses	<u>\$ 13,685</u>	<u>\$ 14,597</u>

The remuneration of directors and other key management personnel is determined by the Remuneration Committee based on individual performance and market trends.

XXXII. PLEDGED ASSETS

The following assets of the consolidated company have been provided as collateral for financing, project performance bonds, and tender deposits:

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021 (restated)</u>
Other Financial Assets	\$ 653,464	\$ 482,108
Investment property	<u>721,010</u>	<u>730,880</u>
	<u>\$1,374,474</u>	<u>\$1,212,988</u>

XXXIII. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

In addition to the other notes described, the consolidated company's significant commitments and contingencies as of the balance sheet date are as follows:

As of December 31, 2022 and 2021, due to contracted projects, the bank provided performance guarantees amounting to 834,458 thousand dollars and 243,468 thousand dollars, respectively.

XXXIV. INFORMATION ON FOREIGN CURRENCY ASSETS WITH SIGNIFICANT EFFECT – DECEMBER 31, 2021

The information below is expressed in a foreign currency other than the company's functional currency, and the disclosed exchange rate refers to the exchange rate at which the foreign currency is converted into the functional currency. Significant foreign currency assets are as follows:

<u>Dec. 31 2021</u>	<u>Foreign currency</u>	<u>Exchange Rate</u>	<u>Carrying amount</u>
Foreign currency assets			
Monetary items			
USD	4,154	27.69 (USD:NTD)	<u>\$115,024</u>

For the consolidated company's significant realized and unrealized foreign currency exchange gains and losses, please refer to Note 25(7) on foreign currency exchange (loss) gains.

XXXV. SEPARATELY DISCLOSED ITEMS

(1) Information on major transactions (2) Transfer of investment business

1. Financing provided to others: Table 1.
2. Endorsements/guarantees provided: Table 2.
3. Marketable securities held: Table 3.

4. Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: Table 4.
5. Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
6. Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
7. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5.
8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
9. Trading in derivative instruments: None.
10. Other: Business relationships and significant transaction details and amounts between the parent company and its subsidiaries, and among the subsidiaries themselves: Table 6.
11. Information on investees: Table 7.

(3) Information on investments in mainland China

1. Names of invested companies in Mainland China, main business items, paid-in capital, investment methods, capital remittance status, shareholding ratios, investment gains and losses, book value of investment at the end of the period, repatriated investment gains and losses, and investment limits in Mainland China: Table 8.
2. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None.
 - (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - (3) The amount of property transactions and the amount of the resultant gains or losses.
 - (4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - (5) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds.
- (6) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.

- (4) Information of major shareholders: The name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder of shareholders with ownership of 5% or greater: Table 9.

XXXVI. DEPARTMENT INFORMATION

For significant realized and unrealized foreign exchange gains and losses affecting our company, please refer to Note 23 (7) on foreign exchange (loss) gains.

	<u>Triocean Co.</u>	<u>Shang Ting Co.</u>	<u>Other Company</u>	<u>Adjustments and eliminations</u>	<u>Total</u>
Revenue from external customers	\$ 37,506	\$ 1,131,506	\$ -	\$ -	\$ 1,162,012
Inter-department revenue	<u>47,550</u>	<u>-</u>	<u>-</u>	<u>(47,550)</u>	<u>-</u>
Consolidated revenue	<u>\$ 85,056</u>	<u>\$ 1,131,506</u>	<u>\$ -</u>	<u>(\$ 47,550)</u>	<u>\$ 1,162,012</u>
Income before income tax of continuing business units	<u>(\$ 4,571)</u>	<u>\$ 17,589</u>	<u>(\$ 15,455)</u>	<u>\$ -</u>	<u>(\$ 2,437)</u>

2021(restated)

	<u>Triocean Co.</u>	<u>Shang Ting Co.</u>	<u>Other Company</u>	<u>Adjustments and eliminations</u>	<u>Total</u>
Revenue from external customers	\$ 13,124	\$ 588,819	\$ -	\$ -	\$ 601,943
Inter-department revenue	<u>71,653</u>	<u>7,160</u>	<u>-</u>	<u>(78,813)</u>	<u>-</u>
Consolidated revenue	<u>\$ 84,777</u>	<u>\$ 595,979</u>	<u>\$ -</u>	<u>(\$ 78,813)</u>	<u>\$ 601,943</u>
Income before income tax of continuing business units	<u>(\$ 20,195)</u>	<u>\$ 47,558</u>	<u>(\$ 29,464)</u>	<u>\$ -</u>	<u>(\$ 2,101)</u>

(2) Total departmental assets and liabilities

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021(restated)</u>
<u>Departmental Assets</u>		
Triocean Co.	\$ 1,569,263	\$ 1,681,816
Shang Ting Co.	1,107,745	537,351
Other Companies	<u>84,072</u>	<u>206,152</u>
Total Consolidated Assets	<u>\$2,761,080</u>	<u>\$2,425,319</u>
<u>Departmental liabilities</u>		
Triocean Co.	\$ 1,341,643	\$ 1,439,628
Shang Ting Co.	642,477	193,515
Other companies	<u>196</u>	<u>23,014</u>
Total Consolidated Liabilities	<u>\$1,984,316</u>	<u>\$1,656,157</u>

TRIOCEAN INDUSTRIAL CORPORATION CO., LTD. AND SUBSIDIARIES
LENDING OF FUNDS TO OTHERS
YEAR 2022

TABLE 1

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Number (Note 1)	Lending Company	Borrower	Accounting Title	Related Party	Maximum balance during the period (Note 2)	Ending balance (Note 3)	Actual expenditure	Interest rate range	Nature of funds lent	Transaction amount	Reason for short-term funding requirement	Provision for bad debt	Collateral		Lending limit for individual borrower	Total lending limit	Remark
													Name	Value			
1	Shang Ting Co.	Triocean Industrial Corporation Co., Ltd.	Other receivables — Related Party	Y	\$ 80,000	\$ -	\$ -	-	Short-term financing	\$ -	Business Turnover	\$ -	-	\$ -	\$ 211,525	\$ 211,525	
2	Shang Ting Co.	Tri Ocean Textile (Thailand) Co., Ltd	Other receivables — Related Party	Y	8,941	8,941	2,672	4	Short-term financing	-	Business Turnover	-	-	-	211,525	211,525	

Note 1: The amount of loan from subsidiaries to individual funds is limited to 40% of the net worth of the company to which the funds are loaned.

Note 2: The total amount of funds loaned by the Company and its subsidiaries to others shall not exceed 40% of the net worth of the company from which the funds were loaned.

Note 3: Offset during the preparation of consolidated financial statements.

TRIOCEAN INDUSTRIAL CORPORATION CO., LTD. AND SUBSIDIARIES
 ENDORSEMENTS/GUARANTEES PROVIDED
 YEAR 2022

TABLE 2

Unit: Unless otherwise specified, the unit is in thousands of New Taiwan Dollars

Number	Endorser	Endorsee		Endorsement and guarantee limit for a single company	Maximum balance for the period	Ending balance	Actual expenditure	Endorsement and guarantee amount by assets	Ratio of cumulative endorsement/ guarantee amount to net worth as stated in the latest financial statements (%)	Maximum limit of endorsement and guarantee (Note 2)	Endorsement and guarantee from parent to subsidiary	Endorsement and guarantee from subsidiary to parent	Endorsement and guarantee for Mainland China	Remark
		Company name	Relationship											
0	Triocean Industrial Corporation Co., Ltd.	Shang Ting Co.	Subsidiary	\$ 1,165,146	\$ 13,275	\$ -	\$ -	\$ -	-	\$ 1,553,528	Y	N	N	

Note 1: The total endorsement guarantee limit for the Company and its subsidiaries for a single enterprise shall not exceed 50% of the Company's net worth. However, the Company's endorsement guarantee limit for subsidiaries with more than 50% shareholding is not subject to the aforementioned ratio, but the maximum shall not exceed 1.5 times the net worth; the total cumulative endorsement guarantee amount for the Company and its subsidiaries for a single enterprise shall not exceed 1.5 times the Company's net worth.

Note 2: The total cumulative endorsement guarantee amount that the Company and its subsidiaries can provide to external parties shall not exceed 2 times the Company's net worth.

TRIOCEAN INDUSTRIAL CORPORATION CO., LTD. AND SUBSIDIARIES
MARKETABLE SECURITIES HELD
DECEMBER 31, 2022

TABLE 3

Unit: NT\$1,000

Holding Company	Marketable Securities Type/Name and Issuer	Relationship with the Holding Company	Line Item	At the End of Period				Remark
				Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value (Note)	
Triocean Industrial Corporation Co., Ltd.	Stock DACOME INTERNATIONAL LTD.	none	Financial assets at fair value through other comprehensive income or loss - non-current	1,182,000	<u>\$ 31,500</u>	3.52	<u>\$ 31,500</u>	
Zhou Ting Property Co., Ltd.	Stock KUO TOONG INTERNATIONAL CO., LTD.	none	Disposal Group for sale	1,150,000	<u>\$ 24,495</u>	0.46	<u>\$ 24,495</u>	

Note: The market price of the listed company is based on the closing price on December 31, 2022.

Triocean Industrial Corporation Co., Ltd. And Subsidiaries

The cumulative amount of purchase or sale of the same marketable securities reaches at least NT\$300 million or 20% of the paid-in capital.

Year 2022

TABLE 4

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buying and selling companies	Type and Name of Marketable Securities	Financial statement account	Counterparty	Relationship	At the beginning of the year		Buy		Sale				Year End(note 1)	
					Shares	Amount (restated)	Shares	Amount	Shares	Amount	Cost	Disposal (loss) gain	Shares	Amount
Triocean Industrial Corporation Co., Ltd.	Common Stock Stocks Shang Ting Co.	Investments accounted for using the equity method	note 2	Subsidiaries	35,000,000	\$ 862,252	15,000,000	\$ 150,000	-	\$ -	\$ -	\$ -	50,000,000	\$ 965,598

Note 1: The investment amount under the equity method includes investment gains and losses recognized under the equity method and related adjustment items for equity method investments.

Note 2: It involves a cash capital increase.

TRIOCEAN INDUSTRIAL CORPORATION CO., LTD. AND SUBSIDIARIES
TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
YEAR 2022

TABLE 5

Unit: Unless otherwise specified, the unit is in thousands of New Taiwan Dollars

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Remark
			Purchase (Sale)	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	

Note 1: SHANG TING Co. procures raw materials and subcontracts engineering projects through our company. As there are no other similar transactions, it is impossible to compare. Some of the company's revenue is recorded as net amount.

Note 2: Excluded are receivables (payables) generated from non-sales and non-purchases.

Note 3: It has already been offset when preparing the consolidated financial statements.

TRIOCEAN INDUSTRIAL CORPORATION CO., LTD. AND SUBSIDIARIES
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
YEAR 2022

TABLE 6

Unit: Unless otherwise specified, the unit is in thousands of New Taiwan Dollars

No.	Company Name	Counterparty	Flow of Transaction	Transaction Details			
				Item	Amount	Transaction Terms	Percentage of Transaction Amount to Consolidated Operating Revenue or Total Assets
0	The Company	SHANG TING Co.	Parent to Subsidiary	Operating income	\$ 47,550	note 1	4.00
0	The Company	SHANG TING Co.	Parent to Subsidiary	Accounts receivable	4,946	note 2	-
0	The Company	SHANG TING Co.	Parent to Subsidiary	Management services revenue	25,888	note 3	2.00
0	The Company	SHANG TING Co.	Parent to Subsidiary	Other receivables	2,374	note 3	-
1	SHANG TING Co.	The Company	Subsidiary to parent company	Prepayments for construction work	47,143	note 1	2.00
1	SHANG TING Co.	Tri Ocean Textile (Thailand) Co., Ltd	Subsidiary to parent company	Other receivables	2,672	note 4	-

Note 1: SHANG TING Co. procures and subcontracts engineering projects through our company. As there are no other similar transactions, it is impossible to compare. Some of the company's revenue is recorded as net amount.

Note 2: Payment terms are not significantly different from those of general customers.

Note 3: The parent company charges for management services based on actual costs incurred.

Note 4: The principal and interest of loans between subsidiaries are involved. Please refer to Table 1.

Note 5: The transactions between the parent and subsidiary companies have been eliminated when preparing the consolidated statements.

TRIOCEAN INDUSTRIAL CORPORATION CO., LTD. AND SUBSIDIARIES
INFORMATION ON INVESTEEES
YEAR 2022

TABLE 7

Unit: NTD thousands

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2022			Profit or Loss of the Investee	Investment Profit or Loss Recognized (Note 1)	Remark
				December 31, 2022	December 31, 2021 (restated)	Number of Shares	Percentage of Ownership	Carrying Amount (Note 1)			
Triocean Industrial Corporation Co., Ltd.	Sanlong Investment Co.	Kaohsiung City	General Investment	\$ -	\$ 65,959	-	-	\$ -	(\$ 30)	(\$ 30)	Note 3
	Tri Ocean Textile (Thailand) Co., Ltd.	Thailand	Manufacture, processing and trading of textile products	390,478	390,478	9,372,500	100.00	92,637	(14,898)	(14,898)	
	Zhou Ting Property Co., Ltd.	Kaohsiung City	Wholesale and sale of building materials	56,200	56,200	5,620,000	100.00	26,140	(366)	(366)	
	Shanghai Lifestyle Enterprise Inc. Shang Ting Co.	China Pingtung County	Furniture trading Integrated manufacturing	112,088 1,001,025	124,237 851,025	2,528,000 50,000,000	100.00 100.00	2,392 965,598	369 13,964	369 (12,307)	Note 2
	Triocean Energy Co., Ltd.	Kaohsiung City	Manufacture of power generation, transmission and distribution machinery	-	5,000	-	-	-	(540)	(540)	Note 4

Note 1: It has already been offset when preparing the consolidated financial statements.

Note 2: The recognized investment gains and losses this period include the elimination of unrealized gains and losses and the amortization of the difference between investment costs and the net value of equity.

Note 3: Our company and Sanlong Investment Co. have set May 1, 2022 as the merger base date and carried out a simplified merger. After the merger, our company is the surviving company, and Sanlong Investment Co. is the dissolved company. Its assets and liabilities are generally assumed by our company.

Note 4: The company resolved to dispose of the 100% stake in the subsidiary Triocean Energy Co., Ltd. on April 22, 2022 through the board of directors' resolution and completed the transaction and transfer of control on April 29, 2022.

TRIOCEAN INDUSTRIAL CORPORATION CO., LTD. AND SUBSIDIARIES
INFORMATION ON INVESTMENTS IN MAINLAND CHINA
YEAR 2022

TABLE 8

Unit: Unless otherwise specified, the unit is in thousands of New Taiwan Dollars

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Profit (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Profit or Loss Recognized (Note 2)	Carrying Amount as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022	Remark
					Outward	Inward							
Shanghai Lifestyle Enterprise Inc.	Furniture Buying and Selling	\$ 124,237	note 1	\$ 124,237	\$ -	(\$ 12,149)	\$ 112,088	\$ 369	100.00	\$ 369	\$ 2,392	\$ -	

Name of the Investment Company	Accumulated Investments in Mainland China as of December 31, 2022	Investment Amount Authorized by the Investment Committee, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Committee, MOEA
Shanghai Lifestyle Enterprise Inc.	\$ 112,088	\$ 112,088	\$ 466,059

Note 1: Direct investment in Mainland China.

Note 2: Recognized in the financial statements audited by the Taiwan parent company's certified public accountant.

Note 3: The calculated limit is 776,764 thousand dollars x 60% = 466,059 thousand dollars.

Note 4: Capital reduction and remittance to the parent company have been reviewed and filed by the Investment Committee on March 14, 2022.

TRIOCEAN INDUSTRIAL CORPORATION CO., LTD.
AND SUBSIDIARIES
INFORMATION OF MAJOR SHAREHOLDERS
DEC. 31, 2022

TABLE 9

Name of Major Shareholder	Shares	
	Number of Shares Held	Percentage of Ownership (%)
SHUN MEI INDUSTRY Co.	11,324,859	45.32
Dai Wan Shiung Ching Co., Ltd.	2,087,657	8.35

Note: The major shareholder information in this table is calculated by the central securities depository based

on the last business day of the quarter, taking into account the common shares and preferred shares held by the shareholders that have completed the dematerialized registration and delivery (including treasury shares), totaling 5% or more. The share capital recorded in the consolidated financial statements of the company and the actual number of shares that have completed the dematerialized registration and delivery may differ due to differences in calculation bases or other reasons.

**Attachment 3: The most recent annual parent
company only financial report of the Company
audited and certified by an accountant.**

**Triocean Industrial Corporation Co.,
Ltd.**

**Standalone Financial Statements for
the Years Ended December 31, 2022
and 2021_(restated) and Independent
Auditors' Report**

Independent Auditor's Report

Triocean Industrial Corporation Co., Ltd.:

Audit opinion

We have audited the accompanying standalone financial statements of Triocean Industrial Corporation Co., Ltd. (the "Corporation"), which comprise the standalone balance sheets as of December 31, 2022 and December 31, 2021, the standalone statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the standalone financial statements, including a summary of significant accounting policies (collectively referred to as the "standalone financial statements").

In our opinion, the accompanying standalone financial statements present fairly, in all material respects, the standalone financial position of the Corporation as of December 31, 2022 and 2021, its standalone financial performance and its standalone cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for audit opinion

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

Key Audit Matter

The key audit matter is which that, in our professional judgment, is most significant to our review of the standalone financial statements of Triocean Industrial Corporation Co., Ltd. for 2022. Such matter has been considered in the process of examining the standalone financial statements taken as a whole and forming an opinion thereon, and we do not express an opinion on the matter individually.

The following is the description of the key audit matter in the standalone financial statements of Triocean Industrial Corporation Co., Ltd. for 2022:

Accuracy of revenue recognition for construction projects:

Triocean Industrial Corporation Co., Ltd. acquired the subsidiary SHANG TING Construction Co. and included it as an investment using the equity method. As disclosed in Note XII of the standalone financial statements, the investment amount in the investee company as of December 31, 2022, was NT\$965,598 thousand (New Taiwan Dollar; the same below). The operating results will significantly impact the investment amount recognized by Triocean Industrial Corporation Co., Ltd. using the equity method.

SHANG TING Construction Co. is mainly engaged in construction projects. The revenue recognition for construction projects is based on the cost-to-cost method, which measures the percentage of completion of the performance obligations. The degree of completion of the performance obligations is the ratio of actual input costs to the total expected costs.

The accounting treatment of construction contracts involves significant accounting estimates and judgments by management, and therefore the accuracy of revenue recognition for construction projects is one of the key audit matters.

The main audit procedures performed by the accountants are as follows:

1. Evaluate the completeness and accuracy of management's estimates of the total costs of construction contracts.
2. Select a sample of contracts that have been awarded and input costs incurred, and verify the accuracy of the degree of completion of performance obligations and the revenue recognition for construction projects.

Assessment of goodwill impairment for investment in a subsidiary:

Triocean Industrial Corporation Co., Ltd. is required to perform an impairment assessment on the goodwill included in its investment in SHANG TING Construction Co. under the equity method. When management assesses whether goodwill is impaired, the recoverable amount of the cash-generating unit, including the allocated goodwill, is estimated based on the value in use. When management evaluates the assets based on the value-in-use model, it considers factors such as projected revenue growth and profit margins from future operations and calculates the weighted average cost of capital as the discount rate. These assumptions involve subjective judgments by management and are subject to a high degree of estimation uncertainty due to potential impacts from future projects and market conditions in the construction industry. Therefore, we consider the goodwill impairment assessment for Triocean Industrial Corporation Co., Ltd.'s investment in its subsidiary as one of the key audit matters for this year.

1. Obtain management's impairment assessment for cash-generating units and understand the process and basis for management's estimates of projected revenue growth rates and profit margins in their future operational outlook.
2. Evaluate the professional competence, qualifications, and objectivity of the external valuation specialists used by management.
3. Assess the reasonableness of management's execution of goodwill impairment testing, including evaluating the goodwill impairment testing report issued by external valuation specialists and engaging our firm's financial advisory experts to assess key valuation parameters, key assumptions, and the appropriateness of the value in use.

Emphasis of Matter

As described in Note III of the consolidated financial statements, Triocean Industrial Corporation Co., Ltd. changed its accounting policy for investment properties from January 1, 2022. The subsequent measurement has been changed from the cost model to the fair value model. As a result, the Company retrospectively applied this accounting policy and adjusted the affected items in prior financial statements. This has not led the accountants to modify their audit opinion.

Responsibilities of management and directors for the standalone financial statements

Management's responsibility is to prepare the standalone financial statements present fairly, in all material respects, according to Regulations Governing the Preparation of Financial Reports by Securities Issuers as well as maintain necessary internal control related to the preparation of the standalone financial statements in order to ensure there is no major untrue expression on the financial statements due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the ability of Triocean Industrial Corporation Co., Ltd. to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Triocean Industrial Corporation Co., Ltd. or to cease operations, or has no realistic alternative, but to do so.

The responsibilities of the governing body (including the audit committee) include overseeing the financial reporting process of Triocean Industrial Corporation Co., Ltd.

Auditors' responsibilities for the audit of the standalone financial statements

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

As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for audit opinions. Because fraud may be related to conspiracy, forgery, deliberate omission, false statement or breach of internal control, the risk of a material misstatement caused by fraud which is not identified is higher than the risk of a material misstatement caused by any error.
2. Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the internal control effectiveness of Triocean Industrial Corporation Co., Ltd.
3. Assess the appropriateness of management's use of accounting policies and the reasonability of the accounting estimate and relevant disclosure.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Triocean Industrial Corporation Co., Ltd. to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Triocean Industrial Corporation Co., Ltd. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the standalone financial statements (including the relevant notes), and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. We have obtained sufficient and appropriate evidence to audit the standalone financial information of Triocean Industrial Corporation Co., Ltd. to express an opinion on the standalone financial statements. We are responsible for the guidance, supervision and

execution of the audit and for forming an audit opinion on Triocean Industrial Corporation Co., Ltd.

We communicate with the governing body regarding, among other matters, the planned scope and timing of the audit and significant audit findings (including any significant deficiency in internal controls that we identify during our audit).

We have also provided the governing body with a statement that the independence-regulated personnel of the firm to which we are affiliated have complied with the Code of Ethics for Professional Accountants with respect to independence, and communicate with the governing body about all relationships and other matters (including related protective measures) that may be considered to affect the accountant's independence.

We have determined the key audit matter for the audit of the Standalone Financial Statements of Triocean Industrial Corporation Co., Ltd. for the year ended December 31, 2021 from the communications we have had with the governing body. We identified such matter in our auditor's report, except for those matters that are not permitted by law to be disclosed publicly or, in the rarest of circumstances, we decided not to communicate those matters in our auditor's report because we reasonably could expect the negative effect of such communication to outweigh the public interest.

The engagement partners on the reviews resulting in this independent auditor's review report are Chen-Li Chen and Kai-Ning Hsu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 23, 2023

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

TRIOCEAN INDUSTRIAL CORPORATION CO., LTD.
STANDALONE BALANCE SHEET
(In Thousands of New Taiwan Dollars)

Code	Assets	Dec. 31, 2022		Dec. 31, 2021(restated)	
		Amount	%	Amount	%
	Current assets				
1100	Cash (Note IV and VI)	\$ 30,225	2	\$ 75,189	3
1140	Contract assets (Note IV, XXII and XXVIII)	-	-	18,099	1
1150	Notes receivable (Note IV, X, XXII and XXVIII)	-	-	20,292	1
1170	Accounts receivable (Note IV, X, XXII and XXVIII)	4,946	-	4,430	-
1200	Other receivables (Note XXVIII)	2,520	-	4,601	-
1220	Current income tax assets (Note IV and XXIV)	190	-	73	-
1410	Advance payment	17,494	1	2,169	-
1460	Net amount of non-current assets held for sale (Note XI)	28,532	1	-	-
1476	Other financial assets - current (Note IV, IX and XXIX)	270,061	12	376,513	17
1479	Other current assets	145	-	225	-
11XX	Total current assets	<u>354,113</u>	<u>16</u>	<u>501,591</u>	<u>22</u>
	Non-current assets				
1517	Financial assets measured at FVTOCI (Note IV and VIII)	31,500	2	-	-
1550	Investment accounted for using the equity method (Note IV and XII)	1,058,235	48	1,045,389	46
1600	Property, plant and equipment (Note IV and XIII)	1,162	-	496	-
1760	Net investment property (Note IV, XV and XXIX)	721,010	33	730,880	32
1755	Right-of-use assets (Note IV and XIV)	14,535	1	247	-
1821	Other intangible assets (Note IV)	195	-	750	-
1840	Deferred tax assets (Note IV and XXIV)	4,908	-	4,404	-
1980	Other financial assets - non-current (Note IV, IX and XXIX)	1,331	-	4	-
1995	Other non-current assets	14	-	14	-
15XX	Total non-current assets	<u>1,832,890</u>	<u>84</u>	<u>1,782,184</u>	<u>78</u>
1XXX	Total assets	<u>\$ 2,187,003</u>	<u>100</u>	<u>\$ 2,283,775</u>	<u>100</u>
	Liabilities and Equity				
	Current liabilities				
2100	Short-term loans (Note XVI and XXIX)	\$ 417,900	19	\$ 625,000	27
2130	Contract liabilities - current (Note IV, XXII and XXVIII)	71,141	3	-	-
2150	Notes payable (Note XVIII)	5,217	-	19,640	1
2170	Accounts payable (Note XVIII)	3,533	-	9,755	-
2200	Other payables (Note XIX)	11,841	1	7,736	-
2220	Other payables – Related parties (Note XXVIII)	213,025	10	80,586	4
2280	Lease liabilities - current (Note IV and XIV)	3,398	-	253	-
2320	Bonds payable (Note IV and XVII)	-	-	288,393	13
2399	Other current liabilities	1,579	-	9,721	-
21XX	Total current liabilities	<u>727,634</u>	<u>33</u>	<u>1,041,084</u>	<u>45</u>
	Non-current liabilities				
2500	Financial liabilities measured at FVTPL (Note IV, VII, XII and XXVIII)	232,725	11	219,750	10
2540	Long-term loans (Note XVI and XXIX)	400,000	18	-	-
2550	Provisions for liabilities - non-current (Note IV and XX)	253	-	2,348	-
2570	Deferred income tax liabilities (Note IV XXIV)	33,899	2	33,899	2
2580	Lease liabilities - non-current (Note IV and XIV)	11,164	-	-	-
2670	Other payables - related parties - non-current (Note XII and XXVIII)	-	-	213,025	9
2645	Deposits received	4,564	-	4,507	-
25XX	Non-Total current liabilities	<u>682,605</u>	<u>31</u>	<u>473,529</u>	<u>21</u>
2XXX	Total liabilities	<u>1,410,239</u>	<u>64</u>	<u>1,514,613</u>	<u>66</u>
	Equity (Note XXI)				
3110	Common stock capital	249,881	12	249,881	11
3200	Capital reserves	7,340	-	7,340	-
3350	Accumulated deficit	(23,774)	(1)	(27,491)	(1)
3400	Other equity	543,317	25	539,432	24
3XXX	Total liabilities	<u>776,764</u>	<u>36</u>	<u>769,162</u>	<u>34</u>
	Total liabilities and equity	<u>\$ 2,187,003</u>	<u>100</u>	<u>\$ 2,283,775</u>	<u>100</u>

The accompanying notes are an integral part of the standalone financial statements.

TRIOCEAN INDUSTRIAL CORPORATION CO., LTD.
 STANDALONE STATEMENTS OF COMPREHENSIVE INCOME
 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code		For the Year Ended December 31			
		2022		2021(restated)	
		Amount	%	Amount	%
	Operating revenue (Note IV, XXII and XXIX)				
4500	Construction project revenue	\$ 81,242	96	\$ 78,430	93
4600	Net service revenue	<u>3,814</u>	<u>4</u>	<u>6,347</u>	<u>7</u>
4000	Total operating revenue	<u>85,056</u>	<u>100</u>	<u>84,777</u>	<u>100</u>
	Operating cost (Note XXIII)				
5500	Construction project costs	<u>49,856</u>	<u>58</u>	<u>55,040</u>	<u>65</u>
5900	Gross profit	35,200	42	29,737	35
	Operating expense (Note XXIII)				
6200	Administration expense	<u>36,406</u>	<u>43</u>	<u>46,149</u>	<u>54</u>
6900	Net operating loss	(<u>1,206</u>)	(<u>1</u>)	(<u>16,412</u>)	(<u>19</u>)
	Non-operating revenue/expense (Note XI and XXIII)				
7100	Interest income	2,081	3	562	1
7010	Other income (Note XXVIII)	56,419	66	37,645	44
7020	Other gains and losses	(12,925)	(15)	2,833	3
7070	Share of profit (loss) of subsidiaries accounted for using the equity method	(27,772)	(33)	(18,237)	(21)
7050	Financial costs (Note XXVIII)	(<u>15,129</u>)	(<u>18</u>)	(<u>12,855</u>)	(<u>15</u>)
7000	Non-operating Total income and expenses	<u>2,674</u>	<u>3</u>	<u>9,948</u>	<u>12</u>
7900	Net profit (loss) before tax	1,468	2	(6,464)	(7)
7950	Income tax benefit (Note IV and XXIV)	(<u>1,815</u>)	(<u>2</u>)	(<u>907</u>)	(<u>1</u>)
8000	Net profit (loss) from continuing operations	<u>3,283</u>	<u>4</u>	(<u>5,557</u>)	(<u>6</u>)
8100	Net profit (loss) from discontinued operations (Note XI)	<u>434</u>	<u>-</u>	(<u>21,791</u>)	(<u>26</u>)
8200	Net profit (loss) for the year	<u>\$ 3,717</u>	<u>4</u>	(<u>\$ 27,348</u>)	(<u>32</u>)
	Other comprehensive income				

		For the Year Ended December 31			
		2022		2021(restated)	
Code		Amount	%	Amount	%
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8312	Revaluation surplus on property	-	-	578,200	682
8316	Unrealized valuation gains (losses) on financial assets measured at FVTOCI	(1,359)	(1)	(7,557)	(9)
8349	Income tax related to the items which were not reclassified	<u>-</u>	<u>-</u>	<u>(21,803)</u>	<u>(26)</u>
		<u>(1,359)</u>	<u>(1)</u>	<u>548,840</u>	<u>647</u>
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation	6,555	8	(16,198)	(19)
8399	Income tax related to components of other comprehensive income	<u>(1,311)</u>	<u>(2)</u>	<u>3,240</u>	<u>4</u>
		<u>5,244</u>	<u>6</u>	<u>(12,958)</u>	<u>(15)</u>
8300	Other comprehensive income (net of tax) for the year	<u>3,885</u>	<u>5</u>	<u>535,882</u>	<u>632</u>
8500	Total other comprehensive income for the period	<u>\$ 7,602</u>	<u>9</u>	<u>\$ 508,534</u>	<u>600</u>
	Earnings (loss) per share (Note XXV)				
	From continuing and discontinued operations				
9750	Basic	<u>\$ 0.15</u>		<u>(\$ 1.09)</u>	
9850	Diluted	<u>\$ 0.15</u>		<u>(\$ 1.09)</u>	
	From continuing operations				
9710	Basic	<u>\$ 0.13</u>		<u>(\$ 0.22)</u>	
9810	Diluted	<u>\$ 0.13</u>		<u>(\$ 0.22)</u>	

The accompanying notes are an integral part of the standalone financial statements.

TRIOCEAN INDUSTRIAL CORPORATION CO., LTD.
STANDALONE STATEMENT OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

Code		Common stock capital	Additional paid-in capital	Accumulated deficit (restated)	Other Equity			Total	Total equity (restated)
					Exchange difference on translation of the financial statements of foreign operations	Unrealized gains or losses of the financial assets measured at FVTOCI	Revaluation surplus on property (restated)		
A1	Balance as of Jan. 1, 2021	\$860,528	\$ 7,340	(\$610,647)	\$ 652	\$ 2,755	\$ -	\$ 3,407	\$260,628
F1	Capital reduction to offset losses	(610,647)	-	610,647	-	-	-	-	-
D1	Net loss for the year 2021 (restated)	-	-	(27,348)	-	-	-	-	(27,348)
D3	Other comprehensive income after tax, 2021	-	-	-	(12,958)	(7,557)	556,397	535,882	535,882
D5	The total comprehensive income in 2021	-	-	(27,348)	(12,958)	(7,557)	556,397	535,882	508,534
Q1	Disposal of equity instruments measured at FVTOCI	-	-	(143)	-	143	-	143	-
Z1	Balance as of Dec. 31, 2021	249,881	7,340	(27,491)	(12,306)	(4,659)	556,397	539,432	769,162
D1	Net income for 2022	-	-	3,717	-	-	-	-	3,717
D3	Other comprehensive income after tax, 2022	-	-	-	5,244	(1,359)	-	3,885	3,885
D5	The total comprehensive income in 2022	-	-	3,717	5,244	(1,359)	-	3,885	7,602
Z1	Balance as of Dec. 31, 2022	\$249,881	\$ 7,340	(\$ 23,774)	(\$ 7,062)	(\$ 6,018)	\$556,397	\$543,317	\$776,764

The accompanying notes are an integral part of the standalone financial statements.

TRIOCEAN INDUSTRIAL CORPORATION CO., LTD.
STANDALONE STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

Code		For the Year Ended December 31	
		2022	2021 (restated)
	Cash flow from operating activities		
A00010	Pre-tax net profit (loss) from continuing operations	\$ 1,468	(\$ 6,464)
A00020	Pre-tax net profit (loss) from discontinued operations	434	(11,806)
A20010	Adjustments to reconcile profit (loss)		
A20100	Depreciation expense	1,705	5,445
A20200	Amortization expense	120	99
A20300	(Reversal of) expected credit loss	(159)	6
A20400	Net loss on financial assets and liabilities at FVTPL	12,975	19,586
A20900	Financial costs	15,129	12,883
A21200	Interest income	(2,081)	(562)
A21300	Dividend income	(2,009)	(228)
A22400	Share of profit or loss of subsidiaries accounted for using equity method	27,772	18,237
A22500	Profit on the disposal of property, plant and equipment	-	(27,529)
A22800	Loss on the disposal of intangible assets	590	-
A23200	Gain on disposal of subsidiaries accounted for using the equity method	(2,730)	-
A24600	Loss (gain) from adjustments to fair value of investment properties	14,670	(2,187)
A29900	Other items	(2,188)	2,187
A30000	Net changes in operating assets and liabilities		
A31125	Contract assets	18,099	(18,099)
A31130	Notes receivable	20,292	(11,378)
A31150	Accounts receivable	(357)	23,401
A31180	Other receivables	2,081	306
A31200	Inventory	-	26,334
A31230	Advance payment	(15,325)	796
A31240	Other current assets	80	317
A32125	Contract liabilities	71,141	-
A32130	Notes payable	(14,423)	16,758
A32150	Accounts payable	(6,222)	(44,834)
A32180	Other payables	3,393	(10,155)
A32230	Other current liabilities	(8,142)	2,343
A33000	Cash generated from (used in) operations	136,313	(4,544)
A33100	Interest received	2,081	562
A33200	Dividends received	\$ 36,355	\$ 228

A33300	Interest paid	(14,532)	(8,864)
A33500	Income tax refunds	(<u>117</u>)	<u>353</u>

For the Year Ended December 31

<u>Code</u>		<u>2022</u>	<u>2021</u> (restated)
AAAA	Net cash inflow (outflow) from operating activities	<u>160,100</u>	<u>(12,265)</u>
	Cash flow from investing activities		
B00200	Disposal of financial assets measured at FVTPL	-	46,029
B01900	Disposal of long-term equity investments accounted for using the equity method	10,910	-
B01800	Acquisition of investment accounted for using the equity method	(150,000)	(105,000)
B02400	Capital reduction and return of share capital from investee companies accounted for using the equity method	12,149	26,000
B02700	Purchase of property, plant and equipment	(1,000)	(712)
B02800	Proceeds from the disposal of property, plant, and equipment	-	55,054
B04500	Acquisition of intangible assets	(155)	(829)
B05400	Acquisition of investment properties	(4,800)	(6,363)
B06600	Decrease in other financial assets	105,125	373
B02200	Net cash outflow from acquiring subsidiaries	<u>-</u>	<u>(80,000)</u>
BBBB	Net cash outflow from investing activities	<u>(27,771)</u>	<u>(65,448)</u>
	Cash flow from financing activities		
C00100	Increase in short-term loans	303,900	1,238,558
C00200	Decrease in short-term loans	(511,000)	(1,190,033)
C01200	Repayment of corporate bonds	(288,900)	-
C01600	Proceeds from long-term borrowings	400,000	-
C03000	Increase (decrease) in deposits received	57	4,503
C03700	Increase (decrease) in other payables to related parties	(80,000)	80,000
C04020	Repayment of the principal portion of lease liabilities	<u>(1,350)</u>	<u>(2,716)</u>
CCCC	Net cash inflow (outflow) from financing activities	<u>(177,293)</u>	<u>130,312</u>
EEEE	Net increase (decrease) in cash	(44,964)	52,599
E00100	Beginning balance of cash	<u>75,189</u>	<u>22,590</u>
E00200	Ending balance of cash	<u>\$ 30,225</u>	<u>\$ 75,189</u>

The accompanying notes are an integral part of the standalone financial statements.

TRIOCEAN INDUSTRIAL CORPORATION CO., LTD.
NOTES TO STANDALONE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

I. GENERAL INFORMATION

Triocean Industrial Corporation Co., Ltd. (formerly known as Tri Ocean Textile Co., Ltd., changed its name on July 14, 2021, hereinafter referred to as "the Company") was established in Taipei City in October 1968. The original business involved the weaving, dyeing, processing, and sale of various fiber textiles. In November 2020, the Company's board of directors resolved to cease textile production operations and change the Company's registered address to Kaohsiung City. The Company completed the disposal of equipment and inventory at its Taoyuan factory in September 2021 and ended its bedding business. Since then, it has mainly focused on the construction industry.

In August 2022, the Company's board of directors decided to relocate to No. 360, Jiabao Rd., Dashe Dist., Kaohsiung City.

The Company's shares have been listed on the Gre Tai Securities Market since January 1999. They were listed on the Taiwan Stock Exchange in September 2000.

The standalone financial statements are presented in the Company's functional currency, the New Taiwan dollar.

II. APPROVAL OF FINANCIAL STATEMENTS

The standalone financial statements were approved and issued by the board of directors on March 23, 2023.

III. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

(1) First-time Adoption of New Accounting Policy

The management of the Company believes that the fair value model can provide reliable and more relevant information. Therefore, on December 26, 2022, the board of directors resolved to change the accounting policy on January 1, 2022. Subsequently, investment properties are measured using the fair value model. The overall impact in 2022 is summarized below:

Effects on Assets, Liabilities, and Equity:

	<u>Dec. 31, 2022</u>
	Adjustment of Investment Properties Measured at Fair Value
Increase in investment properties	<u>\$569,001</u>
Increase in assets	<u>\$569,001</u>
Increase in deferred income tax liabilities	\$ 21,803
Increase in liabilities	<u>\$ 21,803</u>
Decrease in retained earnings	(\$ 9,199)
Increase in other equity	<u>556,397</u>
Increase in equity	<u>\$547,198</u>

Effects on Comprehensive Income:

	<u>2022</u>
	Adjustment of Investment Properties Measured at Fair Value
Decrease in other gains and losses - depreciation	\$ 2,305
Increase in loss from adjustments to the fair value of investment properties	(14,670)
Decrease in net profit and total comprehensive income	(<u>\$ 12,365</u>)

Effects on Earnings per Share:

	<u>2022</u>
From continuing and discontinued operations	
Decrease in both basic and diluted earnings per share	(<u>\$ 0.50</u>)
From continuing operations	
Decrease in both basic and diluted earnings per share	(<u>\$ 0.50</u>)

The overall impact in 2021 is summarized below:

Effects on Assets, Liabilities, and Equity:

	Pre- adjustment Amount	Adjustment for Investment Properties Measured at Fair Value	Post- adjustment Amount
Dec. 31, 2021			
Investment properties	<u>\$ 149,514</u>	<u>\$ 581,366</u>	<u>\$ 730,880</u>

	Pre- adjustment Amount	Adjustment for Investment Properties Measured at Fair Value	Post- adjustment Amount
Total impact on assets	<u>\$ 149,514</u>	<u>\$ 581,366</u>	<u>\$ 730,880</u>
Deferred income tax liabilities	\$ 19,656	\$ 21,803	\$ 41,459
Total impact on liabilities	<u>\$ 19,656</u>	<u>\$ 21,803</u>	<u>\$ 41,459</u>
Accumulated loss	(\$ 30,657)	\$ 3,166	(\$ 27,491)
Other equity	(16,965)	556,397	539,432
Total impact on equity	<u>(\$ 47,622)</u>	<u>\$ 559,563</u>	<u>\$ 511,941</u>

Effects on Comprehensive Income:

	2021
	<u>Adjustment of Investment Properties Measured at Fair Value</u>
Decrease in other gains and losses - depreciation	\$ 979
Increase in gains from adjustments to the fair value of investment properties	<u>2,187</u>
Increase in net profit	<u>3,166</u>
Items not reclassified to profit or loss:	
Increase in revaluation surplus on property	578,200
Decrease in income tax related to items not reclassified	(21,803)
Increase in other comprehensive income after tax	<u>556,397</u>
Increase in total comprehensive income	<u>\$ 559,563</u>

Effects on Earnings per Share:

	2021
From continuing and discontinued operations	
Increase in both basic and diluted earnings per share	<u>\$ 0.13</u>
From continuing operations	
Increase in both basic and diluted earnings per share	<u>\$ 0.13</u>

- (2) First-time adoption of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC) and Standing Interpretations Committee (SIC) Interpretations (collectively referred to as "IFRSs") approved and issued by the Financial Supervisory Commission (hereinafter referred to as the "FSC")

The adoption of the amended IFRSs approved and issued by the FSC will not result in significant changes to the Company's accounting policies.

(3) IFRSs recognized by the FSC applicable in 2023

<u>New/amended/revised standards and interpretations</u>	<u>Effective date published by IASB</u>
Amendments to IAS 1 - “Disclosure of Material Accounting Policy Information”	Jan. 1, 2023 (Note 1)
Amendments to IAS 8 - “Definition of Accounting Estimates”	Jan. 1, 2023 (Note 2)
Amendments to IAS 12 - “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	Jan. 1, 2023 (Note 3)

Note 1: This revision applies to reporting periods beginning on or after January 1, 2023.

Note 2: This revision applies to accounting estimate changes and accounting policy changes occurring during reporting periods beginning on or after January 1, 2023.

Note 3: Except for the temporary differences related to deferred income taxes recognized for lease and decommissioning obligations as of January 1, 2022, this revision applies to transactions occurring on or after January 1, 2022.

As of the date of issuance of this standalone financial report, the Company has evaluated other criteria and interpretations and concluded that they will not have a significant impact on its financial condition and financial performance.

(4) IFRSs announced by IASB but have not been approved as effective by the FSC

<u>New/amended/revised standards and interpretations</u>	<u>Effective date published by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 - “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined
Amendments to IFRS 16 - “Lease Liability in a Sale and Leaseback”	Jan. 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	Jan. 1, 2023
Amendments to IFRS 17	Jan. 1, 2023
Amendments to IFRS 17 - “Initial Application of IFRS 17 and IFRS 9—Comparative Information”	Jan. 1, 2023
Amendments to IAS 1 - “Classification of Liabilities as Current or Non-current”	Jan. 1, 2024
<u>New/amended/revised standards and interpretations</u>	<u>Effective date published by IASB (Note 1)</u>
Amendments to IAS 1 - “Non-current Liabilities with Covenants”	Jan. 1, 2024

Note 1: Unless otherwise stated, the above new/amended/revised standards or interpretations are effective for annual reporting periods beginning after the respective dates.

Note 2: The seller and lessee should retrospectively apply the amendments to IFRS 16 to sale and leaseback transactions entered into after the initial application of IFRS 16.

As of the date of adoption of this standalone financial statements, the Company is still evaluating the impact of the amendments to other standards and interpretations on the financial position and financial performance, which will be disclosed when the evaluation is completed.

IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of Compliance

The standalone financial statements have been prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of Preparation

Except for financial instruments measured at fair value, investment properties, and contingent consideration for the acquisition of subsidiaries, the standalone financial statements of the Company are prepared on a historical cost basis.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
2. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
3. Level 3 inputs are unobservable inputs for the asset or liability.

In preparing the standalone financial statements, the Company applies the equity method to its investments in subsidiaries. In order to make the profit or loss for the year, other comprehensive income and equity in the standalone financial statements the same as the profit or loss for the year, other comprehensive income and equity attributable to the owners of the Company in the standalone financial statements, certain accounting differences between the standalone basis and the consolidated basis are adjusted for “investments accounted for under the equity method”, “share of profit or loss of subsidiaries accounted for under the

equity method”, “share of other comprehensive income or loss of subsidiaries accounted for under the equity method” and related equity items.

(3) Standard in determining whether the asset or liability are current or non-current

Current assets include:

1. assets held mainly for transaction purposes;
2. assets to be realized within 12 months of the asset balance sheet; and
3. cash (but not including cash used to exchange or clear liability within 12 months of the asset balance sheet).

Current liabilities include:

1. liabilities held mainly for transaction purposes;
2. liabilities due for payment within 12 months after the balance sheet date; and
3. the business entity does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Assets or liabilities not classified within the above definitions will be classified as non-current assets and liabilities.

The Company is engaged in construction projects, which have operating cycles longer than one year. Therefore, assets and liabilities related to construction business are classified as current or non-current based on the normal operating cycle.

(4) Foreign currency

When preparing standalone financial statements, the Company translates transactions in currencies other than the functional currency of the Company (foreign currencies) into the functional currency at the exchange rates prevailing on the transaction dates.

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

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the exchange rates ruling at the dates of transactions and are not retranslated.

For the purpose of preparing standalone financial statements, assets and liabilities of foreign operations (including subsidiaries that operate in countries or currencies different from those of the Company) are translated into New

Taiwan Dollars at the exchange rates prevailing on each balance sheet date. Income and expense items are translated at the average exchange rate for the period and the resulting exchange differences are included in other comprehensive income.

(5) Investment in Subsidiaries

The Company adopts the equity method to account for investments in its subsidiaries.

Subsidiaries refer to entities over which the Company has control.

Under the equity method, investments are initially recognized at cost, and the carrying amount is adjusted thereafter for the Company's share of the subsidiary's profit or loss and other comprehensive income, as well as profit distributions. In addition, changes in the Company's entitlement to other equity interests in the subsidiary are recognized proportionately based on the ownership interest.

When changes in the Company's ownership interest in the subsidiary do not result in a loss of control, they are treated as equity transactions. The difference between the carrying amount of the investment and the fair value of the consideration paid or received is recognized directly in equity.

When the Company's share of losses in a subsidiary equals or exceeds its interest in that subsidiary, losses continue to be recognized proportionately based on the ownership interest.

Acquisition costs exceeding the Company's share of the net fair value of the identifiable assets and liabilities of the subsidiary constituting the business at the acquisition date are recognized as goodwill. Such goodwill is included in the carrying amount of the investment and is not subject to amortization.

When assessing impairment, the Company considers the cash-generating unit as a whole in the context of its individual financial statements and compares the recoverable amount with the carrying amount. If the recoverable amount of the asset increases thereafter, the reversal of the impairment loss is recognized as a gain; however, the carrying amount of the asset after the reversal of the impairment loss may not exceed the carrying amount of the asset after deducting the provision for amortization, assuming that no impairment loss had been

recognized. Impairment losses attributable to goodwill may not be reversed in subsequent periods.

Unrealized gains and losses from upstream transactions between the Company and its subsidiaries are eliminated in the individual financial statements. Gains and losses arising from downstream and lateral transactions between the Company and its subsidiaries are recognized in the individual financial statements only to the extent unrelated to the Company's interest in the subsidiary.

(6) Property, plant and equipment

Property, plant, and equipment are recognized by cost, and then measured by cost less accumulated depreciation and accumulated impairment.

Property, plant and equipment are depreciated separately over their useful lives on a straight-line basis for each significant component. The Company reviews the estimated useful lives, residual values and depreciation methods at least at the end of each year and defers the effect of changes in applicable accounting estimates.

The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss when property, plant, and equipment are derecognized.

(7) Investment property

Investment property refers to real estate held for earning rental income, capital appreciation, or both. Investment property also includes land held for a purpose that has not yet been determined.

Owned investment properties are initially measured at cost (including transaction costs). Leased investment properties are initially measured at cost (including the initial measurement amount of the lease liability, initial direct costs of lease payments made before the lease commencement date, and the estimated cost of restoring the underlying asset, less the received lease incentives).

From January 1, 2022, the accounting policy for subsequent measurement of investment properties in the consolidated company has changed from the cost model to the fair value model. All investment properties are subsequently

measured using the fair value model, with changes in fair value recognized in profit or loss during the period in which they occur.

When property, plant, and equipment are reclassified as investment property after the cessation of self-use, the difference between the carrying amount and the fair value is recognized in other comprehensive income.

When an investment property is disposed of, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(8) Intangible assets

Intangible assets with limited duration acquired separately were initially measured at cost and subsequently at cost less accumulated amortization and accumulated impairment losses. Intangible assets are amortized over their useful lives on a straight-line basis and the estimated useful lives, residual values and amortization method are reviewed at least at each year-end and the effect of changes in applicable accounting estimates is deferred.

The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss of the year when intangible assets are derecognized.

(9) Property, plant and equipment, right-of-use assets, investment properties and intangible assets

At each balance sheet date, the Company assesses whether there is any indication that property, plant and equipment, right-of-use assets, investment properties and intangible assets may be impaired. If there is any indication of impairment, the recoverable amount of the asset is estimated, and if the recoverable amount of an individual asset cannot be estimated, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher fair value less selling cost and use value. If the recoverable amount of an individual asset or cash generating unit is less than its carrying amount, the carrying amount of the asset or cash generating unit shall be reduced to its recoverable amount, with the impairment loss recognized in profit or loss.

When impairment losses are reversed in subsequent periods, the carrying amount of the asset or cash-generating unit is increased to the revised recoverable amount, but the increased carrying amount does not exceed the carrying amount

that would have been determined if no impairment loss had been recognized in prior years (net of amortization or depreciation). The reversal of impairment loss is recognized in profit or loss.

(10) Non-current assets held for sale

When the carrying amount of a disposal group is expected to be primarily recovered through a sale transaction rather than through continuing use, it is classified as held for sale. A disposal group that meets this classification must be immediately available for sale in its current condition, and its sale must be highly probable. The sale is considered highly probable when the appropriate management level commits to a plan to sell the asset, and the sale transaction is expected to be completed within one year from the classification date.

If control of a subsidiary will be lost upon sale, all assets and liabilities of the subsidiary are classified as held for sale, regardless of whether non-controlling interests are retained in the former subsidiary after the sale.

Disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell, and depreciation ceases for such assets.

(11) Financial instruments

Financial assets and financial liabilities are recognized in the Standalone Statement of Financial Position when the Standalone Company becomes a party to the contractual provisions of the instrument.

On initial recognition, financial assets and financial liabilities that are not measured at fair value through profit or loss are measured at fair value plus transaction costs that are directly attributable to the acquisition or issuance of the financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issue of financial assets or financial liabilities measured at fair value through profit or loss are recognized immediately in profit or loss.

1. Financial assets

The transaction practice of the financial assets adopts accounting recognition and de-recognition on the transaction day.

(1) Measurement types

The types of financial assets held by the Company are financial assets at amortized cost and investments in equity instruments at fair value through other comprehensive income.

A. Investment in equity instruments measured at FVTOCI

At initial recognition, the Company has an irrevocable option to designate investments in equity instruments that are not held for trading and for which there is contingent consideration recognized by the acquirer of the business combination to be measured at FVTOCI.

Investments in equity instruments measured at FVTOCI are measured at fair value, with subsequent changes in fair value reported in other comprehensive income and accumulated in other equity. On disposal of investments, the cumulative gain or loss is transferred directly to retained earnings and is not reclassified to profit or loss.

Dividends on investments in equity instruments measured at FVTOCI are recognized in profit or loss when the right to receive payments from the Company is established, unless it is clear that the dividend represents a partial recovery of the cost of the investment.

B. Financial assets at amortized cost

The Company's investments in financial assets are classified as financial assets measured at amortized cost if both of the following conditions are met:

- a. they are held within an operating model whose objective is to hold the financial assets to collect the contractual cash flows; and
- b. the contractual terms give rise to cash flows at a specific date, which are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost (including cash, notes and accounts receivable measured at amortized cost, other receivables, and other financial assets) are measured at the amortized cost, which is the total carrying amount determined

using the effective interest method less any impairment losses, after initial recognition. Any foreign currency exchange gains or losses are recognized in profit or loss.

Interest income is calculated by multiplying the total carrying amount of the financial asset by the effective interest rate.

A credit-impaired financial asset is one for which the issuer or the debtor has experienced significant financial difficulties, defaulted, it is probable that the debtor will declare bankruptcy or other financial reorganization, or an active market for the financial asset has disappeared due to financial difficulties.

(2) Impairment of financial assets and contract assets

The Company assesses impairment losses on financial assets measured at amortized cost (including accounts receivable) and contract assets at each balance sheet date based on expected credit losses.

Accounts receivable and contract assets are recognized as an allowance for loss based on expected credit losses during the period of duration. Other financial assets are first evaluated to determine whether there is a significant increase in credit risk since initial recognition. If not, they are recognized as an allowance for loss based on expected credit losses over 12 months, and if so, based on expected credit losses over the duration period.

Expected credit losses represent the weighted-average credit losses based on the risk of default. 12-month expected credit losses represent the expected credit losses arising from possible defaults of financial instruments within 12 months after the reporting date. The 12-month expected credit losses represent the expected credit losses arising from all possible defaults of the financial instruments during the 12-month period after the reporting date.

For internal credit risk management purposes, the company determines that the following situations represent default on a financial asset, without considering any collateral held:

A. Internal or external information indicates that the debtor is no longer able to repay the debt.

B. The debt is overdue by a certain number of days, unless there is reasonable and verifiable information indicating that a later default criterion is more appropriate.

The carrying amount of all financial assets is reduced through an allowance account.

(3) Derecognition of financial assets

The Company derecognizes financial assets only when the contractual rights to the cash flows from the financial assets have lapsed or when the financial assets have been transferred and substantially all the risks and rewards of ownership of the assets have been transferred to other enterprises.

When financial assets are derecognized in their entirety at amortized cost, the difference between the carrying amount and the consideration received is recognized in profit or loss.

2. Equity instruments

Debt and equity instruments issued by the Company are classified as financial liabilities or equity based on the substance of the contractual agreements and the definitions of financial liabilities and equity instruments.

Equity instruments issued by the Company are recognized at the amount of the acquisition price less direct issuance costs.

3. Financial liability

(1) Subsequent measurement

Except for the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

Financial liabilities measured at FVTPL

Financial liabilities measured at FVTPL include those held for trading and those designated as measured at fair value through profit or loss.

Financial liabilities held for trading are measured at fair value, and related gains or losses are recognized in other gains and losses.

For the method of determining fair value, please refer to Note 27.

(2) Derecognition of financial liability

Any difference between the carrying amount of a financial liability at the time of derecognition and the consideration paid (including

any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

4. Convertible bonds

The components of compound financial instruments (convertible bonds) issued by the Company are classified as financial liabilities and equity, respectively, on initial recognition, based on the substance of the contractual agreements and the definitions of financial liabilities and equity instruments.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument and is measured at amortized cost using the effective interest method until the date of conversion or maturity. Liability components that are embedded in non-equity derivatives are measured at fair value.

The conversion right classified as equity is equal to the remaining amount of the fair value of the compound instrument as a whole less the fair value of the liability component determined separately and is recognized in equity, net of the income tax effect, and is not subsequently measured. When the conversion right is exercised, the related liability component and the amount in equity are transferred to equity and capital surplus - issue premium. If the conversion right of the convertible bonds is not executed on the maturity date, the amount recognized in equity will be transferred to capital surplus - issue premium.

Transaction costs related to the issuance of convertible bonds are allocated to the liability (included in the carrying amount of the liability) and equity components (included in equity) of the instrument in proportion to the total apportioned price.

(12) Provision for liabilities

The amount recognized as provision for liabilities is the best estimate of the expenditure required to settle the obligation at the balance sheet date, taking into account the risk and uncertainty of the obligation. Provision for liabilities is measured at the discounted value of the estimated cash flows from the settlement of the obligation.

1. Warranty

Warranty obligations under construction contracts are recognized based on management's best estimate of the expenditures required to settle the company's obligations at the time the related construction warranty revenue is recognized.

2. Contingent liabilities acquired in a business combination:

Contingent liabilities assumed in a business combination, if they arise from past events and represent current obligations with a reliably measurable fair value, are recognized at their fair value as the initial measurement amount on the acquisition date. On subsequent balance sheet dates, such contingent liabilities are measured at their amortized amounts. However, if it is assessed to be highly probable that the current obligation amount will have to be paid, the subsequent measurement is based on the higher of the current obligation amount and the amortized amount.

(13)Income recognition

The Company allocates the transaction price to each performance obligation after the performance obligation is identified in the customer contract and recognizes revenue when each performance obligation is satisfied.

When another party is involved in providing goods or services to customers, if the company controls the goods or services before they are transferred to customers, the company is considered a principal and recognizes revenue on a gross basis. Otherwise, if the company is acting as an agent, revenue is recognized on a net basis. Since a specific good or service is a distinct single good or service, the company should judge whether it is a principal or agent for each specific good or service in the contract.

1. Service Revenue:

Service revenue comes from the processing of various fibers and the procurement of engineering materials on behalf of clients. Related revenue is recognized when the services are provided.

2. Construction Revenue:

For real estate construction contracts in which the property is under the control of the customer during the construction process, the company recognizes revenue over time. Since the costs incurred in construction are directly related to the degree of completion of the contract obligations, the company measures the progress of completion based on the proportion of actual costs incurred to the total estimated costs. The company recognizes contract assets during the construction process and reclassifies them as accounts receivable upon invoicing. If the amount of payments received for the work exceeds the recognized revenue, the difference is recognized as a contract liability. The retention amounts withheld by the customer according to the contract terms aim to ensure that the company fulfills all contract obligations and are recognized as contract assets before the company has completed its performance.

If the outcome of the performance obligations cannot be reliably measured, construction revenue is recognized only to the extent of the costs incurred that are expected to be recoverable.

(14)Lease

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

1. The Company as lessor

When the lease terms do not transfer substantially all the risks and rewards of ownership to the lessee, it is classified as an operating lease.

Under operating leases, lease payments are recognized as income on a straight-line basis over the term of the relevant lease. The original direct cost incurred in acquiring an operating lease is added to the carrying amount of the subject asset and recognized

as an expense on a straight-line basis over the lease term.

2. The Company as lessee

Right-of-use assets and lease liabilities are recognized at the inception date of the lease, except for leases of low-value subject assets to which a recognition exemption applies and short-term leases where lease payments are recognized as an expense on a straight-line basis over the lease term.

Right-of-use assets are measured initially at cost and subsequently at cost less accumulated depreciation and accumulated impairment losses. Right-of-use assets are presented separately on standalone balance sheet.

The right-of-use assets are depreciated on a straight-line basis over the lease term.

Lease obligations are measured initially at the present value of the lease payments. If the implied interest rate of the lease is readily determinable, the lease payments are discounted using that rate. If the rate is not readily determinable, the lessee's incremental borrowing rate is used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, and interest expense is amortized over the lease term. If there is a change in future lease payments due to changes in the lease period or in the index or rate used to determine the lease payments, the Company remeasures the lease liability and adjusts the right-of-use asset accordingly, but if the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasurement amount is recognized in profit or loss. Lease liabilities are presented separately in the standalone balance sheet.

(15) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an eligible asset are included as part of the cost of the asset until substantially all activities necessary to bring the asset to its intended use or sale condition have been completed.

Investment income earned on temporary investments of specific borrowings made to fund qualifying capital expenditure is deducted from the borrowing costs that are eligible for capitalization.

Except as described above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(16) Employee benefits

1. Short-term employee benefits

The liability related to short-term employee benefits is measured as the non-discounted amount expected to be paid in exchange for employee services.

2. Post-employment benefits

Defined benefit pension plans are recognized as expenses over the period of service of the employees.

(17) Income tax

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

1. Current income tax

The Company determines the current income (loss) in accordance with the regulations and calculates the income tax payable (recoverable) accordingly.

The income tax on undistributed earnings under the Income Tax Act of the ROC is recognized in the year of the resolution of the shareholders' meeting.

Adjustments to prior years' income tax payable are included in the current period's income tax.

2. Deferred income tax

Deferred income tax is calculated based on the temporary differences between the carrying amount of assets and liabilities on the books and the basis for the calculation of taxable income.

Deferred income tax liabilities are generally recognized for all taxable temporary differences, while deferred income tax assets are recognized when it is probable that there will be taxable income available to offset the temporary differences and loss carryforwards.

Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company can control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets are recognized for deductible temporary differences associated with such investments only to the extent that it is probable that sufficient taxable income will be available to allow the temporary differences to be realized and the temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced for those where it is no longer probable that there will be sufficient taxable income to allow all or part of the assets to be recovered. Deferred tax assets not previously recognized as such are also reviewed at each balance sheet date and the carrying amount is increased for those where it is probable that taxable income will be available to recover all or part of the assets.

Deferred tax assets and liabilities are measured by the tax rate of the expected liabilities settlement or assets realization in the current period, according to the tax rate and the tax law which have been legalized or substantively legalized on the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences of the way in which the Company is expected to recover or pay off the carrying amount of its assets and liabilities on the balance sheet date.

3. Current and deferred income taxes

Current and deferred income taxes are recognized in the income statement, but current and deferred income taxes related to items recognized in other comprehensive income are recorded in other comprehensive income.

V. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

When the Company adopts an accounting policy, management must make relevant judgments, estimates, and assumptions of relevant information that is difficult to obtain from other sources based on historical experience and other relevant factors.

The company has incorporated the economic impact of the COVID-19 pandemic into its significant estimates, and management will continuously review the estimates and underlying assumptions. If the revisions to estimates only affect the current period, they are recognized in the current period; if the adjustments to accounting estimates affect both the current and future periods, they are recognized in both the current and future periods.

(1) Impairment of goodwill included in investments in subsidiaries

When determining whether goodwill included in investments in subsidiaries is impaired, the goodwill acquired on the acquisition date is allocated to the cash-generating units (CGUs) that the company expects to benefit from the synergies of the combination. The recoverable amount of the allocated goodwill CGUs is then estimated based on their value in use. To calculate the value in use, management should estimate the expected future cash flows generated by the allocated goodwill CGUs and determine the appropriate discount rate to calculate the present value. If actual cash flows are lower than expected or changes in facts and circumstances result in downward revisions of future cash flows or upward revisions of discount rates, significant impairment losses may arise.

(2) Construction contracts

The recognition of profit or loss on construction contracts is based on the percentage of completion method, with revenues and costs recognized based on the degree of completion of contract activities. The percentage of completion is measured by the proportion of contract costs incurred to date to the estimated total contract costs. Since the estimation of total costs and contract items is determined by management's assessment and judgment on the nature of different projects, anticipated contract amounts, project duration, engineering implementation, and construction methods, it may affect the calculation of the percentage of completion and project profit or loss.

VI. Cash

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Cash	\$ 676	\$ 779
Bank Deposit	<u>29,549</u>	<u>74,410</u>

\$ 30,225 \$ 75,189

The company's counterparties are financial institutions with good credit quality, and the company deals with multiple financial institutions to diversify credit risk, so no expected credit losses are assessed.

VII. Financial instruments measured at FVTPL

	Dec. 31, 2022	Dec. 31, 2021
<u>Financial liability – non-current</u>		
Mandatorily measured at FVTPL		
Non-derivative financial liabilities		
Contingent consideration (Note XII)	<u>\$232,725</u>	<u>\$219,750</u>

VIII. Financial assets measured at fair value through other comprehensive income - non-current

	Dec. 31, 2022	Dec. 31, 2021
<u>Investments in equity instruments measured at fair value through other comprehensive income or loss</u>		
Stocks of listed domestic companies or traded over the counter	<u>\$ 31,500</u>	<u>\$ _____ -</u>

The aforementioned ordinary shares are designated as measured at fair value through other comprehensive income due to their medium to long-term strategic investment purposes.

IX. Other Financial Assets

	Dec. 31, 2022	Dec. 31, 2021
Restricted bank deposit	\$260,311	\$374,813
Deposit guarantee	<u>11,081</u>	<u>1,704</u>
	271,392	376,517
Less: Other financial assets - current	<u>(270,061)</u>	<u>(376,513)</u>
Other financial assets - non-current	<u>\$ 1,331</u>	<u>\$ _____ 4</u>

As of December 31 in 2021 and 2022, the restricted bank deposit annual interest rates were 0.46% and 0.04% to 0.28%, respectively.

The company's transaction counterparties and performance obligors are all reputable financial institutions with no significant concerns about performance, and thus there is no significant credit risk expected.

For information on collateral for the company's other financial assets, please refer to Note 29.

X. Notes receivable and Accounts receivable

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
<u>Notes receivable</u>		
Total carrying amount measured at amortized cost	\$ -	\$ 20,292
Less: allowance for loss	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 20,292</u>
Generated from operating activities		
	\$ -	\$ 20,092
Generated from non-operating activities		
	<u>-</u>	<u>200</u>
	<u>\$ -</u>	<u>\$ 20,292</u>
<u>Accounts receivable</u>		
Total carrying amount measured at amortized cost	\$ 4,946	\$ 4,589
Less: allowance for loss	<u>-</u>	<u>(159)</u>
	<u>\$ 4,946</u>	<u>\$ 4,430</u>

To mitigate credit risk, the Company's management assigns a dedicated team to determine credit limits, approve credit facilities and other monitoring procedures to ensure that appropriate actions have been taken to collect overdue receivables. In addition, the Company reviews the recoverable amounts of receivables on a case-by-case basis at the balance sheet date to ensure that appropriate impairment losses have been recorded for uncollectible receivables. Accordingly, the Company's management believes that the credit risk of the Company has been significantly reduced.

The company adopts the simplified approach under IFRS 9 to recognize the provision for expected credit losses on accounts receivable based on lifetime expected credit losses. Lifetime expected credit losses are calculated using a provision matrix, which considers customers' past default history and current financial conditions, as well as GDP forecasts. The company's accounts receivable for the year 2022 mainly come from government contract projects outsourced by related parties, with no expected credit impairment. Due

to the company's historical credit loss experience showing no significant differences in loss patterns among different customer groups, the provision matrix has not been further divided into customer groups and only sets expected credit loss rates based on the overdue days of accounts receivable.

The Company writes off a receivable when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery. For receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables which are due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of accounts receivable based on the Company's allowance matrix:

Dec. 31, 2022

	Not past due	Due in 1-90 day	Over 90 days past due	Total
Expected credit loss ratio (%)	-	-	100	
Total carrying amount	\$4,946	\$ -	\$ -	\$4,946
Allowance for loss (lifetime expected credit losses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$4,946</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$4,946</u>

Dec. 31, 2021

	Not past due	Due in 1-30 day	Due in 31~60 day	Due in 61~90 day	Due in 91~120 day	Over 120 days past due	Total
Expected credit loss ratio (%)	0~0.23	0~0.48	0~10.54	0~25.14	33.33~100	16.67~100	
Total carrying amount	\$24,704	\$ -	\$ -	\$ -	\$ -	\$ 177	\$24,881
Allowance for loss (lifetime expected credit losses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(159)</u>	<u>(159)</u>
Amortized cost	<u>\$24,704</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18</u>	<u>\$24,722</u>

Information on the changes in the allowance for losses on accounts receivable is as follows:

	2022	2021
Beginning balance	\$ 159	\$ 4,693

(Reversal of) loss for the year	(159)	6
Actual elimination for the year	<u>-</u>	(4,540)
Ending balance	<u>\$ -</u>	<u>\$ 159</u>

XI. Non-current assets held for sale

(1) Non-operating unit

Due to the impact of the COVID-19 pandemic, the company's department store business has been severely hit, leading to a sharp decline in revenue. The Taoyuan factory ceased production entirely in November of year 2020, as approved by the board of directors, and the related equipment and inventory were disposed of by September of year 2021. The bedding sales business ceased operations starting from September 15th of year 2021.

Profit or loss for the year - non-operating unit:

	<u>2022</u>	<u>2021</u>
Operating revenue	\$ -	\$ 54,937
Operating costs	<u>-</u>	(30,779)
Gross profit	-	24,158
Promotion expense	-	(37,765)
Administration expense	-	(4,074)
R&D expense	\$ -	\$ -
Expected credit reversal benefit (impairment loss)	<u>159</u>	(6)
Net operating profit(loss)	159	(17,687)
Non-operating revenue/expense	<u>275</u>	<u>5,881</u>
Net profit (loss) before tax	434	(11,806)
Income tax expense	<u>-</u>	(9,985)
Profit or loss for the period	<u>\$ 434</u>	(\$ 21,791)
Net cash inflow (outflow) from operating activities	\$ 275	(\$ 23,117)
Net cash inflows from investing activities	-	4,117
Net cash outflow in financing activities	<u>-</u>	(2,716)
Net cash inflow (outflow)	<u>\$ 275</u>	(\$ 21,716)

(2) Non-current assets held for sale

On December 26, 2022, the Company's board of directors passed resolutions to sell 100% of the equity of its subsidiary, Shanghai Lifestyle Enterprise Inc., to a

non-related party, and 100% of the equity of its subsidiary, Zhou Ting Property Co., Ltd., to a related party, Hung Ting Enterprise Co., Ltd. The transactions were completed in February 2023.

As of December 31, 2022, the carrying amount of the investments accounted for using the equity method, totaling \$28,532 thousand, was reclassified as non-current assets held for sale and presented separately in the individual balance sheet.

XII. Investment accounted for using the equity method

Investee subsidiaries

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Unlisted company		
Sanlong Investment Co. (Sanlong Investment)	\$ -	\$ 37,534
Tri Ocean Textile (Thailand) Co., Ltd. (Tri Ocean Textile (Thailand))	92,637	100,900
Zhou Ting Property Co., Ltd. (Zhou Ting Property)	-	26,505
Shanghai Lifestyle Enterprise Inc. (Shanghai Lifestyle)	\$ -	\$ 14,158
SHANG TING Construction Co.(Shang Ting Co.)	965,598	862,252
Triocean Energy Co., Ltd. Triocean Energy)	-	4,040
	<u>\$1,058,235</u>	<u>\$1,045,389</u>

On the balance sheet date, the Company's ownership interests and voting rights percentages in its subsidiaries are as follows:

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>	<u>Remark</u>
Sanlong Investment	-	100%	Note 1
Tri Ocean Textile (Thailand)	100%	100%	
Zhou Ting Property	100%	100%	Note 2
Shanghai Lifestyle	100%	100%	Note 3
Shang Ting Co.	100%	100%	Note 4
Triocean Energy	-	100%	Note 5

Note 1: The Company and Sanlong Investment, for the purpose of integrating group resources and simplifying organizational structure, have already passed a resolution by the Board of Directors on April 22, 2022, with May 1, 2022, as the merger base date, to carry out a simplified merger. After the merger, the

Company continues to exist, while Sanlong Investment ceases to exist, with its assets and liabilities assumed by the Company.

Note 2: Tri Ocean Dream Factory changed its name to Zhou Ting Property Co., Ltd. in February 2021 and reduced its capital and returned share capital by \$26,000 thousand in the same year in December. Subsequently, for the purpose of improving group management efficiency and reducing group operating costs, the Company resolved to sell 100% of its equity in Zhou Ting Property Co., Ltd. through a Board of Directors resolution on December 26, 2022.

Note 3: Shanghai Lifestyle Enterprise Inc. reduced its capital and returned share capital by RMB 2,800 thousand in January 2022 and has completed the company change registration. For the purpose of improving group management efficiency and reducing group operating costs, the Company resolved to sell 100% of its equity in Shanghai Lifestyle Enterprise Inc. through a Board of Directors resolution on December 26, 2022.

Note 4: The Company acquired 100% of the shares in Shang Ting Co. from Hung Hung-Chang and Jiang Yu-Lian in December 2020 for a total consideration of \$775,750 thousand. As of December 31, 2022, and 2021, \$330,000 thousand has been paid. The remaining balance of \$213,025 thousand was agreed to be deferred to December 2023 (recorded as other payables - related parties) at the end of 2021, and an additional \$232,725 thousand will be paid after the seller assists Shang Ting Co. in obtaining new project contracts up to the agreed amount by December 31, 2022, with a further deferral to December 2024. As of the date of approval for issuance of the standalone financial statement, the new project contracts have reached the agreed amount.

In December 2022 and May 2021, the Company completed capital increases of \$150,000 thousand and \$100,000 thousand, respectively, and has completed the necessary company registration changes.

Note 5: The Company established Triocean Energy Co., Ltd. in March 2021 with an initial investment of \$2,000 thousand, holding 100% of the shares. In May 2021, the Company further invested \$3,000 thousand in cash. To improve the group's management efficiency and reduce its operating costs, the board of directors resolved on April 22, 2022, to sell 100% of the shares in the subsidiary, Triocean Energy Co., Ltd., to an unrelated party. The transaction was completed in April 2022, generating a gain on disposal of \$2,730 thousand.

For information on the Company's investment in other companies, please refer to Tables 6 and 7.

XIII. Property, plant and equipment

(1) The breakdown of property, plant and equipment is as follows:

2022

	<u>Transportation equipment</u>	<u>Office Equipment</u>	<u>Other equipment</u>	<u>Total</u>
<u>Cost</u>				
Balance on Jan. 1, 2022	\$ 3,591	\$ 654	\$ 1,291	\$ 5,536
Addition	-	-	1,000	1,000
	<u>Transportation equipment</u>	<u>Office Equipment</u>	<u>Other equipment</u>	<u>Total</u>
Disposal	-	(80)	(1,291)	(1,371)
Balance on Dec. 31, 2022	<u>3,591</u>	<u>574</u>	<u>1,000</u>	<u>5,165</u>
<u>Accumulated depreciation and impairment losses</u>				
Balance on Jan. 1, 2022	3,591	335	1,114	5,040
Depreciation expense	-	96	238	334
Disposal	-	(80)	(1,291)	(1,371)
Balance on Dec. 31, 2022	<u>3,591</u>	<u>351</u>	<u>61</u>	<u>4,003</u>
Dec. 31, 2022-net	<u>\$ -</u>	<u>\$ 223</u>	<u>\$ 939</u>	<u>\$ 1,162</u>

2021(restated)

	<u>Self- owned land</u>	<u>Buildings</u>	<u>Machinery and Equipment</u>	<u>Transporta tion equipment</u>	<u>Office Equipment</u>	<u>Other equipment</u>	<u>Total</u>
<u>Cost</u>							
Balance on Jan. 1, 2021	\$103,336	\$166,351	\$403,197	\$ 3,591	\$ 7,786	\$87,547	\$771,808
Addition	-	-	-	-	240	-	240
Disposal	(20,926)	(12,839)	(403,197)	-	(7,372)	(86,256)	(530,590)
Revaluation value	408,659	169,541	-	-	-	-	578,200
Transferred to investment property	(491,069)	(323,053)	-	-	-	-	(814,122)
Balance on Dec. 31, 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,591</u>	<u>654</u>	<u>1,291</u>	<u>5,536</u>
<u>Accumulated depreciation and impairment losses</u>							
Balance on Jan. 1, 2021	-	96,439	403,197	3,591	7,460	86,341	597,028
Depreciation expense	-	1,500	-	-	247	1,029	2,776
Disposal	-	(6,036)	(303,367)	-	(6,782)	(66,728)	(382,913)
Transferred to investment property	-	(91,792)	-	-	-	-	(91,792)
Excluding impairment loss	<u>-</u>	<u>(111)</u>	<u>(99,830)</u>	<u>-</u>	<u>(590)</u>	<u>(19,528)</u>	<u>(120,059)</u>
Balance on Dec. 31, 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,591</u>	<u>335</u>	<u>1,114</u>	<u>5,040</u>
Dec. 31, 2021-net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 319</u>	<u>\$ 177</u>	<u>\$ 496</u>

(2) The Company depreciates its property, plant and equipment on a straight-line basis over the following useful lives:

Transportation equipment	10 years
Office Equipment	5 years
Other equipment	4-5 years

- (3) In order to revitalize assets, improve financial structure, and enrich operating capital, the company rented out Taoyuan properties in August, 2021 and reclassify them as investment properties (Note 15). Subsequently, in November, 2022, the board of directors resolved to sell the investment properties and planned to negotiate the subsequent sale matters at a price no less than a specific amount.

XIV. LEASE AGREEMENT

(1) Right-of-use assets

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Right-of-use assets		
Carrying amount		
Land and Buildings	\$ 13,622	\$ -
Transportation equipment	<u>913</u>	<u>247</u>
	<u>\$ 14,535</u>	<u>\$ 247</u>
	<u>2022</u>	<u>2021</u>
Right-of-use assets added	<u>\$ 15,659</u>	<u>\$ -</u>
Disposal of right-to-use assets	<u>\$ -</u>	<u>\$ 7,343</u>
Depreciation expense of right-of-use assets		
Land and Buildings	\$ 973	\$ 739
Transportation equipment	<u>398</u>	<u>1,930</u>
	<u>\$ 1,371</u>	<u>\$ 2,669</u>

Apart from the early termination of the lease for the office in Neihu and the warehouse in Luzhu in March, 2021, there were no significant subleases or impairment incidents for the company's right-of-use assets in 2022 and 2021.

The company leases an office building from a related party for office use; please refer to Note 28.

(2) Lease liabilities

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Lease liabilities Carrying amount		
Current	<u>\$ 3,398</u>	<u>\$ 253</u>
Non-current	<u>\$ 11,164</u>	<u>\$ -</u>

The discount rate range for the Lease liabilities is as follows:

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Land and Buildings	1.08	-
Transportation equipment	0.87~1.29	1.62

The company leases land, buildings, and transportation equipment for business use, with lease terms ranging from 2 to 5 years. At the end of the lease term, the company has no preferential purchase rights for the leased land, buildings, and transportation equipment.

(3) Other leasing information

	<u>2022</u>	<u>2021</u>
Total cash outflow from leases		
Short-term lease expenses	<u>\$ 512</u>	<u>\$ 321</u>
Lease expense for low-value assets	<u>\$ 86</u>	<u>\$ 145</u>
Variable lease payment expense not included in the measurement of lease liabilities	<u>\$ -</u>	<u>\$ 13,560</u>
Total amount of cash (outflow) from lease	<u>(\$ 2,004)</u>	<u>(\$ 16,787)</u>

XV. INVESTMENT PROPERTY

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>Dec. 31, 2022</u>			
Measured at fair value	<u>\$ 499,749</u>	<u>\$ 221,261</u>	<u>\$ 721,010</u>
<u>Dec. 31, 2021(restated)</u>			
Measured at fair value	<u>\$ 497,204</u>	<u>\$ 233,676</u>	<u>\$ 730,880</u>

The investment properties of the company, which consist of land and buildings leased to unrelated parties in August, 2021, were reclassified from real estate, plants, and equipment.

The lease term for investment properties is 5 years, and the lessee is granted an option to extend the lease period. When the lessee exercises the renewal option, the rent will be adjusted according to the market rental rates. The lessee does not have preferential purchase rights for the investment properties at the end of the lease term.

The total amount of lease payments to be received in the future for the investment properties leased under operating leases is as follows:

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
The 1st year	\$ 25,725	\$ 25,725
The 2nd year	25,725	25,725
The 3rd year	25,725	25,725
The 4th year	20,367	25,725
	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
The 5th year	-	20,368
Investment real estate rental commitments	<u>\$ 97,542</u>	<u>\$123,268</u>

Investment property measured at fair value

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Balance on Jan. 1, 2022(restated)	\$ 497,204	\$ 233,676	\$ 730,880
Addition	-	4,800	4,800
Gain (loss) on changes in fair value	<u>2,545</u>	<u>(17,215)</u>	<u>(14,670)</u>
Balance on Dec. 31, 2022	<u>\$ 499,749</u>	<u>\$ 221,261</u>	<u>\$ 721,010</u>
Balance on Jan. 1, 2021	\$ -	\$ -	\$ -
From property, plant and equipment	491,069	231,261	722,330
Addition	-	6,363	6,363
Benefit from changes in fair value	<u>6,135</u>	<u>(3,948)</u>	<u>2,187</u>
Balance on Dec. 31, 2021(restated)	<u>\$ 497,204</u>	<u>\$ 233,676</u>	<u>\$ 730,880</u>

Investment properties are measured at fair value on a recurring basis, and their fair value was appraised in December of the 111th year by Wang Fu-sheng and Chen Ming-chuan, appraisers from the Jingrui Real Estate Appraisal Joint Office, who hold real estate appraiser qualifications in our country. The appraised fair values for the land and buildings as of December 31, 2021 and 2022 were 721,010 thousand and 730,880 thousand, respectively.

The aforementioned fair value measurement has taken into account the uncertainty of market fluctuations due to the subsequent developments of the COVID-19 pandemic.

The fair value of investment properties is evaluated using the income approach, with key assumptions as follows: when the estimated future net cash inflows increase or the discount rate decreases, the fair value will increase.

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Estimated future cash inflows	\$990,626	\$948,159
Estimated future cash outflows	<u>71,842</u>	<u>68,381</u>
Estimated future net cash inflows	<u>\$918,784</u>	<u>\$879,778</u>
Discount rate (%)	2.71	2.08

The rental market rates for the area where the investment properties are located are approximately 430 to 530 per ping, while the rental market rates for comparable properties in the market are approximately 433 to 522 per ping.

The investment properties are currently leased under operating leases, generating rental income of 24,090 thousand and 5,487 thousand in 2022 and 2021, respectively. The expected future cash inflows from the investment properties include rental income, security deposit interest income, and the disposal value at the end of the period. The rental income is estimated based on the company's current lease contracts and considering the future annual rent growth rate, with the income analysis period being 10 years; the security deposit interest income is estimated using the average one-year fixed deposit rate of the five major banks; the disposal value at the end of the period is estimated using the direct capitalization method of the income approach. The expected future cash outflows from the investment properties include land value tax, property tax, insurance premiums, maintenance fees, and management fees, which are estimated based on the current expenditure levels and considering the future adjustments of the announced land prices and tax rates stipulated in the property tax regulations.

The discount rate is determined by adding 3 basis points to the Chunghwa Post Co., Ltd.'s 2-year fixed deposit rate and adding a risk premium related to the investment properties. Please refer to Note 29 for the amount of investment properties set as collateral for loans. Please refer to Note 29 for the amount of investment properties set as collateral for loans.

XVI. LOAN

(1) Short-term loans

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Guaranteed Loans		
Bank Loans	<u>\$417,900</u>	<u>\$625,000</u>

The interest rates at December 31, 2022 and 2021 were 1.86% and 0.81% to 1.43%, respectively.

(2) Long-term loans — December 31, 2022

	<u>Dec. 31, 2022</u>
Guaranteed Loans (Note XXIX)	\$400,000

The bank loans matured in August 2025 and the interest rate as of December 31,

2022, was 2.00%.

XVII BONDS PAYABLE

	<u>Dec. 31, 2021</u>
Domestic guaranteed convertible bonds	<u>\$288,393</u>

The company issued a 3-year domestic secured convertible bond of 300,000 thousand NTD at 101% of the face value on January 30, 2019. The face annual interest rate is 0%, with a net amount of 294,229 thousand NTD (deducting transaction costs of 8,771 thousand NTD). The maturity date is January 30, 2022, which has already been repaid. The convertible bond was secured by Taiwan Cooperative Bank.

Bondholders were allowed to convert the bonds into ordinary shares of the company from May 1, 2019, three months after the issue date, until the maturity date of January 30, 2022. The initial conversion price was set at 29.99 NTD per share. Due to cash capital increase and capital reduction to offset losses, the conversion price was adjusted to 80.41 NTD as of December 31, 2021.

This convertible bond includes liability and equity components. The equity component is expressed as capital reserve - share options under the equity item. The liability component's original effective interest rate was 1.42%. The option derivative instrument is measured at fair value through profit or loss.

Issue price (deducting transaction costs of 8,771 thousand NTD)	\$294,229
Equity component (deducting transaction costs of 226 thousand NTD allocated to equity)	(7,622)
Financial assets measured at fair value through profit or loss - redemption option	<u>873</u>
Liability component on the issuance date	287,480
Interest calculated at an effective interest rate of 1.42%	11,636
Convertible bonds payable converted into ordinary shares	(<u>10,723</u>)
Liability component as of December 31, 2021	<u>\$288,393</u>

XVIII. NOTES PAYABLE AND ACCOUNTS PAYABLE

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Notes payable		
Generated from operating activities	\$ 5,217	\$ 19,640
Accounts payable		
Generated from operating activities	3,533	9,755

The amount of construction retentions payable in accounts payable related to construction contracts was 878 thousand NTD and 2,583 thousand NTD as of December 31, 2022 and 2021, respectively. The construction retentions do not accrue interest and will be paid upon the end of the individual contract's retention period. This retention period is the company's normal operating cycle, which usually exceeds 1 year. For more information on construction contracts, please refer to Note 22.

XIX. OTHER PAYABLES

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Salaries, bonuses and unused vacation payables	\$ 2,601	\$ 2,784
Labor costs payable	1,321	1,805
Business tax payable	5,710	-
Others	<u>2,209</u>	<u>3,147</u>
	<u>\$ 11,841</u>	<u>\$ 7,736</u>

XX. PROVISION FOR LIABILITIES

	<u>2022</u>	<u>2021</u>
Beginning balance	\$ 2,348	\$ -
New for the year (reversed)	(2,095)	2,348
Ending balance	253	2,348
Less: Provision for liabilities - current	<u>-</u>	<u>-</u>
Provisions for liabilities - non-current	<u>\$ 253</u>	<u>\$ 2,348</u>

XXI. EQUITY

(1) Share Capital

Ordinary Shares

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Number of shares (1,000 shares)	<u>99,000</u>	<u>99,000</u>
Authorized share capital	<u>\$990,000</u>	<u>\$990,000</u>
Number of issued and fully paid shares (1,000 shares)	<u>24,988</u>	<u>24,988</u>
Share capital of issued shares	<u>\$249,881</u>	<u>\$249,881</u>

The issued ordinary shares have a par value of 10 NTD per share, with each share entitled to one voting right and the right to receive dividends.

To improve the financial structure, the company made a resolution at the

shareholders' general meeting on July 1, 2021 to reduce capital by 610,647 thousand NTD to offset losses, canceling 61,065 thousand shares of ordinary stock. The capital reduction ratio was 70.96%, and the base date for capital reduction was August 25, 2021. The change registration has been completed. As of December 31, 2022 and 2021, the total number of issued shares, including privately placed ordinary shares, was 14,353 thousand shares, and the public offering process has not yet been carried out. Information on past private placements of ordinary shares is as follows:

<u>Private Placement Date</u>	<u>Number of private placement (capital reduction) (in thousands of shares)</u>	<u>Private Placement Amount</u>
Jul. 20, 2012	5,000	\$ 40,000
Dec. 5, 2012	2,150	28,595
Sep. 30, 2013	5,000	75,500
Dec. 28, 2015	2,500	29,750
Mar. 31, 2017	2,223	20,007
Sep. 1, 2017	(7,445)	-
Dec. 4, 2020	40,000	226,400
Aug. 25, 2021	(35,075)	-
Total	<u>14,353</u>	<u>\$420,252</u>

(2) Additional paid-in capital

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Can be used to make up losses, to issue cash dividends or to add into share capital (Note)		
<u>Lapsed convertible bond warrants</u>	<u>\$ 7,340</u>	<u>\$ 7,340</u>

Note: This type of capital reserve can be used to offset losses, or it can be used to distribute cash or increase share capital when the company has no losses. However, when increasing share capital, it is limited to a certain ratio of the paid-in share capital each year.

(3) Retained Earnings and Dividend Policy

If the company has a profit in its annual financial statements, it shall pay taxes and dues according to the law, make up for accumulated losses, and then allocate 10% as statutory surplus reserves. The remaining amount shall be allocated or reversed as special surplus reserves according to legal regulations. If there is still a balance, it will be combined with accumulated undistributed earnings, and the

board of directors will propose a profit distribution plan to be submitted to the shareholders' meeting for resolution to distribute dividends to shareholders. For policies on the distribution of employee and director remuneration, please refer to Note 23(6) regarding employee remuneration and director remuneration.

In accordance with the company's articles of association, the distribution of earnings can be in the form of cash dividends or stock dividends. The distribution of earnings prioritizes cash dividends but may also be distributed as stock dividends, provided that the ratio of stock dividends does not exceed 50% of the total dividend amount. If the company has no distributable earnings for the current year or if the earnings are significantly lower than the actual distributed earnings of the previous year, or based on the company's financial, business, and operational factors, all or part of the surplus may be distributed according to laws, regulations, or the competent authority's provisions.

The company's 2021 and 2020s' loss allocation proposals were respectively approved by the shareholders' meetings held on June 8, 2022, and July 1, 2021. The loss allocation proposal for 2022 has been approved by the board of directors, and is pending the resolution of the shareholders' meeting expected to be held in June 2023.

(4) Other equity interest items

1. Exchange differences on translation

	<u>2022</u>	<u>2021</u>
Beginning balance	(\$ 12,306)	\$ 652
Generated in the fiscal year		
Foreign exchange differences of operating entities abroad.	6,555	(16,198)
Income tax on foreign operating entities	(1,311)	<u>3,240</u>
Ending balance	<u>(\$ 7,062)</u>	<u>(\$ 12,306)</u>

2. Financial assets measured at fair value through other comprehensive income
Unrealized gains or losses

	<u>2022</u>	<u>2021</u>
Beginning balance	(\$ 4,659)	\$ 2,755

Generated in the fiscal year		
Unrealized gain or loss	(1,359)	(7,557)
	2022	2021
Transfer of cumulative gain or loss on disposal of equity instruments to Retained earnings	-	143
Ending balance	<u>(\$ 6,018)</u>	<u>(\$ 4,659)</u>

3. Revaluation surplus on property

	2022	2021 (restated)
Beginning balance	\$556,397	\$ -
Revaluation surplus on property	-	578,200
Related Income Taxes	-	(21,803)
Ending balance	<u>\$556,397</u>	<u>\$556,397</u>

XXII. INCOME

	2022	2021
Revenue from customer contracts		
Merchandise sales revenue	\$ -	\$ 54,937
Engineering Revenue	81,242	78,430
Labor revenue	3,814	6,347
	85,056	139,714
Less: Operating income from discontinued operations	-	(54,937)
	<u>\$ 85,056</u>	<u>\$ 84,777</u>

(1) Contract balance

	Dec. 31, 2022	Dec. 31, 2021	Jan. 1, 2021
Notes receivable (Note X)	\$ -	\$ 20,092	\$ 8,914
Accounts receivable (Note X)	\$ 4,946	\$ 4,430	\$ 27,837
Contract assets			
Engineering Construction	\$ -	\$ 14,754	\$ -
Reservation receivable for works	-	3,345	-
	\$ -	\$ 18,099	\$ -
Contract liabilities			
Construction	\$ 71,141	\$ -	\$ -
Merchandising	\$ -	\$ -	\$ 1,088

The changes in contract assets and contract liabilities mainly result from the difference between the timing of fulfilling performance obligations and the timing of customer payments.

The contract asset credit risk management adopted by the company is the same as that of accounts receivable; please refer to Note 10.

(2) Breakdown of customer contract revenue

For a breakdown of revenues, please refer to Table 7 of the significant accounting items.

(3) Customer contracts not yet fully completed

As of December 31st of year 2022 and year 2021, the transaction prices allocated to the unfulfilled performance obligations of the consolidated company were 645,219 thousand and 29,723 thousand, respectively. It is expected to be completed by the end of 2026 and gradually recognize revenue.

XXIII. NET INCOME (LOSS) BEFORE INCOME TAX

(1) Other income

	<u>2022</u>	<u>2021</u>
Management Service Revenue	\$ 25,888	\$ 31,944
Rental income	26,236	5,851
Dividend income	2,009	228
Others	<u>2,561</u>	<u>2,210</u>
	56,694	40,233
Less: Other income from discontinued operations	(<u>275</u>)	(<u>2,588</u>)
	<u>\$ 56,419</u>	<u>\$ 37,645</u>

(2) Other interests and losses

	<u>2022</u>	<u>2021(restated)</u>
Gains and losses on financial liabilities at fair value through profit or loss	(\$ 12,975)	(\$ 11,750)
Gains or losses on financial assets at fair value through profit or loss	-	(7,836)
Net foreign currency translation gains and losses	12,830	(3,373)

	<u>2022</u>	<u>2021(restated)</u>
Gain or loss on disposal of property, plant and equipment	-	27,529
Gain or loss on disposal of equity-method investments (Note XII)	2,730	-
Fair value adjustment gain or loss on investment property (Note XII)	(14,670)	2,187
Other expenses	(<u>840</u>)	(<u>603</u>)
	(12,925)	6,154
Less: Other gains and losses attributable to the discontinued operations	<u>-</u>	(<u>3,321</u>)
	(<u>\$ 12,925</u>)	(<u>\$ 2,833</u>)

(3) Financial costs

	<u>2022</u>	<u>2021</u>
Interest on Borrowings	\$ 14,495	\$ 8,760
Interest on Convertible Bonds	507	4,069
Interest on Lease liabilities	56	45
Others	<u>71</u>	<u>9</u>
	15,129	12,883
Less: Finance costs attributable to discontinued operations	<u>-</u>	(<u>28</u>)
	<u>\$ 15,129</u>	<u>\$ 12,855</u>

(4) Depreciation and Amortization

	<u>2022</u>	<u>2021</u>
Property, plant and equipment	\$ 334	\$ 2,776
Right-of-use assets	1,371	2,669
Intangible assets	<u>120</u>	<u>99</u>
	1,825	5,544
Less: Depreciation and amortization of discontinued operations	<u>-</u>	(<u>1,210</u>)
	<u>\$ 1,825</u>	<u>\$ 4,334</u>

	<u>2022</u>	<u>2021</u>
Depreciation expense is summarized by function		
Operating expense	\$ 1,705	\$ 5,445
Less: Depreciation expense for discontinued operations	<u>-</u>	<u>(1,210)</u>
	<u>\$ 1,705</u>	<u>\$ 4,235</u>
Amortization expense is aggregated by function		
Operating expense	<u>\$ 120</u>	<u>\$ 99</u>

(5) Employee benefits expenses

	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 21,971	\$ 41,341
Benefits after retirement Defined contribution plan	<u>851</u>	<u>1,431</u>
	22,822	42,772
Less: Employee benefit expenses for discontinued operations	<u>-</u>	<u>(17,360)</u>
	<u>\$ 22,822</u>	<u>\$ 25,412</u>
Operating expense	\$ 22,822	\$ 42,772
Less: Employee benefit expenses for discontinued operations	<u>-</u>	<u>(17,360)</u>
	<u>\$ 22,822</u>	<u>\$ 25,412</u>

(6) Compensation to employees and compensation to directors

The company allocates employee compensation and director compensation based on the pre-tax profit of the current year, deducting employee and director compensation at no less than 1% and no more than 1%, respectively. However, when the company has accumulated losses, it should reserve an amount for compensation first and then allocate employee compensation and director compensation according to the aforementioned ratio.

For year 2022 and 2021, as there were still losses to be compensated, no employee compensation and director compensation were estimated.

If there are still changes in the amount after the release date of the annual standalone financial statements, they will be treated as accounting estimate changes and adjusted in the following year.

For 2021 and 2020, the board of directors resolved not to distribute employee compensation and director compensation.

For information on employee compensation and director compensation resolutions of the company's board of directors for 2022 and 2021, please visit TWSE MOPS.

(7) Foreign currency exchange gains (losses)

	<u>2022</u>	<u>2021</u>
Total foreign currency exchange gains	\$ 20,895	\$ 2,714
Total foreign currency exchange losses	(<u>8,065</u>)	(<u>6,087</u>)
Net foreign currency exchange gain or loss	12,830	(3,373)
Less: Foreign currency translation gains and losses attributable to discontinued operations	<u>-</u>	<u>20</u>
	<u>\$ 12,830</u>	<u>(\$ 3,353)</u>

XXIV. INCOME TAX

(1) Income tax recognized in profit or losses

Main components of income tax expenses recognized in profit or losses:

	<u>2022</u>	<u>2021(restated)</u>
Deferred income tax		
Currently Generated	(\$ 1,815)	\$ 9,078
Less: Income tax attributable to discontinued operations	<u>-</u>	(<u>9,985</u>)
Income tax benefit recognized in profit or loss	(<u>\$ 1,815</u>)	(<u>\$ 907</u>)

The reconciliation of accounting income to current income tax expense is as follows:

	<u>2022</u>	<u>2021</u>
Income (loss) before income taxes for	<u>\$ 1,902</u>	(<u>\$ 18,270</u>)

	<u>2022</u>	<u>2021</u>
continuing and discontinued operations		
Income tax expense (benefit) at statutory tax rate on net income (loss) before income tax	\$ 380	(\$ 3,654)
Non-deductible expenses and deductible income for tax purposes	4,276	(1,127)
Unrecognized deductible temporary differences	2,894	3,319
Unrecognized (recognizable) loss carryforward	(<u>9,365</u>)	<u>10,540</u>
	(1,815)	9,078
Less: Income tax attributable to discontinued operations	<u>-</u>	(<u>9,985</u>)
Income tax benefit recognized in profit or loss	(<u>\$ 1,815</u>)	(<u>\$ 907</u>)

(2) Income tax recognized in other comprehensive income

	<u>2022</u>	<u>2021(restated)</u>
Deferred income tax		
Currently Generated		
Revaluation surplus on property	\$ -	(\$ 21,803)
Translation of financial statements of foreign operating companies	(<u>1,311</u>)	<u>3,240</u>
	(<u>\$ 1,311</u>)	(<u>\$ 18,563</u>)

(3) Current income tax assets

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Current income tax assets		
Tax refund receivable	<u>\$ 190</u>	<u>\$ 73</u>

(4) Deferred income tax assets and liabilities

The changes in the Company's deferred income tax assets and liabilities are as follows:

2022

	Beginning balance	Recognized in profit or losses	Recognized in other comprehen sive income	Ending balance
<u>Deferred tax assets</u>				
<u>Temporary differences</u>				
Unrealized exchange loss	\$ 681	(\$ 681)	\$ -	\$ -
Unrealized gains on subsidiaries	176	(19)	-	157
Retained liabilities	470	(419)	-	51
Unrealized valuation loss on investment property	-	2,934	-	2,934
Translation of financial statements of foreign operating companies	<u>3,077</u>	<u>-</u>	<u>(1,311)</u>	<u>1,766</u>
	<u>\$ 4,404</u>	<u>\$ 1,815</u>	<u>(\$ 1,311)</u>	<u>\$ 4,908</u>
<u>Deferred income tax liabilities</u>				
<u>Temporary differences</u>				
Provision for land appreciation tax	<u>\$ 33,899</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,899</u>

2021

	Beginning balance	Recognized in profit or losses	Recognized in other comprehen sive income	Ending balance(res tated)
<u>Deferred tax assets</u>				
<u>Temporary differences</u>				
Loss on decline in value of inventories	\$ 9,122	(\$ 9,122)	\$ -	\$ -
Allowance for doubtful accounts	844	(844)	-	-
Unrealized exchange loss	244	437	-	681

	Beginning balance	Recognized in profit or losses	Recognized in other comprehen sive income	Ending balance(res tated)
Unrealized gain on subsidiaries	195	(19)	-	176
Warranty liabilities	-	470	-	470
Translation of financial statements of foreign operating entities	(163)	-	3,240	3,077
	<u>\$ 10,242</u>	<u>(\$ 9,078)</u>	<u>\$ 3,240</u>	<u>\$ 4,404</u>
Deferred income tax liabilities				
Temporary differences				
Provision for land appreciation tax	<u>\$ 12,096</u>	<u>\$ 21,803</u>	<u>\$ -</u>	<u>\$ 33,899</u>

- (5) Temporary differences that are deductible for deferred income tax assets and unused tax losses that have not been recognized in the standalone balance sheet

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Deductible (recognizable) temporary differences		
Share of profit (loss) of subsidiaries accounted for using the equity method	\$ 81,960	\$ 98,311
Leave payables	-	11
Impairment loss on assets	-	20,961
	<u>\$ 81,960</u>	<u>\$ 119,283</u>
Tax loss carryforwards:		
Expires in 2022	\$ -	\$ 12,711
Expires in 2023	3,683	3,683
Expires in 2024	8,460	8,460
Expires in 2025	13,575	13,575
Expires in 2026	46,186	46,186
Expires in 2027	7,936	7,936
Expires in 2028	9,083	9,083
Expires in 2029	14,115	14,115
Expires in 2030	30,816	30,816
Expires in 2031	10,952	11,173
	<u>\$ 144,806</u>	<u>\$ 157,738</u>

- (6) Income tax assessment status

The company's profit-seeking enterprise income tax declaration cases have been assessed by the tax collection authorities up to the fiscal year 2020, with no significant differences between the assessment results and the declared amounts.

XXV. EARNINGS (LOSS) PER SHARE

The net profit (loss) for the current year and the weighted average number of common shares used to calculate the earnings (loss) per share of the continuing operating unit are as follows:

Net income in the fiscal year (loss)

	<u>2022</u>	<u>2021(restated)</u>
Net income (loss)	\$ 3,717	(\$ 27,348)
Less: Net income (loss) of discontinued operations used to calculate basic earnings (loss) per share of discontinued operations	<u>434</u>	<u>(21,791)</u>
Net income (loss) for the purpose of basic and diluted earnings (loss) per share of continuing business units	<u>\$ 3,283</u>	<u>(\$ 5,557)</u>

Number of shares

	Unit: Thousands of shares	
	<u>2022</u>	<u>2021</u>
Weighted-average number of common shares for basic and diluted earnings (loss) per share calculations	<u>24,988</u>	<u>24,988</u>

If the company's outstanding convertible bonds are converted, as there was a net loss after tax for the fiscal year 2021, they have an anti-dilutive effect and are therefore not included in the calculation of diluted earnings (loss) per share.

XXVI. CAPITAL RISK MANAGEMENT

The company conducts capital management to ensure that, under the premise of continuing operations, the debt and equity amounts are optimized to maximize shareholder equity.

The company's main management level reviews the capital structure periodically according to the economic environment and business considerations. Based on the recommendations of the main management level and in compliance with legal provisions,

the company will balance its overall capital structure through capital market financing and bank financing, among other methods.

XXVII. FINANCIAL INSTRUMENTS

(1) Fair value of financial instruments that are not measured at fair value

The company's management believes that the carrying amounts of financial assets and financial liabilities, excluding the payable corporate bonds measured at fair value, are close to their fair values.

Dec. 31, 2021

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds	<u>\$ 288,393</u>	<u>\$ -</u>	<u>\$ 288,813</u>	<u>\$ -</u>	<u>\$ 288,813</u>

The aforementioned Level 2 fair value measurement is determined based on a binomial tree convertible bond valuation model.

(2) Fair value of financial instruments that are measured at fair value on a recurring basis

1. Fair value hierarchy

Dec. 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets</u> <u>measured at FVTOCI</u>				
Investments in equity instruments				
Domestic Listed (Over-the- Counter)				
Stocks	<u>\$ 31,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,500</u>
<u>Financial liabilities</u> <u>measured at FVTPL</u>				
Contingent consideration (Note XII)	<u>\$ -</u>	<u>\$ -</u>	<u>\$232,725</u>	<u>\$232,725</u>

Dec. 31, 2021

	Level 1	Level 2	Level 3	Total
--	---------	---------	---------	-------

Financial liabilities measured at FVTPL				
Contingent consideration (Note XII)	\$ _____	\$ _____	\$219,750	\$219,750

There are no transfers between Level 1 and Level 2 fair value measurements in fiscal 2022 and 2021.

2. Reconciliation of Level 3 fair value measurements of financial instruments

The only financial liability measured at Level 3 fair value for subsequent measurement by the company is the contingent consideration related to the acquisition of the Shang Ting Co.. The valuation losses related to the contingent consideration recognized in 2022 and 2021 were 12,975 thousand and 11,750 thousand, respectively.

3. Level 2 and 3 Fair Value Measurement Techniques and Inputs

<u>Financial instruments</u>	<u>Evaluation techniques and input values</u>
Derivative instruments - Convertible bond redemption option	Binomial tree convertible bond valuation model: The fair value is assessed based on observable stock prices, risk-free interest rates, and risk discount rates at the end of the period.
Contingent consideration contract	The fair value is assessed by discounting according to the agreement terms and data on payment risk interest rates and credit risk discount rates.

(3) Types of financial instruments

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
<u>Financial assets</u>		
Financial assets measured at FVTOCI		
Investments in equity instruments	\$ 31,500	\$ -
Financial assets measured at amortized cost (Note 1)	309,083	481,029
<u>Financial liability</u>		
Financial liabilities measured at FVTPL	232,725	219,750
Measured at amortized cost (Note 2)	1,053,479	1,245,858

Note 1: The balance includes financial assets measured at amortized cost, such as cash, notes receivable, accounts receivable, other receivables, and other financial assets.

Note 2: The balance includes financial liabilities measured at amortized cost, such as short-term borrowings, notes payable, accounts payable, other payables (including related parties), corporate bonds payable, and deposit guarantees, but does not include the amount of short-term employee benefits payable.

(4) Financial Risk Management Objectives and Policies

The main financial instruments of the company include accounts receivable, accounts payable, lease liabilities, and borrowings. The company's financial management department supervises and manages the financial risks related to the company's operations through internal risk reporting that analyzes the extent and degree of exposure to risks. These risks include market risks (including exchange rate risk, interest rate risk, and other price risks), credit risks, and liquidity risks.

1. Market Risk

The main market risks borne by the company's operating activities are foreign currency exchange rate risk and interest rate risk.

There has been no change in the company's exposure to market risks related to financial instruments and the ways in which it manages and measures such exposures.

(1) Exchange Rate Risk

On the balance sheet date, the carrying amount of monetary assets denominated in non-functional currencies, please refer to Note 31.

Sensitivity Analysis

The company is mainly affected by fluctuations in the US dollar exchange rate.

The table below illustrates the sensitivity analysis of the company when the exchange rate of the New Taiwan Dollar (functional currency) against the US dollar increases or decreases by 1%.

The sensitivity analysis includes foreign currency monetary items circulating on each balance sheet date, and the positive numbers in the table indicate that when the functional currency appreciates/depreciates against the US dollar by 1%, it will increase/decrease the pre-tax net profit (loss) amount.

	USD Impact	
	2022	2021
Gain and loss	\$ -	(\$ 1,150)

(2) Interest rate risk

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2020</u>
Fair value interest rate risk		
Financial liability	\$ 14,562	\$288,646
Cash flow rate risk		
Financial assets	289,860	449,223
Financial liability	817,900	625,000

Sensitivity Analysis

For floating-rate assets and liabilities, the company uses a variation rate of 100 basis points when reporting interest rate risk to the main management level. If the interest rate on the balance sheet date increases/decreases by 100 basis points (1%), with all other variables remaining unchanged, the company's pre-tax net profit (loss) for 2022 and 2021 will increase/decrease by approximately 5,280 thousand and 1,800 thousand New Taiwan dollars, respectively. The main reason is the company's floating-rate bank borrowings and deposits.

(3) Other Price Risks

The company is exposed to equity price risk due to investments in listed equity securities. The company's management mitigates risk by holding different risk portfolios.

Sensitivity Analysis

The following sensitivity analysis is based on the equity price exposure on the balance sheet date.

If equity prices rise/fall by 5%, the other comprehensive income for 2022 will increase/decrease by 1,575 thousand dollars due to the

increase/decrease in the fair value of financial assets measured at fair value through other comprehensive income.

2. Credit Risk

Financial assets are potentially affected by the company's counterparties or other parties not fulfilling their contractual obligations, including the concentration of credit risk, the composition of elements, and the contract amount of the financial instruments the company engages in. The credit risk of the company's financial assets is assessed based on the contracts with a positive fair value on the balance sheet date. The credit risk amount of the financial assets held by the company is approximately equal to the carrying value.

The credit risk of the company's public construction projects is mainly concentrated in government agencies, and the expected credit risk is not significant.

3. Liquidity Risk

As of December 31, 2022, the company has utilized a short-term bank financing limit of 817,900 thousand New Taiwan dollars, and the unused limit is 170,000 thousand dollars.

The table below illustrates the remaining contractual maturity analysis of the company's non-derivative financial liabilities with agreed repayment periods, based on the earliest possible date the company may be required to repay, and compiled using the undiscounted cash flows of financial liabilities, including cash flows of interest and principal.

Dec. 31, 2022

	Request pay-as- you-go or Less than 1 month	1-3 months	3 months to 1 year	1-5 years
<u>Non-derivative financial liability</u>				
No interest-bearing liabilities	<u>\$ 59,903</u>	<u>\$171,427</u>	<u>\$ 2,286</u>	<u>\$237,289</u>
Variable rate liabilities	<u>\$ 1,315</u>	<u>\$ 2,632</u>	<u>\$425,855</u>	<u>\$413,370</u>
Lease liabilities	<u>\$ 294</u>	<u>\$ 590</u>	<u>\$ 2,654</u>	<u>\$ 11,386</u>

Dec. 31, 2021

	Request pay-as- you-go or Less than 1 month	1-3 months	3 months to 1 year	1-5 years
<u>Non-derivative financial liability</u>				
No interest-bearing liabilities	<u>\$ 11,909</u>	<u>\$ 10,313</u>	<u>\$ 12,125</u>	<u>\$450,257</u>
Fixed-rate liabilities	<u>\$369,486</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Variable rate liabilities	\$ 325	\$101,917	\$527,547	\$ -
Lease liabilities	\$ 126	\$ 127	\$ -	\$ -

The company's management has implemented measures to improve finances and reduce losses. On July 1, 2021, the shareholders' general meeting approved a resolution to offset losses of 610,647 thousand New Taiwan dollars through capital reduction. The capital reduction base date was August 25, 2021, and the change registration was completed. In addition to leasing out the Taoyuan factory site and receiving financial support from shareholders, the company is still actively promoting the following operations:

(1) Financial

- A. Continuously negotiate and increase credit limits with financial institutions to meet the needs of new business operations.
- B. Extend the repayment of investment funds until December, 2023, reducing the pressure on fund repayment.

(2) Operational

- A. Actively expand construction projects and wholesale building materials business, and control costs to generate group profits.
- B. Actively dispose of the Taoyuan factory site and Thailand subsidiary's property to increase the group's operating funds.
- C. Integrate group resources and simplify organizational structure through mergers, capital reductions, and sales of subsidiaries, to reduce group operating costs.

XXVIII. TRANSACTION WITH RELATED PARTIES

In addition to the aforementioned notes and tables, the transactions between the company and related parties are as follows.

(1) Name of related party and its Relationships

<u>Name of related party</u>	<u>Relationship with the Company</u>
Triocean Energy Co., Ltd.	Subsidiary (Not a related party since May 2022)
Zhou Ting Property Co., Ltd.	Subsidiary
SHANG TING Construction Co.	Subsidiary
Lien Chuang Co.	Substantial related parties
Hung Hung-Chang	Substantial related parties
Chiang Yu-Lien	Substantial related parties
Jia Jie Biomedical Co., Ltd.	Substantial related parties

(2) Operating revenue and Operating costs

Accounting item	Type of related party/name	2022	2021
Net service revenue	Shang Ting Co.	<u>\$ 3,814</u>	<u>\$ 6,347</u>

Construction Contracting

1. 2022

Name of related party	Total contract price	Project revenue recognized for the year	Accumulated revenue from recognized projects	Pre-receipt of project payments
Shang Ting Co.	\$ 501,191	\$ 43,736	\$ 109,042	\$ 178,751
Lien Chuang Co.	<u>52,062</u>	<u>37,506</u>	<u>50,630</u>	<u>52,062</u>
	<u>\$ 553,253</u>	<u>\$ 81,242</u>	<u>\$ 159,672</u>	<u>\$ 230,813</u>

2. 2021

Name of related party	Total contract price	Project revenue recognized for the year	Accumulated revenue from recognized projects	Pre-receipt of project payments
Shang Ting Co.	\$ 67,857	\$ 65,306	\$ 65,306	\$ 63,676
Lien Chuang Co.	<u>40,296</u>	<u>13,124</u>	<u>13,124</u>	<u>-</u>
	<u>\$ 108,153</u>	<u>\$ 78,430</u>	<u>\$ 78,430</u>	<u>\$ 63,676</u>

Subsidiaries purchase raw materials and subcontract projects through the parent company. As there are no other similar transactions for comparison, the project payments are settled monthly within 30-60 days.

The total contract price of the engineering contract with a related party is negotiated by both parties and billed according to the construction progress of the project. The payment conditions are equivalent to those of unrelated parties.

(3) Contract assets and liabilities

Accounting item	Name of related party	Dec. 31, 2022	Dec. 31, 2021
Contract assets	Lien Chuang Co.	\$ -	\$ 13,124
	Shang Ting Co.	<u>-</u>	<u>4,975</u>
	Total	<u>\$ -</u>	<u>\$ 18,099</u>
Contract liabilities -	Shang Ting Co.	\$ 69,709	\$ -
	Lien Chuang Co.	<u>1,432</u>	<u>-</u>
	Total	<u>\$ 71,141</u>	<u>\$ -</u>

No allowance for impairment was recognized for contract assets arising from related party transactions in the 2021 fiscal year.

(4) Receivables from related parties

<u>Accounting item</u>	<u>Name of related party</u>	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Notes receivable	Shang Ting Co.	<u>\$ -</u>	<u>\$ 20,092</u>
Accounts receivable	Shang Ting Co.	<u>\$ 4,946</u>	<u>\$ 4,412</u>
Other receivables	Shang Ting Co.	<u>\$ 2,374</u>	<u>\$ 4,541</u>

No guarantees were obtained for the outstanding receivables from related parties. No bad debt provisions were made for receivables from related parties for 2022 and 2021.

(5) Amounts due to related parties

<u>Accounting item</u>	<u>Name of related party</u>	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Other payables	Hung Hung-Chang	\$ 255,450	\$ 255,450
	Chiang Yu-Lien	<u>190,300</u>	<u>190,300</u>
		445,750	445,750
Included in other payables		(213,025)	(213,025)
Less: Valuation adjustments		<u>-</u>	<u>(12,975)</u>
Included in financial liabilities at fair value through profit or loss - non-current		<u>\$ 232,725</u>	<u>\$ 219,750</u>

Other payables to related parties mainly include payables for the acquisition of subsidiary shares by related parties. This includes contingent consideration recognized at fair value as of the acquisition date, which is recorded as non-current financial liabilities measured at fair value through profit or loss.

For more detailed information on the aforementioned other payables and contingent consideration agreements, please refer to Note 12.

(6) Borrowing from related parties

In 2021, the company borrowed 80,000 thousand dollars from its subsidiary with an annual interest rate of 0.8%. The interest expense was 586 thousand TWD. As of December 31, 2021, the outstanding balance was 80,586 thousand dollars, which was repaid upon maturity in January, 2022.

(7) Other income - 2021 only

<u>Accounting item</u>	<u>Type of related party</u>	<u>2021</u>
Rental income	Subsidiary	<u>\$ 6</u>

The rent mentioned above is negotiated with reference to market conditions and is collected on a monthly basis.

(8) Tenancy Agreement — On Dec.31, 2022

<u>Accounting item</u>	<u>Type of related party/name</u>	<u>Dec. 31, 2022</u>
Right-of-use assets	Substantial related parties Lien Chuang Co.	<u>\$ 13,622</u>
Lease liabilities — current	Substantial related parties Lien Chuang Co.	\$ 2,866
Lease liabilities — non-current	Substantial related parties Lien Chuang Co.	<u>10,780</u> <u>\$ 13,646</u>

<u>Accounting item</u>	<u>Type of related party/name</u>	<u>2022</u>
Interest on lease liabilities	Substantial related parties Lien Chuang Co.	<u>\$ 51</u>

<u>Accounting item</u>	<u>Type of related party/name</u>	<u>Dec. 31, 2022</u>
Guaranteed deposits on deposit (included in other financial assets - non-current)	Substantial related parties Lien Chuang Co.	<u>\$ 500</u>

In September, 2022, the company leased the Lien Chuang Building from a substantial related party, Lien Chuang Co., for office use. The rent is based on the rental level of similar assets and is paid monthly according to the lease agreement as a fixed lease payment.

(9) Endorsement guarantee

As of December 31, 2022 and 2021, Chairman Chen Qi-Yu and substantial related party Hung Hung-Chang provided endorsement guarantees for the

company's borrowings.

(10) Other related party transactions

Accounting item	Type of related party/name	2022	2021
Managed Services Revenue	Shang Ting Co.	<u>\$ 25,888</u>	<u>\$ 31,944</u>
Other Expenses	Substantial related parties Subsidiary	\$ 26	\$ -
		<u>103</u>	<u>-</u>
		<u>\$ 129</u>	<u>\$ -</u>

The above-mentioned service income is calculated based on the actual management service costs incurred by the company, with a markup, and is collected monthly.

(11) Major Management Compensation

	2022	2021
Salaries, bonuses, special expenses and bonuses	<u>\$ 7,801</u>	<u>\$ 10,971</u>

The remuneration of directors and other key management personnel is determined by the Remuneration Committee based on individual performance and market trends.

XXIX. Pledged assets

The following assets of the company have been provided to banks as collateral for financing and tender deposits for projects:

	Dec. 31, 2022	Dec. 31, 2021 (restated)
Other financial assets	\$ 270,061	\$ 374,813
Investment real estate	<u>721,010</u>	<u>730,880</u>
	<u>\$ 991,071</u>	<u>\$ 1,105,693</u>

XXX. Significant contingent liabilities and unrecognized contractual commitments

In addition to the other notes described, the company's significant commitments and contingencies as of the balance sheet date are as follows:

As of December 31, 2022, the bank provided performance guarantees amounting to 13,211 thousand dollars due to contracted projects.

XXXI. INFORMATION ON FOREIGN CURRENCY ASSETS WITH SIGNIFICANT EFFECT – DECEMBER 31, 2021

The information below is expressed in a foreign currency other than the company's functional currency, and the disclosed exchange rate refers to the exchange rate at which the foreign currency is converted into the functional currency. Significant foreign currency assets are as follows:

<u>Dec. 31, 2021</u>	<u>Foreign currency</u>	<u>Exchange Rate</u>	<u>Carrying amount</u>
Foreign currency assets			
Monetary items			
USD	\$ 4,154	27.69 (USD:NTD)	<u>\$ 115,024</u>

For the company's significant realized and unrealized foreign currency exchange gains and losses, please refer to Note 23(7) on foreign currency exchange (loss) gains.

XXXII. SEPARATELY DISCLOSED ITEMS

(1) Information about significant transactions and (2) information on investees

1. Financing provided to others: Table 1.
2. Endorsements/guarantees provided: Table 2.
3. Marketable securities held: Table 3.
4. Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: Table 4.
5. Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
6. Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
7. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5.
8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
9. Trading in derivative instruments: None.
10. Information on investees: Table 6.

(3) Information on investments in mainland China

1. Mainland investment company name, main business items, paid-in capital, investment methods, capital remittance and inflow status, shareholding ratio, investment gains and losses, ending investment book value, repatriated investment gains and losses, and investment quota for the mainland region: Table 7.

2. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None.
 - (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - (3) The amount of property transactions and the amount of the resultant gains or losses.
 - (4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - (5) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds.
 - (6) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.
- (4) Information of major shareholders: The name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder of shareholders with ownership of 5% or greater: Table 8.

TRIOCEAN INDUSTRIAL CORPORATION CO., LTD. AND SUBSIDIARIES
FINANCING PROVIDED TO OTHERS
FROM JAN. 1 TO DEC. 31, 2022

TABLE 1

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Code (Note 1)	Lending Company	Borrower	Accounting Title	Related Party	Maximum balance during the period (Note 2)	Ending balance	Actual expenditure	Interest rate range	Nature of funds lent	Transaction amount	Reason for short-term funding requirement	Provision for bad debt	Collateral		Lending limit for individual borrower	Total lending limit	Remark
													Name	Value			
1	SHANG TING Construction Co.	Triocean Industrial Corporation Co., Ltd.	Other receivables -Related party	Y	\$ 80,000	\$ -	\$ -	-	Short-term financing	\$ -	Business turnover	\$ -	-	\$ -	\$ 211,525	\$ 211,525	
2	SHANG TING Construction Co.	Tri Ocean Textile (Thailand) Co., Ltd	Other receivables -Related party	Y	8,941	8,941	2,672	4	Short-term financing	-	Business turnover	-	-	-	211,525	211,525	

Note 1: The amount of loan from subsidiaries to individual funds is limited to 40% of the net worth of the company to which the funds are loaned.

Note 2: The total amount of funds loaned by the Company and its subsidiaries to others shall not exceed 40% of the net worth of the company from which the funds were loaned.

TRIOCEAN INDUSTRIAL CORPORATION CO., LTD. AND SUBSIDIARIES
 ENDORSEMENTS/GUARANTEES PROVIDED
 FROM JAN. 1 TO DEC. 31, 2022

TABLE 2

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Number	Endorser	Endorsee		Endorsement and guarantee limit for a single company (Note 1)	Maximum balance for the period	Ending balance	Actual expenditure	Endorsement and guarantee amount by assets	Ratio of cumulative endorsement/guarantee amount to net worth as stated in the latest financial statements (%)	Maximum limit of endorsement and guarantee (Note 2)	Endorsement and guarantee from parent to subsidiary	Endorsement and guarantee from subsidiary to parent	Endorsement and guarantee for Mainland China	Remark
		Company name	Relationship											
0	Triocean Industrial Corporation Co., Ltd.	SHANG TING Construction Co.	Subsidiaries of the Company	\$ 1,165,146	\$ 13,275	\$ -	\$ -	\$ -	-	\$ 1,553,528	Y	N	N	

Note 1: The total endorsement guarantee limit for the Company and its subsidiaries for a single enterprise shall not exceed 50% of the Company's net worth. However, the Company's endorsement guarantee limit for subsidiaries with more than 50% shareholding is not subject to the aforementioned ratio, but the maximum shall not exceed 1.5 times the net worth; the total cumulative endorsement guarantee amount for the Company and its subsidiaries for a single enterprise shall not exceed 1.5 times the Company's net worth.

Note 2: The total cumulative endorsement guarantee amount that the Company and its subsidiaries can provide to external parties shall not exceed 2 times the Company's net worth.

TRIOCEAN INDUSTRIAL CORPORATION CO., LTD. AND SUBSIDIARIES
MARKETABLE SECURITIES HELD

Dec. 31, 2022

TABLE 3

Unit: NT\$1,000

Holding Company	Type and Name of Marketable Securities	and marketable securities issuers of Relationships	Financial statement account	End of term				Remark
				Number of shares	Carrying amount	Shareholding %	Fair Value (Note 1)	
Triocean Industrial Corporation Co., Ltd.	Stock DACOME INTERNATIONAL LTD.	None	Financial assets measured at fair value through other comprehensive income - non-current	1,182,000	\$ 31,500	3.52	\$ 31,500	note 2

Note 1: The market price is based on the closing price as of December 31, 111 (possibly referring to 2022) for listed (OTC) companies.

Note 2: This refers to the acquisition of the subsidiary Sanlong Investment Co., which uses the equity method, through a simplified merger.

TRIOCEAN INDUSTRIAL CORPORATION CO., LTD. AND SUBSIDIARIES
MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FROM JAN. 1 TO DEC. 31, 2022

TABLE 4

Unit: Unless otherwise specified, the unit is in thousands of New Taiwan Dollars.

Holding Company	Marketable Securities Type/Name and Issuer	Financial statement account	Counterparty	Relationship	Opening balance		Purchases		Sales			Closing balance (note 1)		
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Carrying cost	Gain (loss) on disposal	Number of shares	Amount
Triocean Industrial Corporation Co., Ltd.	Common stock SHANG TING Construction Co.	Investment accounted for using the equity method	note 2	Subsidiary	35,000,000	\$ 862,252	15,000,000	\$ 150,000	-	\$ -	\$ -	\$ -	50,000,000	\$ 965,598

Note 1: The investment amount under the equity method includes investment gains and losses recognized under the equity method and related adjustments to equity method investments.

Note 2: Refers to the handling of cash capital increases.

TRIOCEAN INDUSTRIAL CORPORATION CO., LTD. AND SUBSIDIARIES
TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FROM JAN. 1 TO DEC. 31, 2022

TABLE 5

Unit: Unless otherwise specified, the unit is in thousands of New Taiwan Dollars.

Import (Sales) of the company	Transaction counterparty	Relationships	Transaction Scenario				Terms of Transaction is different from the general transaction and the reasons why		Receivable (paid) bills and accounts		Remark
			Import (Sales)	Amount	Percentage of total import (sales)	Credit Period	unit price	Credit Period	Balance	Percentage of total receivables (paid) Bills and Accounts % of the ratio	
SHANG TING Construction Co.	The Company	Parent Company	Operating Costs	\$101,044	9	30~60 days	Note 1	-	(\$ 4,946)	(3)	Note 2

Note 1: SHANG TING Co. procures raw materials and subcontracts engineering projects through our company. As there are no other similar transactions, it is impossible to compare. Some of the company's revenue is recorded as net amount.

Note 2: Excluded are receivables (pGGayables) generated from non-sales and non-purchases.

TRIOCEAN INDUSTRIAL CORPORATION CO., LTD. AND SUBSIDIARIES
 INFORMATION ON INVESTEES
 FROM JAN. 1 TO DEC. 31, 2022

TABLE 6

Unit: NT\$1,000

Name of the Investment Company	Name of the Investee Company	Location	Main businesses	Original investment amount		Shares held as of the end of the period			Investee companies (Loss) benefit for the period	Recognized in this issue Investment (loss) gain	Remark
				End of this year	Late last year(restated)	Number of shares	Ratio %	Carrying amount			
Triocean Industrial Corporation Co., Ltd.	Sanlong Investment Co.	Kaohsiung City	General Investment	\$ -	\$ 65,959	-	-	\$ -	(\$ 30)	(\$ 30)	note 1
	Tri Ocean Textile (Thailand) Co., Ltd.	Thailand	Manufacture, processing and trading of textile products	390,478	390,478	9,372,500	100.00	92,637	(14,898)	(14,898)	
	Zhou Ting Property Co., Ltd.	Kaohsiung City	Wholesale and sale of building materials	56,200	56,200	5,620,000	100.00	26,140	(366)	(366)	
	Shanghai Lifestyle Enterprise Inc.	China	Furniture trading	112,088	124,237	2,528,000	100.00	2,392	369	369	
	SHANG TING Construction Co.	Pingtung County	Integrated manufacturing	1,001,025	851,025	50,000,000	100.00	965,598	13,964	(12,307)	note 2
	TRIOCEAN ENERGY CO., LTD.	Kaohsiung City	Manufacture of power generation, transmission and distribution machinery	-	5,000	-	-	-	(540)	(540)	note 3

Note 1: Our company and Sanlong Investment Co. have set May 1, 2022 as the merger base date and carried out a simplified merger. After the merger, our company is the surviving company, and Sanlong Investment Co. is the dissolved company. Its assets and liabilities are generally assumed by our company.

Note 2: The recognized investment gains and losses this period include the elimination of unrealized gains and losses and the amortization of the difference between investment costs and the net value of equity.

Note 3: The company resolved to dispose of the 100% stake in the subsidiary TRIOCEAN ENERGY CO., LTD. on April 22, 2022 through the board of directors' resolution and completed the transaction and transfer of control on April 29, 2022.

TRIOCEAN INDUSTRIAL CORPORATION CO., LTD. AND SUBSIDIARIES
INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FROM JAN. 1 TO DEC. 31, 2022

TABLE 7

Unit: Unless otherwise specified, the unit is in thousands of New Taiwan Dollars

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Profit (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Profit or Loss Recognized (Note 2)	Carrying Amount as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022	Remark
					Outward	Inward(note 4)							
Shanghai Lifestyle Enterprise Inc.	Buying and selling of furniture	\$ 124,237	note 1	\$ 124,237	\$ -	(\$ 12,149)	\$ 112,088	\$ 369	100.00	\$ 369	\$ 2,392	\$ -	

Name of the Investment Company	Accumulated Investments in Mainland China as of December 31, 2022	Investment Amount Authorized by the Investment Committee, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Committee, MOEA(Note 3)
Shanghai Lifestyle Enterprise Inc.	\$ 112,088	\$ 112,088	\$ 466,059

Note 1: Directly invest in the Mainland China region.

Note 2: The financial statements are recognized based on the audit performed by the certified public accountant of the Taiwan parent company.

Note 3: The quota is calculated as 776,764 thousand x 60% = 466,059 thousand.

Note 4: The capital reduction and repatriation to the parent company have already been filed with the Investment Commission on March 14, 2022.

TRIOCEAN INDUSTRIAL CORPORATION CO., LTD. AND SUBSIDIARIES
INFORMATION OF MAJOR SHAREHOLDERS
DEC. 31, 2022

TABLE 8

Name of Major Shareholder	Shares	
	Number of shares held	Shareholding ratio
SHUN MEI INDUSTRY Co.	11,324,859	45.32
Dai Wan Shiung Ching Co., Ltd.	2,087,657	8.35

Note: The information on major shareholders in this table is based on the last business day of the quarter in which the shareholders held 5% or more of the Company's common shares and preferred shares that have been delivered without physical registration (including treasury shares). The number of shares recorded in the consolidated financial statements and the actual number of shares delivered without physical registration may differ from the

basis of computation.

§ ACCOUNTING DETAILS §

<u>ITEM</u>	<u>NO./INDEX</u>
Statements of assets, liabilities, and equity items	
Statement of cash	Table 1
Statement of accounts receivables	Note 28
Statement of other financial assets	Note 9
Statement of changes in investments accounted for using the equity method	Table 2
Statement of changes in accumulated impairment of property, plant and equipment	Note 13
Statement of changes in right-of-use assets	Note 14
Statement of changes in investment property	Note 15
Statement of deferred tax assets	Note 24
Statement of short-term borrowings	Table 3
Statement of notes payable	Table 5
Statement of trade payables	Table 6
Statement of other payables	Note 19
Statement of bonds payable	Note 17
Statement of changes in financial liabilities at fair value through profit or loss	Note 7
Statement of long-term borrowings	Table 4
Statement of provisions - non-current	Note 20
Statement of deferred tax liabilities	Note 24
Statements of profit or loss items	
Statement of operating revenue and costs	Table 7
Statement of selling expenses	Table 8
Statement of the net amount of other revenues and gains and expenses and losses	Note 23
Statement of finance costs	Note 23
Summary statement of current period employee benefits, depreciation and amortization expenses by function	Table 9

Triocean Industrial Corporation Co., Ltd.
Statement of cash
Dec. 31, 2022

TABLE 1

Unit: NT\$1,000

Item	Description	Amount
Cash	Cash and Petty Cash	<u>\$ 676</u>
Bank Deposits		
Demand and Checking Deposits		29,540
Foreign Currency Deposits(Note)	US \$266 and RMB\$ 259	<u>9</u>
		<u>29,549</u>
		<u>\$ 30,225</u>

Note: The exchange rates for USD and CNY are USD1 = \$30.71 and CNY1 = \$4.408, respectively.

Triocean Industrial Corporation Co., Ltd.
Statement of changes in investments accounted for using the equity method
2022

TABLE 2

Units: In thousands of New Taiwan dollars, except as otherwise indicated

Name	Balance at the beginning of the year		Increase(note 1)		Decrease(Note 2)		Reclassification (Note 3)	Ending balance			Market Value or Net Equity		Provision of guarantee or pledge
	Shares	Amount	Shares	Amount	Shares	Amount	Amount	Shares	%	Amount	Unit (dollars)	Total	
Sanlong Investment Co.	6,600,000	\$ 37,534	-	\$ -	(6,600,000)	(\$ 37,534)	\$ -	-	-	\$ -	\$ -	\$ -	None
Tri Ocean Textile (Thailand) Co., Ltd.	9,372,500	100,900	-	-	-	(8,263)	-	9,372,500	100	92,637	9.88	92,637	None
Zhou Ting Property Co., Ltd.	5,620,000	26,505	-	-	-	(365)	(26,140)	5,620,000	100	-	-	-	None
Shanghai Lifestyle Enterprise Inc.	2,808,000	14,158	-	-	(280,000)	(11,766)	(2,392)	2,528,000	100	-	-	-	None
SHANG TING Construction Co.	35,000,000	862,252	15,000,000	150,000	-	(46,654)	-	50,000,000	100	965,598	10.58	528,811	None
(Triocean Energy Co., Ltd.	500,000	4,040	-	-	(500,000)	(4,040)	-	-	-	-	-	-	None
		<u>\$ 1,045,389</u>		<u>\$ 150,000</u>		<u>(\$ 108,622)</u>	<u>(\$ 28,532)</u>			<u>\$ 1,058,235</u>		<u>\$ 621,448</u>	

Note 1: The increase in the current year includes investment income or loss and capital increase in subsidiaries.

Note 2: Decrease in the current year includes investment income or loss, cumulative translation adjustments, disposal, summary consolidation and distribution of earnings of subsidiaries.

Note 3: Reclassified to Non-current assets held for sale, please refer to Note 11.

Triocean Industrial Corporation Co., Ltd.
Statement of short-term borrowings
Dec. 31, 2022

TABLE 3

Unit: NT\$1,000

Type	Creditor	Ending balance	Term	Interest rate(%)	Limit	Mortgage or guarantee
Short-term borrowings	Taiwan Cooperative Bank	<u>\$417,900</u>	111.06.30~112.06.30	1.86	\$ 417,900	Demand Deposit

Note: Please refer to Note 29 for guarantees or pledges.

Triocean Industrial Corporation Co., Ltd.
Statement of long-term borrowings
Dec. 31, 2022

TABLE 4

Unit: NT\$1,000

Type	Creditor	Ending balance	Term	Interest rate(%)	Limit	Mortgage or guarantee
Long-term loans	SUNNY BANK	<u>\$400,000</u>	2022.08.15~2025.08.1 5	2	\$ 450,000	Land, Plant

Note: Please refer to Note 29 for guarantees or pledges.

Triocean Industrial Corporation Co., Ltd.

Statement of notes payable

Dec. 31, 2022

TABLE 5

Unit: NT\$1,000

<u>Transaction counterparty</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
A Company	Payment for work and materials	\$ 1,901	-
B Company	Payment for work and materials	1,147	-
C Company	Payment for work and materials	662	-
D Company	Payment for work and materials	316	-
E Company	Payment for work and materials	311	-
F Company	Payment for work and materials	293	-
Others	Payment for work and materials	<u>587</u>	-
		<u>\$ 5,217</u>	

Note: If the balance of each account exceeds 5% of this account, it is shown separately as above.

Triocean Industrial Corporation Co., Ltd.
Statement of trade payables
Dec. 31, 2022

TABLE 6

Unit: NT\$1,000

<u>Transaction counterparty</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
G Company	Payment for work and materials	\$1,285	-
H Company	Payment for work and materials	710	-
I Company	Payment for work and materials	462	-
J Company	Payment for work and materials	216	-
K Company	Payment for work and materials	210	-
Others	Payment for work and materials	<u>650</u>	-
		<u>\$3,533</u>	

Note: If the balance of each account exceeds 5% of this account, it is shown separately as above.

Triocean Industrial Corporation Co., Ltd.

Statement of operating revenue

2022

TABLE 7

Unit: NT\$1,000

Item	Operating revenue	Operating costs	Gross profit	Note
Construction Projects				
Public Works	\$ 43,736	\$ 14,975	\$ 28,761	-
Commercial Office Building	<u>37,506</u>	<u>34,881</u>	<u>2,625</u>	-
	81,242	49,856	31,386	
Net service revenue	<u>3,814</u>	<u>-</u>	<u>3,814</u>	-
Total	<u>\$ 85,056</u>	<u>\$ 49,856</u>	<u>\$ 35,200</u>	

Triocean Industrial Corporation Co., Ltd.

Statement of selling expenses

Dec. 31, 2022

TABLE 8

Unit: Unless otherwise noted, figures are in
New Taiwan Dollars (NTD) in thousands

Item	Management and general expenses
Salary Expenses	\$ 19,483
Pension	851
Depreciation expense	1,705
Insurance premiums	1,840
Other Fees	<u>12,527</u>
	<u>\$ 36,406</u>

Triocean Industrial Corporation Co., Ltd.

Summary statement of current period employee benefits, depreciation and
amortization expenses by function

2022 and 2021

TABLE 9

Unit: NT\$1,000

	Operating expenses	
	2022	2021
Employee benefits		
Salary expenses	\$ 14,373	\$ 30,673
Labor and Health Insurance Costs	1,654	3,307
Pension Costs	851	1,431
Compensation for directors	5,110	5,536
Other employee benefits	<u>834</u>	<u>1,825</u>
	22,822	42,772
Less: Employee benefits for discontinued units	<u>-</u>	(<u>17,360</u>)
Employee benefits	<u>\$ 22,822</u>	<u>\$ 25,412</u>
Depreciation expense(including non- operating unit)	\$ 1,705	\$ 5,445
Amortization expense (including non- operating unit)	120	99

Note 1: The number of employees in the current and previous year was 22 and 59, respectively, with 3 directors who are not considered employees.

Note 2: Companies whose stocks are listed on the stock exchange or traded on the over-the-counter market should disclose the following information:

1. The average employee benefit expense for the current year was 932 thousand dollars.

For the previous year, it was 763 thousand dollars.

2. The average employee salary expense for the current year was 756 thousand dollars.

For the previous year, it was 613 thousand dollars.

3. The adjustment in the average employee salary expense was 23%.

4. According to the company's compensation policy, it is divided into three main categories:

The salaries and compensation of the company's employees are based on their education, professional knowledge and skills, professional seniority and performance, and are determined based on the market level of salaries, without differentiation based on age, gender, race, religion, political stance, marital status, or union affiliation. The annual salaries are adjusted according to the market salary trends, the company's operating conditions, and organizational structure, and are adjusted as necessary in response to changes in the market salary dynamics, overall economic and industry trends, and government regulations.

- (1) Directors and independent directors:

If the company is profitable in a given year, after reserving an amount to cover potential losses, the board of directors will decide and submit to the shareholders' meeting to allocate no more than 1% for director remuneration, which can only be paid in cash.

- (2) Management:

The compensation policy for management is based on the company's business strategy, profitability, performance, and contributions to the job, as well as market salary levels. It is proposed by the compensation committee and executed after approval by the board of directors.

- (3) Employee

Employee compensation mainly consists of salary (including basic salary, meal allowance, allowances, etc.), year-end bonus and performance incentive. Based on the operating performance

targets, employees' performance is evaluated and incentive payments and year-end bonuses are paid at the end of each year. If the Company makes a profit in the year, the Board of Directors shall resolve and submit to the shareholders' meeting to set aside not less than 1% of the profit as employee compensation after reserving the amount of compensation in advance.