



TRIOCEAN INDUSTRIAL CORPORATION CO., LTD.
(Original name: Tri Ocean Textile Co. Ltd.)

Stock Code: 1472

Website for annual report:
<https://mops.twse.com.tw>

Company website:
<https://triocean.com.tw/>

2023

Annual Report



Printed on March 31, 2023

- I. Spokesperson and acting spokesperson name, title, telephone number and email address:
- | | |
|--|--|
| The Company's Spokesperson | Acting Spokesperson |
| Name: Hsu Cheng-Che | Name: Chen Shu-Ying |
| Title: General Manager | Title: Chief of Accounting Division |
| Tel.:(07)356-0666 | Tel.:(07)356-0666#326 |
| E-mail: hsuroger@triocean.com.tw | E-mail: yingsc@triocean.com.tw |
- II. Addresses and telephone numbers of headquarters, branches, plants
Headquarters: No. 360, Jiabao Road, Dashe District, Kaohsiung City Tel: (07) 356-0666
- III. Name, address, website and telephone number of the stock transfer agency
Name: KGI Securities, Shareholder Service Department
Website: <http://www.kgieworld.com.tw>
Address: 5F, No. 2, Section 1, Chongqing South Road, Taipei City Tel.: (02)2389-2999
- IV. Name of the CPA certifying the financial statements in the most recent fiscal year and the name, address, website and telephone number of the accounting firm
Name of CPAs: Chen Chen-Li, Chen Hsiu-Wen
Name of CPA firm: Deloitte Taiwan
Address: 3F, No. 88, Chenggong 2nd Rd., Kaohsiung City
Website: www.deloitte.com.tw
Tel.: (07)530-1888
- V. Name of any exchanges where the Company's securities are traded offshore, and the method by which to access information on said offshore securities
None
- VI. Company website
<https://triocean.com.tw>

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I. Report to Shareholders

Dear Shareholders,

Thank you for attending the 2024 Annual Shareholders' meeting. We appreciate your support. Up to now, the Company has transformed into a construction business and increased public construction projects in the industry, gradually showing the effect of the transformation. Despite the rise of interest rate hikes in 2023, coupled with the increased costs in raw materials and labor, the consolidated operating revenue in 2023 totaled NTD 1,947,532 thousand, gradually demonstrating the results of the transformation. At present, the number of projects undertaken by the Company is increasing, and there is no abnormal activity in the management of each project. As the new projects begin one after another, the overall revenue recognized in the future is expected to grow steadily.

I. 2023 Business Report

(I) Business implementation results:

Unit: NTD thousand

Item \ Year	2023	2022	Amount of difference	Difference ratio (%)
Net operating revenue	1,947,532	1,169,012	778,520	66.6%
Gross operating profit	252,824	108,191	144,633	133.7%
Net operating profit (loss)	129,354	(6,930)	136,284	-1966.6%
Pre-tax profit (loss)	151,868	(2,437)	154,305	-6331.8%
Post-tax profit (loss) from continuing operations	141,980	3,283	138,697	4224.7%
Net profit (loss) of discontinued operations	-	434	(434)	-100.0%
Net loss for the year	141,980	3,717	138,263	3,719.8%

(II) Analysis of income, expenditure and profitability:

Unit: NTD thousand

Item	2023	2022
Net cash inflow (outflow) from operating activities	174,787	165,390
Net cash inflow (outflow) from investing activities	345,286	(247,554)
Net cash inflow (outflow) from financing activities	14,779	57,581
Effect of exchange rate changes on cash	(21)	(32)
Net revenue increase (decrease) in cash	534,831	(24,615)
Opening balance of cash and cash equivalents	253,649	283,190
Cash included in the disposal group to be sold	4,926	(4,926)
Closing balance of cash and cash equivalents	793,406	253,649

(III) Profitability analysis

Item	2023	2022
Return on assets (%)	5.76	0.64
Return on equity (%)	12.91	0.42
Net profit margin (%)	7.29	0.28
Earnings per share (NTD)	4.27	0.13

II. 2024 Business Plan

Since the Company's transformation, we have been committed to providing quality construction services. In 2023, our subsidiary "Shang Ting Construction Co., Ltd." was awarded with the Golden Safety Award. In 2024, our goal remains obtaining tenders with high added value. Our momentum still focuses on public construction, social housing and other project sources, leading the excellent assistance contractors to strive for projects with highly competitive advantages, which are in line with social development trends. Additionally, we implement the sharing of benefits and mutual growth in order to become a high-quality long-term business partner.

III. Effects of the external competitive environment, regulatory environment and overall managerial environment

According to the recent international economic situation, although the US economy showed strong growth in the third quarter, the economic data in October 2023 showed a decline in employment, a contraction in the manufacturing industry, and a slowdown in retail sales, all of which indicated a cooling of the US economy. However, compared to many developed countries, emerging economies are expected to become the growth engine of the construction industry. This is in stark contrast to previous years, where the US, EU, and UK, among other countries, reported significant growth. The record-high public construction budget in 2024 is beneficial to the release of new projects in the public sector, which is bullish. However, it is still necessary to pay attention to the fact that the prices of some construction materials may rebound. For the changes in the cost pressure of construction companies, we will continue to adjust our business strategies in response to the external challenges that will continue to come.

IV. Future Development Strategies

In the face of variables such as inflation and international political and economic conditions, all employees of the Company will continue to work hard to address various challenges, adhere to the business philosophy of "pragmatism, quality improvement, and service " to operate in a pragmatic manner and devote time and effort in the industry. We integrate and strengthen the process of construction and management through technology to ensure the procurement of key materials, control contractor resources and meet construction deadlines, providing higher-value services to property owners and technological upgrades to contractors.

Looking into the future, the Company will focus not only on public construction projects for the most advantageous contracts, but also on achieving the Group's sustainable strategic blueprint goals. As a company, we will strengthen corporate governance, integrate the Group's resources, and actively participate in social welfare projects. We are committed to fulfilling the corporate social responsibility to shareholders and society, and strive to enhance the overall value of the Company in order to create maximum benefits for shareholders.

I wish you

Good health and all the best

Chairman: Chiang Yu-Lien

General Manager: Hsu Cheng-Che

II. Company Profile

I. Date of establishment:

October 7, 1968

II. Company history:

- 1 In October 1968, the Company was established and named Tri Ocean Textile Co. Ltd.
- 2 In June 1974, the Company made a cash capital increase of NTD 6,000,000, and the paid-in capital was NTD 24,000,000.
- 3 In June 1986, the Company made a cash capital increase of NTD 12,000,000, and the paid-in capital was NTD 36,000,000.
- 4 In 1990, Plant 2 was purchased to expand the scale of production.
- 5 In May 1991, the Company changed its name to Triocean Industrial Corporation Co. Ltd. in compliance with changes in laws and regulations.
- 6 In October 1991, the Company made a cash capital increase to replenish its working capital. The paid-in capital was NTD 108,000,000.
- 7 In April 1995, the Company purchased an office space of more than 100 ping for self-use and moved in on July 1 of the same year.
- 8 In September 1995, in order to expand operating capacity, the Company purchased two air processing machines from AIKI to make our products more diversified to meet market demand.
- 9 In October 1996, to improve the financial structure, capital was increased by NTD 82,000,000 from earnings and cash, so the paid-in capital was NTD 190,000,000.
- 10 In March 1997, the Company was approved by the Securities and Exchange Commission for public offering. In April of the same year, in order to expand the product portfolio, four additional covering machines from AIKI were purchased to produce elastic composite fiber products.
- 11 In June 1997, the Company acquired ISO 9001 Quality Management System.
- 12 In July 1997, the capital was increased by NTD 110,000,000 from surplus, capital reserve and cash, and the paid-in capital was NTD 300,000,000.
- 13 In December 1998, the capital was increased by NTD 134,000,000 from cash, and the earnings were transferred to increase capital by NTD 66,000,000. After the capital increase, the paid-in capital was NTD 500,000,000.
- 14 In January 1999, the Company was officially listed on the Taipei Exchange (TPEX).
- 15 In May 1999, the Company invested in Evalon Textile Co., Ltd. and held 70% of its shares.
- 16 In July of the same year, NTD 100,000,000 of the surplus was transferred to capital increase. After the capital increase, the paid-in capital was NTD 600,000,000.
- 17 In September 2000, the Company's shares were listed on the Taiwan Stock Exchange (TWSE).
- 18 In October 1990, the capital increased by NTD 90,000,000 from surplus and capital reserve, and the capital was NTD 690,000,000.
- 19 In 2001, the Company successfully developed polypropylene functional fiber.
- 20 In May 2002, the Company expanded its business and purchased the second floor of the same building as business offices, which was then moved in on December 1 of the same year.
- 21 In 2003, the capital increased by NTD 185,000,000 from cash, and the paid-in capital was NTD 875,000,000.
- 22 The Company received the Industrial Sustainable Excellence Award from the Industrial Development Bureau, Ministry of Economic Affairs.
- 23 In 2003, the Company expanded its product portfolio by increasing capital and purchasing polypropylene fiber production equipment with cash.
- 24 In January 2005, the sub-subsidiary Evalon Textile began the construction of its plant in Thailand.
- 25 In May 2007, the construction of sub-subsidiary Evalon Textile's Thailand plant was completed and started production in July of the same year.
- 26 In March 2011, dematerialization of share was completed.

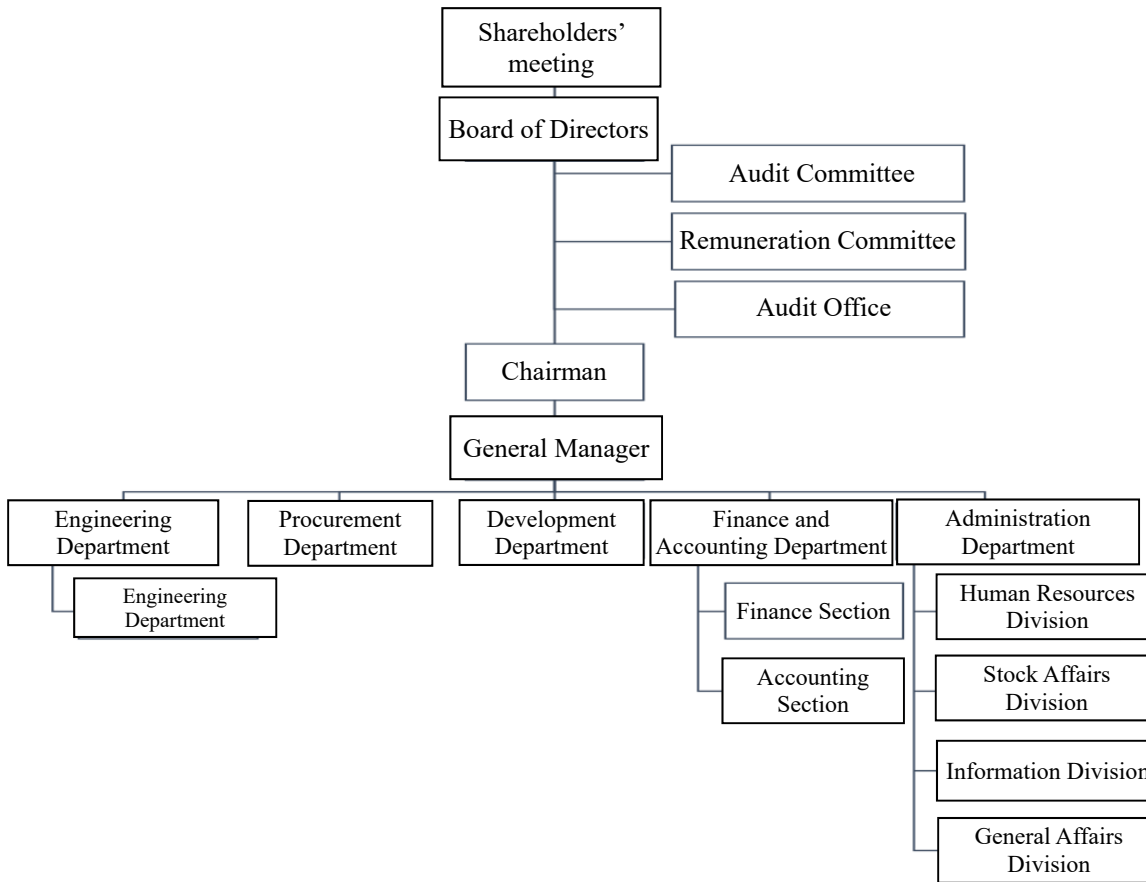
- 27 In September 2011, a capital reduction was carried out to make up for losses, and the capital was reduced by 28,000,000 ordinary shares at NTD 10 per share for a total amount of NTD 280,000,000. The paid-in capital after the capital reduction was NTD 595,000,000.
- 28 On May 1, 2012, the Company established the Product Planning Department to establish its own brand “Genuine Solution,” officially stepping into the sales of self-owned ready-made-garment and related products.
- 29 In July and November 2012, private placement were conducted, where capital was increased by NTD 50,000,000 and NTD 21,500,000, respectively. The paid-in capital after the capital increase was NTD 666,500,000.
- 30 In June 2013, the reinvestment of Evalon Textile Co., Ltd. was conducted. Land, plant and equipment and other fixed assets were sold to reduce fixed costs, and the business model was transformed to the outsourced processing.
- 31 In September 2013, the first private placement of cash capital increase of NTD 50,000,000 was conducted. After the capital increase, the paid-in capital was NTD 716,500,000.
- 32 In December 2015, the first private placement of cash in the year was increased by NTD 25,000,000. After the capital increase, the paid-in capital was NTD 741,500,000.
- 33 In April 2016, Evalon Textile (Thailand) Co., Ltd. and Triocean Textile (Thailand) Co., Ltd. went through a short-form merger, and the name was changed to Triocean Textile (Thailand) Co., Ltd. after the merger.
- 34 In March 2017, the first private placement cash increased by NTD 20,007,000 in 2016. After the capital increase, the paid-in capital was NTD 763,730,000.
- 35 In September 2017, a capital reduction of 33,700,278 common shares at NTD 10 par value to make up for losses was conducted for a total of NTD 337,002,780. The paid-in capital after the capital reduction was NTD 426,727,220.
- 36 On January 14, 2019, the Company issued 3,000,000 new shares for cash capital increase in 2018 at a value of NTD 10 per share, and issued the first domestic secured convertible bonds with a value of 3,000 bonds each. Thousands of shares were issued at 101% of the par value. After the capital increase, the paid-in capital was NTD 456,727,220.
- 37 In April 2019, the Company integrated the upstream and downstream business cooperation and increased bedding department store channels.
- 38 In September 2019, the Company invested in Shanghai Lifestyle Global Enterprise Inc.
- 39 On March 24, 2020, the first secured convertible corporate bonds were issued at a par value of NTD 10 per share after being converted into 380,129 ordinary shares. After the capital increase, the paid-in capital was NTD 460,528,510.
- 40 In November 2020, the Company made the first private placement cash capital increase of NTD 400,000,000. After the capital increase, the paid-in capital was NTD 860,528,510. The strategic investor, Shun Mei Enterprise Co., Ltd., was introduced to hold 45.321% of the shares.
- 41 In December 2020, the investment in Shang-Ting Construction Co., Ltd. was conducted.
- 42 The Company changed its name to Triocean Industrial Corporation Co., Ltd. in July 2021.
- 43 In February 2021, the subsidiary Triocean Energy Co., Ltd. was established with a new investment.
- 44 In September 2021, the operation of the Product Department was suspended, and the public construction industry was comprehensively transformed.
- 45 In September 2021, a capital reduction was carried out to make up for losses, and the capital was reduced by 61,064,769 ordinary shares at NTD 10 per share for a total of NTD 610,647,690. The paid-in capital after the capital reduction was NTD 249,880,820.
- 46 In December 2021, the Company obtained the Class-A registration license for the electrical appliance construction business.
- 47 In January 2022, the Company obtained a Class-A business permit for tap water pipelines construction business.
- 48 In April 2022, the subsidiary Triocean Energy Co., Ltd. was sold.

- 49 In May 2022, the short-form merger with the subsidiary, Sun Lung Investment Co., Ltd., was completed.
- 50 In February 2023, the subsidiary Mega Collar Real Estate Co., Ltd. was sold.
- 51 In February 2023, the subsidiary Shanghai Lifestyle Global Enterprise Inc. was sold.
- 52 In May 2023, the Company's idle assets, land and buildings in Taoyuan City were sold.
- 53 In July 2023, the first private placement of cash capital increase of NTD 175,000,000 in the year was conducted. The paid-in capital after the capital increase was NTD 424,880,820.

III. Corporate Governance Report

I. Organizational system

(I) The Company’s organizational structure



(II) Businesses operated by major departments

Department	Main duties and responsibilities
Board of Directors	The Board of Directors is convened by the Chairman. The Board is responsible for supervising the company’s operations, and planning and deciding the company’s future development direction.
Chairman	Responsible for the Company’s long-term strategic planning, preparation of the Board of Directors and shareholders meetings, and expansion of external relations.
General Manager	Responsible for supervising the formulation and implementation of the Company’s business objectives, guidelines, and implementation policies. Supervising the operation analysis and resolutions of the operations meeting, and the promoting and supervising various management regulations.
Audit Office	Responsible for the establishment and revision of the Company’s internal audit system, auditing of internal control, anomaly analysis and suggestion for improvement.
Engineering Department	Responsible for project estimation and bidding, assistance in pre-tendering related professional affairs, analysis of quantity and unit price, preparation of project budget, preparation of construction plan, review of progress, auditing of construction quality, and evaluation of various construction approaches.
Procurement Department	Responsible for the procurement, contracting, price negotiation and supplier management of projects, building materials and equipment.
Development Department	Responsible for planning and evaluating new business projects, and collecting market intelligence, etc.
Finance and Accounting Department	Responsible for matters with regard to the Company’s financial planning, allocation and utilization of funds, handling of accounting books, tax planning, preparation of reports and financial variance analysis.
Administration Department	Responsible for establishment and implementation of various management systems, human resource management, education and training, general procurement, general affairs, stock affairs, asset management, information management and maintenance.

II. Information regarding directors, supervisors, general manager, deputy general manager, assistant managers, and heads of various departments and branches

(I) Information of Directors and Supervisors

1. Main working (academic) experiences of directors and supervisors

March 31, 2024

Job title	Nationality or place of registration	Name	Gender and age	Elected date (inaugurated)	Term of office	Date of first election	Shares held at the time of election		Current shareholding		Shares held by spouse and underage children		Shares held under someone else's name		Main working (academic) experiences	Positions concurrently serving in the Company and other companies	Other supervisors, directors, or supervisors who are spouses or relatives within 2nd degree kinship			Notes (Note 1)
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job title	Name	Relationship	
Chairman	Republic of China	Representative of Zhou-Ting Co., Ltd.; Chiang Yu-Lien	Female, Aged 51-60	June 19, 2023	3 years	June 19, 2023	1,000	0.004	16,238,000	38.22	74,000	0.17	0	0.00	Chairman and concurrently the General Manager of Zhou-Ting Property Co., Ltd. the General Manager of Public Finance, National Kaohsiung University of Science and Technology	Chairman and concurrently the General Manager of Zhou-Ting Co., Ltd.; Chairman of Lian-Chuang Enterprise Co., Ltd.; Chairman of Lian-Chuang Enterprise Co., Ltd.; Chairman and concurrently the General Manager of Zhou-Ting Property Co., Ltd.	None	None	None	None
Director	Republic of China	Representative of Dai Wan Shiang Ching Co., Ltd.; Hung Kuo-Chin	Male, Aged 51-60	June 19, 2023	3 years	June 19, 2023	1,069,789	4.28	1,069,789	2.52	0	0.00	0	0.00	Lawyer of Chien Yeh Law Offices; lecturer at National Pingtung University of Education; lecturer of EMLBA, National University of Kaohsiung Master of Law, National Kaohsiung University	Attorney-at-law at Justice Track Law Office	None	None	None	None

Job title	Nationality or place of registration	Name	Gender and age	Elected date (maugurated)	Term of office	Date of first election	Shares held at the time of election		Current shareholding		Shares held by spouse and underage children		Shares held under someone else's name		Main working (academic) experiences	Positions concurrently serving in the Company and other companies	Other supervisors, directors, or supervisors who are spouses or relatives within 2nd degree kinship			Notes (Note 1)
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job title	Name	Relationship	
Director	Republic of China	Representative of Dai Wan Shung Ching Co., Ltd.; Su Cheng-Hui	Male Aged 41-50	June 19, 2023	3 years	June 19, 2023	1,069,789	4.28	1,069,789	2.52	0	0.00	0	0.00	Assistant Manager of Deloitte & Touche; Deputy General Manager of finance, accounting and administration, Logah Technology Corporation; Deputy General Manager of finance, accounting and administration, CD Star Co., Ltd. Master of Accounting, National Chung Cheng University	Chief Accountant of Kaohsiung Branch of Legendary & Steadfast Accountancy	None	None	None	None
Independent Director	Republic of China	Huang Hao-Chen	Male Aged 41-50	June 19, 2023	3 years	June 19, 2023	0	0.00	0	0.00	0	0.00	0	0.00	Professor of Applied Sciences; professor and concurrently deputy dean and acting dean, Department of Public Finance and Taxation, National Kaohsiung University of Science and Technology	Professor of Public Finance and Taxation, Business Intelligence School, National Kaohsiung University of Science and Technology	None	None	None	None

Job title	Nationality or place of registration	Name	Gender and age	Elected (maugurated) date	Term of office	Date of first election	Shares held at the time of election		Current shareholding		Shares held by spouse and underage children		Shares held under someone else's name		Main working (academic) experiences	Positions concurrently serving in the Company and other companies	Other supervisors, directors, or supervisors who are spouses or relatives within 2nd degree kinship			Notes (Note 1)
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job title	Name	Relationship	
Independent Director	Republic of China	Huang Lung-Sheng	Male Aged 51-60	June 19, 2023	3 years	June 19, 2023	0	0.00	0	0.00	0	0.00	0	0.00	Assistant professor of Cheng Shiu University; associate professor of Shu-Te University Ph.D., Department of Civil Engineering, National Cheng Kung University	Professor of Shu-Te University	None	None	None	None
Independent Director	Republic of China	Wang Chren-Chih	Male Aged 51-60	June 19, 2023	3 years	June 19, 2023	0	0	0	0	0	0.00	0	0.00	Engineer of Public Housing Division, Taipei City Government; researcher of Sinotech Engineering Consultants, Ltd.; assistant engineer of Department of Engineering, Mass Rapid Transit Bureau, Kaohsiung City Government Ph.D., Institute of Civil and Construction Engineering, National Taiwan University of Science and Technology	Professor of Cheng Shiu University	None	None	None	None

Note 1: If the Chairman of the Company and the General Manager or equivalent (top manager) of the Company are the same person, spouses or first-degree relatives of the other, it is necessary to explain the reason, reasonableness, necessity and relevant information of response measures.

2. Where a director or supervisor is a representative of a corporate shareholder, the name of the corporate shareholder and the names of the top ten shareholders of the corporate shareholder and their shareholding percentage:

Name of corporate shareholder	Main shareholders of corporate shareholders	
	Name	Shareholding ratio
Zhou Ting Co., Ltd.	Hung Hung-Chang	81.25%
	Chiang Yu-Lien	18.75%
Dai Wan Shiung Ching Co., Ltd.	Chen Yu-Yi	50%
	Chen Tsung-Yi	50%

3. Disclosure of professional qualifications of directors and supervisors, and independence of independent directors:

(1) Disclosure of information on directors' professional qualifications and independence of independent directors:

Name	Condition	Professional qualifications <u>and experience</u> (Note 1)	Status of independence (Note 2)	Number of independent directors in other public companies
Chiang Yu-Lien		<p>Experience: Chairman and concurrently the General Manager of Zhou-Ting Co., Ltd., Lian-Chuang Enterprise Co., Ltd., and Zhou-Ting Property Co., Ltd. Possessing the business and strategic management experience in the construction industry, which, therefore, possesses industry knowledge, marketing and leadership ability, decision-making ability and operation and management experience, meeting the requirement of having five years' or more work experience required by the Company's business. Not subject to any of the conditions specified in Article 30 of the Company Act.</p>	<p>1. A representative appointed by Zhou-Ting Co., Ltd. – a director of the corporate shareholder who holds more than 5% of the outstanding shares of the Company. 2. The other independent directors have been verified in accordance with the independence requirements listed in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission. The independent directors meet the relevant independence requirements.</p>	None
Hung Kuo-Chin		<p>Experience: Assistant professor of Cheng Shiu University; associate professor of Shu-Te University Possessing competence in law or the legal</p>	<p>1. The representative appointed by Dai Wan Shiung Ching Co., Ltd., a corporate</p>	One Independent director of Yiho

Name \ Condition	Professional qualifications <u>and experience</u> (Note 1)	Status of independence (Note 2)	Number of independent directors in other public companies
	<p>field which can provide professional insights, share practical experiences, and offer valuable suggestions; meeting the requirement of having five years' or more work experience required by the Company's business.</p> <p>Not subject to any of the conditions specified in Article 30 of the Company Act.</p>	<p>director of the Company.</p> <p>2. The others have been verified in accordance with the independence requirements listed in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission, which still meet the relevant independence requirements.</p>	International Co., Ltd.
Su Cheng-Hui	<p>Experience:</p> <p>Assistant Manager of Deloitte & Touche; Deputy General Manager of finance, accounting and administration, Logah Technology Corporation; Deputy General Manager of finance, accounting and administration, CD Star Co., Ltd; Chief Accountant of Legendary & Steadfast Accountancy, Kaohsiung branch.</p> <p>Possessing professional competence in commerce, finance, and accounting which can provide the Company with professional insights, share practical experience, and many valuable suggestions; meeting the requirement of having five years' or more work experience required by the Company's business.</p> <p>Not subject to any of the conditions specified in Article 30 of the Company Act.</p>	<p>1. The representative appointed by Dai Wan Shiung Ching Co., Ltd., a corporate director of the Company.</p> <p>2. The others have been verified in accordance with the independence requirements listed in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission, which still meet the relevant independence requirements.</p>	Two Independent director of Vanadium Technology Co., Ltd. and Yiho International Co., Ltd.
Huang, Hao-Chen (Independent director/Audit Committee member/Remuneration Committee member)	<p>Experience:</p> <p>Professor of Department of Wealth and Taxation Management, College of Management, National Kaohsiung University of Applied Sciences; professor and concurrently deputy dean and acting dean of Department of Public Finance and Taxation, Business Intelligence School, National Kaohsiung University of Science and Technology; professor of Department of</p>	<p>An independent director, meeting the requirements of independence.</p> <p>None (Note 2) .</p>	None

Name \ Condition	Professional qualifications <u>and experience</u> (Note 1)	Status of independence (Note 2)	Number of independent directors in other public companies
	Public Finance and Taxation, Business Intelligence School, National Kaohsiung University of Science and Technology Possessing the work experience and professional knowledge and skills required for commerce and the Company's business; meeting the requirement of having five years' or more work experience required by the Company's business. None of the conditions specified in Article 30 of the Company Act.		
(Independent director/ Audit Committee member/ Remuneration Committee member)	Experience: Assistant professor of Cheng Shiu University; associate professor of Shu-Te University; professor of Shu-Te University Possessing the work experience and professional knowledge and skills required for commerce and the Company's business; meeting the requirement of having five years' or more work experience required by the Company's business. Not subject to any of the conditions specified in Article 30 of the Company Act.	An independent director, meeting the requirements of independence. None (Note 2) .	None
Wang Chien-Chih (Independent director/ Audit Committee member/ Remuneration Committee member)	Experience: Engineer of Public Housing Division, Taipei City Government; researcher of Sinotech Engineering Consultants, Ltd.; assistant engineer of Department of Engineering, Mass Rapid Transit Bureau, Kaohsiung City Government; professor of Cheng Shiu University Possessing the work experience and professional knowledge and skills required for commerce and the Company's business; meeting the requirement of having five years' or more work experience required by the Company's business. Not subject to any of the conditions specified in Article 30 of the Company Act.	An independent director, meeting the requirements of independence. None (Note 2) .	None

Note 1: Professional qualifications and experience: The professional qualifications and experience of individual directors and supervisors shall be stated. If an individual is a member of the Audit Committee and has accounting or financial expertise, the accounting or financial background and work experience shall be stated, along with provisions in Article 30 of the Company Act.

Note 2: Independence of Independent directors shall be specified, including but not limited to whether themselves, their spouse, or relatives within 2nd degree of kinship serving as directors, supervisors, or employees of the Company or its affiliated companies; the number and percentage of shares held by themselves, their spouse, or relatives within 2nd degree of kinship (or in the name of another individual); whether or not he/she holds a position as a director, supervisor, or employee in a company that has a specific relationship with the Company (refer to Article 3, Paragraph 1, Subparagraphs 5–8 of the Regulations for Appointment of Independent Directors and Compliance Matters); the amount of remuneration to directors, supervisors, or employees; the amount of remuneration for providing commercial, legal, financial, accounting services to the Company or its affiliates in the last 2 years.

(2) Diversity and independence of the Board of Directors:

a. Diversity of the Board of Directors:

The election of directors has been stipulated in the Company’s “Articles of Incorporation” and “Procedures for Election of Directors,” and the overall composition of the Board of Directors shall also be considered. A policy for strengthening the Board’s competency is included in our Corporate Governance Best-Practice Principles. The composition of the Board of Directors shall take diversity into consideration. In addition to the fact that it is advisable that no more than one-third of the Board are concurrently serving as managers, the Board shall also adopt an appropriate policy for diversity in terms of its own operation, business model, and development needs. It is advisable to include but not limited to the following standards for the two major aspects:

- I. Basic conditions and values: Gender, age, nationality, culture, etc.
- II. Professional knowledge and skills: Professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experiences.

Members of the Board shall generally possess the necessary knowledge, skills, and competence to perform their duties. In order to achieve the ideal goal of corporate governance, the Board of Directors as a whole shall possess the following capabilities:

- I. The ability to make judgments regarding operations.
- II. Accounting and financial analysis ability.
- III. Business management ability.
- IV. Crisis management ability.
- V. Industry knowledge
- VI. International market perspectives.
- VII. Leadership ability
- VIII. Decision-making ability

The Company’s board members are professionals with different professional backgrounds or fields, which is in line with the diversity policy. In 2024, the average age of the current board members is 54 years old, of which 67% are directors over 50 years old, and 33% is under 50 years old; all directors are not employees, so the proportion of directors who are also employees is 0%. The total number of independent directors is 0%. There are three independent directors, accounting for 50% of all six directors. None of the three independent directors has served for more than three consecutive terms. We have one female director, accounting for 17% of all directors. For the age, nationality, time of tenure and professional ability of independent directors, please refer to the following table of “ The implementation of the diversity policy of the current Board of Directors in 2024.”

The specific management objectives of the Company’s board diversity policy and its progress are as follows:

Management objectives	Status of achievement
The number of independent directors exceeds one-third of the total number of directors.	Achieved
It is advisable that the number of directors who also serve as the Company’s managers shall not exceed one-third of the total number of directors	Achieved

Management objectives	Status of achievement
Directors of different genders	Achieved
Adequate and diversified professional knowledge and skills	Achieved

The implementation of the diversity policy of the current Board of Directors in 2024 is as follows:

Diversified core items Name of director	Gender	Nationality	Age			Length of tenure of independent directors		Professional ability								
			41 to 50	51 to 60	61 to 70	Less than 3 years	Less than 3 years	Business judgment	Financial analysis	Business management Business judgment	Crisis management	Industry knowledge	International market perspectives	Leadership	Decision-making ability	
Chairman, Chiang Yu-Lien	Female	Taiwan		v					v	v	v	v	v	v	v	v
Director, Hung Kuo-Chin	Male	Taiwan		v					v		v	v		v	v	v
Director, Su Cheng-Hui	Male	Taiwan	v						v	v	v	v		v	v	v
Independent Director, Huang Hao-Chen	Male	Taiwan	v			v			v	v	v	v		v	v	v
Independent Director, Huang Lung-Sheng	Male	Taiwan		v		v			v		v	v	v	v	v	v
Independent Director, Wang Chien-Chih	Male	Taiwan		v		v			v		v	v	v	v	v	v

b. Diversity policy:

1. Corporate Governance Best-Practice Principles:

Article 20 (Abilities which the Board of Directors shall possess as a whole)

The Board of Directors shall guide the Company's strategies, supervise the management, and be accountable to the Company and its shareholders. The operations and arrangements of its corporate governance system shall ensure that the Board exercises its powers in accordance with laws and regulations, the Articles of Incorporation or the resolutions of shareholders' meetings.

The structure of the Board of Directors should consider the need for practical operations, and determine an appropriate number of directors for five or more members based on the scale of the Company's business development and the shareholdings of major shareholders.

The composition of the Board of Directors shall take diversity into consideration. In addition to the fact that it is advisable that no more than one-third of the Board are concurrently serving as managers, the Board shall adopt an appropriate policy for diversification in terms of its own operation, business model, and development needs. It is advisable to include but not limited to the following standards for the two major aspects:

- I. Basic conditions and values: Gender, age, nationality, culture, etc.
- II. Professional knowledge and skills: Professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experiences.

Members of the Board shall generally possess the necessary knowledge, skills, and competence to perform their duties. In order to achieve the ideal goal of corporate governance, the Board of Directors as a whole shall possess the following capabilities:

- I. The ability to make judgments regarding operations.
- II. Accounting and financial analysis ability.
- III. Business management ability.

- IV. Crisis management ability.
- V. Industry knowledge
- VI. International market perspectives
- VII. Leadership ability
- VIII. Decision-making ability.

2. Procedures for the Election of Directors

Article 1: Except as otherwise provided by laws and regulations or the Articles of Incorporation, the election of directors of the Company shall be conducted in accordance with these Procedures.

Article 2: The overall composition of the Board of Directors shall be considered in the election of the Company's directors. The composition of the Board of Directors shall take diversity into consideration. The Board shall adopt an appropriate policy for diversification in terms of its own operation, business model, and development needs. It is advisable to include but not limited to the following standards for the two major aspects:

- I. Basic conditions and values: Gender, age, nationality, culture, etc.
- II. Professional knowledge and skills: Professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experiences.

Members of the Board shall generally possess the necessary knowledge, skills, and competence to perform their duties.

The abilities to be possessed are as follows:

- I. The ability to make judgments regarding operations.
- II. Accounting and financial analysis ability.
- III. Business management ability.
- IV. Crisis management ability.
- V. Industry knowledge
- VI. International market perspectives.
- VII. Leadership ability
- VIII. Decision-making ability

More than half of the directors shall not be a spouse or a relative within the second degree of kinship.

The Board of Directors shall consider adjusting the composition of the Board based on the results of the performance evaluation.

The qualifications and election of independent directors are governed by the Company Act and the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."

(3) Independence of the Board of Directors:

1. Board structure:

The Company has established a director election system. The procedure for the election of all directors is open and fair, and complies with the Company's "Articles of Incorporation," "Procedures for Election of Directors," "Corporate Governance Best-Practice Principles," and "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," and Article 14-2 of the Securities and Exchange Act. The current composition of the Board of Directors is divided into three independent directors and three non-independent directors. The independent directors represent more than one-third of the board seats. All the directors are not a spouse or relative within 2nd degree of kinship,

meeting the requirements set forth in Paragraph 3 and 4 of Article 26-3 of the Securities and Exchange Act.

2. The Board of Directors is independent:

The Company's Board of Directors emphasizes independence and transparency. The independent directors also comply with relevant laws and regulations as the functions and powers of the Audit Committee are exercised independently to review the Company's management and control of existing or potential risks. Moreover, they supervise the effective implementation of the Company's internal control, the selection and independence of CPAs, and the preparation of financial reports. In addition, the director election system and the candidate nomination system are adopted for the election of directors (including independent directors) in accordance with the "Procedures for the Election of Directors" of the Company, to encourage shareholder participation in the election. Shareholders holding a certain number of shares or more may submit a list of candidates. All relevant operations are announced in accordance with the law to protect the rights and interests of shareholders and maintain independence.

(II) Information on directors, supervisors, general manager, deputy general manager, assistant managers, and heads of various departments and branches

March 31, 2024; Unit: Shares; %																
Job title	Nationality	Name	Gender	Date of inauguration (election)	Number of shares held		Number of shares held by spouse and underage children		Shares held in someone else's name		Main working (academic) experience	Duties of the concurrent position in other companies	Managers who are a spouse or a relative within the second degree of kinship			Notes (Note 1)
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job title	Name	Relationship	
General Manager (Note 2)	Republic of China	Chen Chi-Yu	Male	April 22, 2022	0		-		-		Graduated from Department of Sociology, National Taiwan University; chairman of Taiyen Biotech Co., Ltd.; chairman of Taiyen Green Energy Co., Ltd.; 1st vice mayor of Kaohsiung City after the merger of Kaohsiung County and Kaohsiung City; member of the 6th and 7th legislators; chairman of Top High Image Corp.; member of the 13th and 14th of Kaohsiung County Council	Chairman and President of Shang-Ting Construction Co., Ltd.	None	None	None	1. The Company will increase the number of directors in accordance with the law as the chairman and the general manager are the same person. This will be executed when the term of office of directors expires 2. More than half of the directors do not serve as employees or managers concurrently
General Manager (Note 2)	Republic of China	Hsu Cheng-Che	Male	June 28, 2023	30,000		-		-		Financial Assistant Manager, Taiwan Environment Scientific Co., Ltd.; CFO of STL Technology Co., Ltd.; Master of Business Management, National Sun Yat-sen University	Chairman and President of Tri Ocean Textile (Thailand) Co., Ltd. and Chairman and President of Shang-Ting Construction Co., Ltd. Director of Kuo Toong International Co., Ltd.	None	None	None	None
Manager, Finance and Accounting Department	Republic of China	Chen Hsing-Chen	Female	November 9, 2023	-		-		-		Manager of Finance and Accounting Department, Yihwa Electronics Co., Ltd.; Institute of Finance, I-Shou University	Finance and Accounting Manager of Tri Ocean Textile (Thailand) Co., Ltd., and Finance and Accounting Manager of Shang-Ting Construction Co., Ltd.	None	None	None	None

Note 1: When the general manager or a person of equivalent position (the highest level manager) and the chairman are the same person, spouses, or relatives within the first degree of kinship, the Company shall disclose relevant information, such as the reason, reasonableness, necessity, and countermeasures (e.g. increasing the number of independent directors, and more than half of the directors do not serve as employees or managers concurrently).

Note 2: On June 28, 2023, the Board of Directors reappointed Mr. Hsu Cheng-Che as the new General Manager.

III. Remuneration to directors, supervisors, general managers, and deputy general managers in the most recent year; remuneration to directors and independent directors:

December 31, 2023; Unit: NTD thousands

(I) Remuneration paid to directors, supervisors, general managers, and deputy general managers in the most recent year (2023) and remuneration paid to ordinary directors and independent directors:

1. Remuneration to directors (including independent directors)

Job title	Name	Remuneration to directors				The sum of A, B, C, and D as a percentage of net income after tax (%)				Remuneration to individuals concurrently serving as employees				The sum of A, B, C, D, E, F and G as a percentage of net income after tax (%)		Received remuneration from investees other than subsidiaries or the parent company or not			
		Remuneration (A)		Retirement from service (B)		Remuneration to directors (C)		Business execution expenses (D)		Salaries, bonuses and allowances (E)		Severance pay and pension (F)		Remuneration to employee (G)			The Company	All companies included in the financial report	
		The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company (Note 4)	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	Cash amount	Stock amount				
Chairman (Notes 1 and 2)	Dai Wan Shiang Ching Co., Ltd. Representative: Chen Chi-Yu	-	-	-	-	-	-	-	-	1,050	30	-	-	-	-	1,080	1,080	0.76	0.76
Vice Chairman (Note 1)	Zhou-Ting Co., Ltd. Representative: Chiang Yu-Lien	-	-	745	-	745	-	-	-	3,840	10	-	-	-	-	4,595	4,595	3.24	3.24
Director (Note 1)	Chien Yeu Enterprise Co., Ltd. Representative: Tsai Hui-Ming	-	-	-	30	-	30	-	-	900	59	-	-	-	-	959	959	0.68	0.68
Director (Note 1)	Chao-Sheng Investment Co., Ltd. Representative: Huang Tai-Feng	-	-	-	20	-	20	-	-	-	-	-	-	-	-	30	30	0.02	0.02
Director (Note 2)	Dai Wan Shiang Ching Co., Ltd. Representative: Hung Kuo-Chin	-	-	249	50	249	50	-	-	-	-	-	-	-	-	299	299	0.21	0.21
Director (Note 2)	Dai Wan Shiang Ching Co., Ltd. Representative: Su Cheng-Hui	-	-	249	50	249	50	-	-	-	-	-	-	-	-	299	299	0.21	0.21
Independent Director (Note 3)	Hung Yu-Ting	245	-	-	130	-	130	-	-	-	-	-	-	-	-	375	375	0.26	0.26
Independent Director (Note 1)	Ning Kuo-Hui	210	-	-	60	-	60	-	-	-	-	-	-	-	-	270	270	0.19	0.19
Independent Director (Note 1)	Chen Tzu-Chien	210	-	-	100	-	100	-	-	-	-	-	-	-	-	310	310	0.22	0.22
Independent Director (Note 2)	Huang Hao-Chen	224	-	-	120	-	120	-	-	-	-	-	-	-	-	344	344	0.24	0.24

Job title	Name	Remuneration to directors				The sum of A, B, C, and D as a percentage of net income after tax (%)			Remuneration to individuals concurrently serving as employees				The sum of A, B, C, D, E, F and G as a percentage of net income after tax (%)		Received remuneration from investees other than subsidiaries or the parent company or not	
		Remuneration (A)		Retirement from service (B)		Remuneration to directors (C)		Business execution expenses (D)		Salaries, bonuses and allowances (E)		Severance pay and pension (F)		Remuneration to employee (G)		
		The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company (Note 4)	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	Cash amount	Stock amount	The Company		All companies included in the financial report
Independent Director (Note 2)	Huang Lung-Sheng	224	-	224	-	-	120	120	344 0.24	-	-	-	-	344 0.24	344 0.24	-
Independent Director (Note 2)	Wang Chien-Chih	224	-	224	-	-	120	120	344 0.24	-	-	-	-	344 0.24	344 0.24	-

1. Please state the policy, system, standard and structure of the remuneration to independent directors, and the correlation to the amount of remuneration based on their responsibilities, risks, time invested and other factors: The Company's policy and standards for remuneration to directors are based on the Company's Articles of Incorporation. The travel expenses and remunerations of all directors are determined by the Board of Directors after the evaluation by the Remuneration Committee with reference to the standards in the industry.

2. Other than the disclosure in the above table, remuneration to the Company's directors for providing services (such as serving as a consultant to the parent company/all companies included in the financial reports/investees who are not employees) in the most recent year: None

Note 1: The original director was discharged during the reelection of the shareholders' meeting on June 19, 2023.

Note 1: The new director was elected during the reelection of the shareholders' meeting on June 19, 2023.

Note 3: Resigned on July 17, 2023.

Note 4: On March 12, 2024, the Board of Directors approved the distribution of 2023 remuneration to directors of NTD 1,243 thousand. The above figures are provisional estimates to be distributed.

Note 5: The concept of remuneration disclosed in this table is different from that of income tax law. Therefore, this table is for information disclosure and not for taxation purpose.

2. Remuneration to general manager and deputy general manager:

Job title	Name	Salary (A)		Severance pay and pension (B)		Bonuses and allowances (C)		Amount of remuneration to employees (D)				The sum of A, B, C, and D as a percentage of net income after tax (%)		Received remuneration from investees other than subsidiaries or the parent company
		The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company		All companies included in the financial report				
				Cash Amount	Stocks Amount	Cash Amount	Stocks Amount	Cash Amount	Stocks Amount	The Company	All companies included in the financial report			
General Manager (Note 1)	Chen Chi-Yu	1050	1050	29	29	-	-	-	-	1,079	1,079	1,079	1,079	-
General Manager (Note 2)	Hsu Cheng-Che	1,360	1,360	80	80	500	500	-	-	1,940	1,940	1,940	1,940	-

Note 1: Resigned on June 28, 2023.

Note 2: On June 28, 2023, the Board of Directors reappointed Hsu Cheng-Che as the new general manager.

Note 3: The concept of remuneration disclosed in this table is different from that of income tax law. Therefore, this table is for information disclosure and not for taxation purpose.

3. Remuneration to supervisors : Not applicable .

4. The remuneration to the top five highest paid executives of a listed company

December 31, 2023; Unit: NTD thousands

Job title	Name	Salary (A)		Severance pay and pension (B)		Bonus and special allowance, etc. (C)		Amount of remuneration to employees (D)			The sum of A, B, C, and D as a percentage of net income after tax (%)		Received remuneration from investees other than subsidiaries or the parent company	
		The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	Cash	Stocks	The Company		All companies included in the financial report
General Manager (Note 1)	Chen Chi-Yu	1,050	1,050	29	29	-	-	-	-	-	1,079	1,079	0.76	None
General Manager (Note 2)	Hsu Cheng-Che	1,360	1,360	80	80	500	500	-	-	-	1,940	1,940	1.37	None
Special Assistant	Cheng Ya-Wen	375	875	32	63	100	100	-	-	-	507	1,038	0.73	None
Manager	Yen Mei-Chun	960	960	58	58	448	448	-	-	-	1,466	1,466	1.03	None
Manager	Chen Hsing-Chen	376	376	22	22	-	-	-	-	-	398	398	0.28	None

Note 1: resigned on June 28, 2023.

Note 2: On June 28, 2023, the Board of Directors reappointed Hsu Cheng-Che as the new general manager.

Note 3: On March 12, 2024, the Board of Directors of the Company approved the distribution of employee compensation for 2023 with the amount of NTD 2,485,000. The distribution details have not yet been approved.

Note 4: The concept of remuneration disclosed in this table is different from that of income tax law. Therefore, this table is for information disclosure and not for taxation purpose.

5. Names of managers responsible of distributing employee remuneration and the distribution:

(1) No such situation in 2022.

(2) Names of managers who received employee remuneration in the most recent year (2023) and the distribution status: On March 12, 2024, the Company's Board of Directors passed a resolution of NTD 2,485 thousand for employee remuneration, the total amount of which accounted for 1.75% of net income after tax, and the distribution details have not yet been approved.

(II) Please compare and state the analysis of the total remuneration paid to the Company’s directors, supervisors, general manager and deputy general manager in the most recent two years by the Company and all companies in the consolidated financial statements as a percentage of the after-tax net income of the parent company only or individual financial reports. Additionally, please state the remuneration policy, standards and combinations, the procedure for determining remuneration and their correlation with operating performance:

1. Analysis of remuneration to directors, supervisors, general managers, and deputy general managers in the last two years as a percentage of net income after tax:

Job title	The proportion of total remuneration in the net income after tax of the parent company only or individual financial reports			
	2022		2023	
	The Company	All companies included in the financial report	The Company	All companies included in the financial report
Director	201.6%	201.6%	6.5%	6.5%
Supervisor	-	-	-	-
General Manager and Deputy General Manager	143.2%	143.2%	2.1%	2.1%

Since the Company’s net profit after tax was NTD 141,980 thousand in 2023, an increase of 97% compared to 2022, the proportion of remuneration to net profit after tax is different.

2. The policies, standards and components of remuneration, the procedure for determining remuneration, and their correlation with operating performance and future risks:

(1) Remuneration to directors:

The Company has established the Remuneration Committee in accordance with the regulations of the competent authority, and the remuneration to directors is based on the “Remuneration Committee Charter” established by the Company . The Remuneration Committee takes into account the industry norm according to the regulations. After evaluating the level of participation in the Company’s operations, contribution, the rationality of the association between the Company’s operating performance and future risks, the Committee will submit suggestions to the Board of Directors for discussion and approval.

(2) Remuneration to General Manager and Deputy General Manager:

The Company has established the Remuneration Committee in accordance with the regulations of the competent authority. The remuneration to the General Manager and Deputy General Manager (including salaries and bonuses) must be submitted by the Remuneration Committee to the Board of Directors for discussion and approval. The remuneration is determined based on the Company’s policy of the year, profits, and individual performance. The Company will review the remuneration system in a timely manner depending on the actual operating conditions and relevant laws and regulations, in order to achieve the goal of a balance between the Company’s sustainable operation and risk control.

(3) Future risks:

The Company’s policy of remuneration to directors, General Manager, and Deputy General Manager and the procedures for determining remuneration are positively related to its operating performance and future risks.

3. The link between the Company’s director performance evaluation and remuneration:

In accordance with Article 17 and Article 25 of the Company’s Articles of Incorporation,

the Board of Directors is authorized to determine the remuneration to the directors in accordance with the extent of their participation in the Company's operations and their contribution, and with reference to domestic and foreign industry standard. If the Company makes a profit in the year, it may set aside no more than 1% of the above-mentioned profit for the remuneration to directors, as resolved by the Board of Directors. In 2023, the Company allocated 1% of the profit as remuneration to directors in accordance with the regulations, which was NTD 1,243 thousand. In addition, according to the Company's "Rules for Performance Evaluation of Board of Directors," the results of the performance evaluation of the Board shall be used as a reference for the selection or nomination of directors. Moreover, the performance evaluation of individual directors (excluding independent directors) shall be used as the basis for determining their individual remuneration for reference.

IV. Status of operation of corporate governance

(I) Status of operation of the Board of Directors:

1. Information on the status of operation of the Board of Directors:

The Board of Directors is operated in accordance with the “Rules of Procedure for Board of Directors Meetings of Public Companies.” The Board of Directors held eight meetings (A) in the most recent year. The attendance of directors and supervisors is as follows:

Status of operation of the Board of Directors

Job title	Name	Actual attendance B	Attendance by proxy	Actual attendance rate (%)	Notes
Chairman (Note 1)	Appointed by Dai Wan Shiung Ching Co., Ltd.: Chen Chi-Yu	3	0	100.00	Dismissed on June 19, 2023
Director (Note 1)	Huang Chun-Ming	3	0	100.00	Dismissed on June 19, 2023
Director (Note 1)	Chien Yeu Enterprise Co., Ltd. Representative, Tsai Hui-Ming	3	0	100.00	Dismissed on June 19, 2023
Director (Note 1)	Chao Sheng Investment Co., Ltd. Representative, Huang Tai-Feng	2	1	66.67	Dismissed on June 19, 2023
Chairman (Note 2)	Appointed by Zhou Ting Co., Ltd.: Chiang Yu-Lien	5	0	100.00	Appointed on June 19, 2023
Director (Note 2)	Appointed by Dai Wan Shiung Ching Co., Ltd.: Hung Kuo-Chin	5	0	100.00	Appointed on June 19, 2023
Director (Note 2)	Appointed by Dai Wan Shiung Ching Co., Ltd.: Su, Cheng-Hui	5	0	100.00	Appointed on June 19, 2023
Independent Director (Note 3)	Hung Yu-Ting	5	0	100.00	Resigned on July 17, 2023
Independent Director (Note 1)	Ning Kuo-Hui	3	0	100.00	Dismissed on June 19, 2023
Independent Director (Note 1)	Chen Tzu-Chien	3	0	100.00	Dismissed on June 19, 2023
Independent Director (Note 2)	Huang Hao-Chen	5	0	100.00	Appointed on June 19, 2023
Independent Director (Note 2)	Huang Lung-Sheng	5	0	100.00	Appointed on June 19, 2023
Independent Director (Note 2)	Wang Chien-Chih	5	0	100.00	Appointed on June 19, 2023

Note 1: The original director was discharged during the reelection of the shareholders' meeting on June 19, 2023.

Note 2: The new director was elected during the reelection of the shareholders' meeting on June 19, 2023.

Note 3: Resigned on July 17, 2023.

Other information to be disclosed:

I. If the operation of the Board is under any of the following circumstances, the date and session of the Board, the contents of the motions, the opinions of all independent directors, and the Company's handling of the opinions of the independent directors shall be stated:

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

For details, please refer to "(XI) In the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, important resolutions adopted at the shareholders' meeting or board of directors meeting."

(II) Except for the aforementioned matters, any other resolutions of the Board of Directors' meetings to which independent directors objected or have reservations that are recorded or stated in a written statement: None.

II. Implementation of recusal of motions involving conflicting interests of the Board of Directors:

Meeting date	Name of director	Motion Content	Reason for recusal and participation of voting
June 28, 2023	Chiang Yu-Lien	Monthly remuneration to the Chairman of the Company	Recused due to conflict of interest, and did not participate in discussion and voting.
June 28, 2023	Hung Yu-Ting, Huang Hao-Chen, Huang Lung-Sheng, Wang Chien-Chih	Appointment of the 6th Remuneration Committee members of the Company.	Recused due to conflict of interest, and did not participate in discussion and voting.
June 28, 2023	Hung Yu-Ting, Huang Hao-Chen, Huang Lung-Sheng, Wang Chien-Chih	Remuneration to the independent directors of the Company.	Recused due to conflict of interest, and did not participate in discussion and voting.
December 22, 2023	Chiang Yu-Lien	Motion to sign the Company's house lease.	Recused due to conflict of interest, and did not participate in discussion and voting.
December 22, 2023	Chiang Yu-Lien	Motion to sign the subsidiary's house lease.	Recused due to conflict of interest, and did not participate in discussion and voting.

III. Information on the evaluation cycle and period, evaluation scope, method and content of the self (or peer) evaluation of the Company's Board of Directors. For the implementation of the evaluation of the Board of Directors, please refer to: 2. Implementation of performance evaluation of the Board of Directors and functional committees (Audit Committee and Remuneration Committee).

IV. Objectives to improve the functions of the Board in the current year and the most recent year (such as establishment of an audit committee, and improvement of information transparency) and evaluation of implementation:

Improvement of the functional objectives of the Board of Directors	Implementation evaluation
1. Establishing the Audit Committee	The Company elected three independent directors at the shareholders' meeting on June 2, 2020, and established the Audit Committee on the same day. In

	2023, the three independent directors attended each board meeting in person.
2. Enhancing information transparency	The Company has designated personnel responsible for the online reporting operation of the Market Observation Post System, and to handle the collection and disclosure of the Company's information, to ensure that the information that may affect the decision-making of shareholders and stakeholders is disclosed in a timely manner.
3. Establishing communication channels with stakeholders	The Company has a spokesperson and an acting spokesperson, and a section for inquiries has been established on the Company's website. Each year, shareholders with the right to propose motions to the Company may do so in accordance with the relevant laws and regulations .
4. Improving all aspects of the Board of Directors	The Board of Directors emphasizes diversity and the members have the knowledge, skills and competence required for carrying out their duties, including different professional backgrounds in law, accounting and industry. They listen to the briefing from the management team at regular meetings The team maintains good communication and works together to create maximum benefits for shareholders.
5. Encouraging Directors for further education each year	The directors of the Company participated in the further education courses in 2023, and all the directors met the required hours.
6. Purchase of liability insurance for directors	Directors' liability insurance has been purchased by the Company and reported to the Board.

2. Implementation of performance evaluation of the Board of Directors and functional committees (Audit Committee and Remuneration Committee): The Company has established a performance evaluation system for the Board. The Board of Directors has approved the “Rules for Performance Evaluation of Board of Directors” to implement corporate governance, improve the Board’s functions, and establish performance targets to enhance the Board’s efficiency. The results of the performance evaluation of the Board of Directors shall be completed before the end of the first quarter of the following year .

(1) Evaluation cycle, period, scope, method and content:

Evaluation Cycle	Evaluation period	Evaluation scope	Evaluation approach	Evaluation content
Once a year	Evaluation of the performance of the Board of Directors from January 1, 2023 to December 31, 2023	Performance evaluation of the Board of Directors, individual board members and functional committees	Internal self-evaluation of the Board, self-evaluation of directors, and internal self-evaluation of functional committees	<p>The items measured in the performance evaluation of the Board of Directors (functional committees) shall include the following aspects:</p> <ul style="list-style-type: none"> I. Degree of participation in the Company’s operations. II. Improvement of the quality of the Board’s decision-making. III. Composition and structure of the Board of Directors. IV. Election and further education of directors. V. Internal control. <p>The items measured in the performance evaluation of the Board of Directors (functional committees) shall include the following aspects:</p> <ul style="list-style-type: none"> I. Understanding of the Company’s objectives and tasks. II. Awareness of the directors’ duties. III. Degree of participation in the Company’s operations. IV. Management of internal relationship and communication. V. Directors’ professionals and further education. VI. Internal control. <p>The items measured in the performance evaluation of the Board of Directors (functional committees) shall include the following aspects:</p> <ul style="list-style-type: none"> I. Degree of participation in the Company’s operations. II. Understanding of the functional committees’ duties. III. Improvement of the decision-making quality of the functional committees. IV. Composition of the functional committees and election of the members. V. Internal control.

(2) Results of the performance evaluation of the Board of Directors for 2023:

- I. Basis: The Company’s “Rules for Performance Evaluation of Board of Directors ”
- II. Evaluation method : Internal self-evaluation of the Board of Directors and self-evaluation of directors .
- III. Evaluation period: January 1, 2023 to December 31, 2023
- IV. Evaluation scope: The Board of Directors as a whole, individual board members, and functional committees.
- V. Evaluation content and results:

The evaluation results are divided and presented into five levels. The principles of the levels are described as follows:

Number 1: Very poor (Disagree); Number 2: Poor (Disagree); Number 3: Moderate (Average); Number 4: Good (Agree); Number 5: Excellent (Completely agree).

(I) Evaluation of the performance of the Board of Directors as a whole:

The Board’s performance evaluation indicator includes 5 major aspects and a total of 45 indicators. The total score is 4.76, which is considered as “excellent,” indicating that the Board of Directors has performed its responsibility to guide and supervise the Company’s strategy, major business and risk management. The quality of the Board’s decision-making is good, and the overall operation is complete, which is line with the requirements of corporate governance.

Five aspects of self-evaluation	Evaluation item	Evaluation result
A.Participation in the Company’s operations	12 items	4.78
B.Improvement of the Board’s decision-making quality	12 items	4.76
C.Composition and structure of the Board	7 items	4.81
D.Election and further education of Directors	7 items	4.79
E. Internal control	7 items	4.81
Total	45 items	4.76

(II) Self-evaluation of directors:

The performance evaluation indicators of board members include 6 major aspects and a total of 23 indicators. The overall score is 4.87, which is considered as “excellent.” It shows that the Company’s directors have positive comments regarding the efficiency and effects of the operation of each evaluation indicator.

Six aspects of self-evaluation	Evaluation item	Evaluation result
A.Understanding of the Company’s objectives and tasks	3 items	5.00
B.Awareness of the directors’ duties	3 items	4.89
C.Participation in the Company’s operations	8 items	4.79
D.Management of internal relationship and communication	3 items	4.94
E. Directors’ professionals and further education	3 items	4.83
F. Internal control	3 items	4.89
Total	23 items	4.87

(III) Evaluation of the overall performance of the functional committees:

The performance evaluation indicators of the functional committees include 5 major aspects and a total of 24 indicators. The overall score is 4.72, which is considered as “excellent.” It indicates that the functional committees have positive comments regarding the efficiency and effectiveness of each evaluation indicator.

Five aspects of self-evaluation	Evaluation item	Evaluation result
A. Participation in the Company’s operations	4 items	4.92
B. Understanding of the functional committees’ duties	7 items	4.67
C. Improvement of the decision-making quality by the functional committees	7 items	4.71
D. Composition of the functional committees and election of the members	3 items	4.67
E. Internal control	3 items	4.67
Total	24 items	4.72

- VI. Improvement measures: In order to enhance the functions of the Board of Directors, we will actively invite directors to attend the shareholders meetings to improve the attendance rate and establish a good communication channel with the management team and shareholders to enhance the participation of the Board of Directors in the Company’s operations. In addition, to strengthen the interaction between the Board of Directors and the CPAs, for the annual financial statements or major adjustments to the financial statements, CPAs are invited to attend the Board of Directors’ meeting to explain the report, so that the directors can fully understand the financial status. We understand the needs of individual directors, continue to provide directors with a variety of courses to maintain their professional advantages and capabilities. We also encourage directors to put forward more specific suggestions on motions at board meetings, and arrange for them to communicate with the management team, CPAs, and Auditing Supervisor on a regular basis. This will maintain a close relationship and enhance interaction between directors and the management team.

(II) Status of operation of the Audit Committee:

1. The Audit Committee held seven meetings (A) in the most recent year, and the attendance of independent directors is as follows:

Job title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate %(B/S) (Note 1 and Note 2)	Notes
Independent Director	Ning Kuo-Hui	3	0	100.00	Resigned on June 19, 2023
Independent Director	Chen Tzu-Chien	3	0	100.00	Resigned on June 19, 2023
Independent Director	Hung Yu-Ting	4	0	100.00	Resigned on July 17, 2023
Independent Director	Huang Hao-Chen	4	0	100.00	Newly elected on June 19, 2023
Independent Director	Huang Lung-Sheng	4	0	100.00	Newly elected on June 19, 2023
Independent Director	Wang Chien-Chih	4	0	100.00	Newly elected on June 19, 2023

Other information to be disclosed:

I. If the operation of the Audit Committee is under any of the following circumstances, the date of the Audit Committee meeting, the session of the meeting, the contents of the motions, the independent directors' objections, reserved opinions, or major suggestions, the Audit Committee's resolutions, and the Company's management for opinions.

(I) Items listed in Article 14-5 of the Securities and Exchange Act: "(5) Status of operation during the year."

(II) Other than the aforesaid matters, any resolutions not approved by the Audit Committee but approved by more than two-thirds of all directors: None.

II. Regarding the implementation of independent directors' recusal to avoid conflict of interest, the name of the independent director, content of the motion, reasons for recusal, and participation of voting shall be stated: None

III. Communication between independent directors and internal auditing supervisor and CPAs:

(I) Individual communication between independent directors and auditing supervisor in 2023 (including pre-meeting):

Date	Communication method	Communication matter	Communication results
March 23, 2023	21st meeting of the 1st Audit Committee	1. Audit implementation status in the fourth quarter of 2022. 2. The Company's "Internal Control System Statement" for 2022.	1. Noted; no comments and a report was submitted to the Board of Directors. 2. Approved by all the committee members in attendance, and submitted the motion to the Board for resolution.
May 9, 2023	22nd meeting of the 1st Audit Committee	1. Audit implementation status in the first quarter of 2023.	1. Noted; no comments and a report was submitted to the Board of Directors.
August 9, 2023	The 2nd meeting of the 2nd Audit Committee	1. Audit implementation status in the second quarter of 2023.	1. Noted; no comments and a report was submitted to the Board of Directors.
November 9, 2023	The 3rd meeting of the 2nd Audit Committee	1. Audit implementation status in the third quarter of 2023.	1. Noted; no comments and a report was submitted to the Board of Directors.

(II) The auditing supervisor shall deliver the report to the independent directors via e-mail within one month after the completion of the audit report.

(III) The Company has provided the independent directors and internal auditing supervisor with their phone numbers and e-mail addresses for direct contact and communication.

(IV) Individual communication between independent directors and CPAs in 2023:

Date	Communication method	Communication matter	Suggestions made by independent directors
March 23, 2023	Symposium of independent directors and CPAs	1. The Company's 2022 consolidated financial report and parent company only financial report.	None
November 9, 2023	Symposium of independent directors and CPAs	1. Progress and implementation of the Company's self-preparation of financial report capability plan. 2. Key audit matters in 2023 of the Company.	None

Note 1: Before the end of the year, if an independent director resigns, the date of resignation shall be indicated in the notes column. The actual attendance rate (%) shall be calculated based on the number of Audit Committee meetings held and the actual attendance during his/her tenure.

Note 2: Before the end of the year, if an independent director is reelected, both the new and the previous independent director shall be listed. The notes column shall indicate whether the independent director is a former director, new director, or has been reelected as well as the date of the reelection. The actual attendance rate (%) is calculated based on the number of Audit Committee meetings held during his/her tenure and the actual attendance.

2. Key tasks of the year

(1) The Audit Committee consists of three independent directors. For professional qualifications and experience of the members, please refer to "I. Information on Directors – 3. Disclosure of Directors' Professional Knowledge and Independence Information" above. The purpose of the Audit Committee is to assist the Board of Directors in supervising the quality and integrity of the Company's accounting, auditing, financial reporting processes and financial control. Matters reviewed by the Audit Committee include:

- ✧ Legal compliance
- ✧ Financial reports
- ✧ Auditing and accounting policies and procedures
- ✧ Internal control system and related policies and procedures
- ✧ Major asset or derivative transactions
- ✧ Material loaning of funds and endorsements/guarantees
- ✧ Raising or issuing securities
- ✧ Derivatives and cash investment
- ✧ Are there any related party transactions and possible conflicts of interest between managers and directors
- ✧ Fraud prevention plan and fraud investigation report
- ✧ Grievance report
- ✧ Information security
- ✧ Corporate risk management
- ✧ Qualification, independence and performance evaluation of CPAs
- ✧ Appointment, dismissal or remuneration of CPAs
- ✧ Appointment and dismissal of financial, accounting or internal auditing supervisor
- ✧ Fulfillment of duties of the Audit Committee
- ✧ Questionnaire for performance self-evaluation of the Audit Committee

(2) Evaluating the effectiveness of the internal control system

Audit Committee evaluates the effectiveness of the policies and procedures of the Company's internal control system (including control measures in finance, operation, risk management, information security, outsourcing, legal compliance, etc.). The Committee also reviews the Company's audit department and CPAs, as well as reporting to management on a regular basis on risk management and compliance. Regarding the integration structure of overall internal control formulated based on relevant laws and regulations, the Audit Committee believes that the Company's risk management and internal control systems are effective. The Company has adopted the necessary control mechanisms to supervise and correct violations.

(3) Review of financial reports

The Board of Directors has prepared the Company's business report, financial report and earnings distribution motion for 2023. The financial reports have been audited by CPAs Chen Chen-Li and

Chen Hsiu-Wen of Deloitte & Touche, who issued an independent audit report. The above-mentioned business report, financial report and earnings distribution motion were reviewed by the Audit Committee and no discrepancy was found.

(4) Appointment of CPAs

The Audit Committee is entrusted with the duty of supervising the independence of the CPA firm to ensure the fairness of the financial statements. In general, a CPA firm shall not provide other services to the Company apart from tax-related services or specially approved items. The services provided by the CPA firm must be approved by the Audit Committee. To ensure the independence of the CPA firm, the Audit Committee has compiled an independence evaluation table based on Article 47 of the Certified Public Accountant Act and Bulletin No. 10 of the Norm of Professional Ethics for Certified Public Accountant "Integrity, Objectivity, and Independence." The Committee evaluates whether the firm is a stakeholder or shares business or financial interests with the Company according to the CPAs' independence, professionalism and suitability. On March 23, 2023, the 21st meeting of the 1st Audit Committee and the 23rd meeting of the 21st Board of Directors reviewed and approved that the CPAs Chen Chen-Li and Chen Hsiu-Wen of Deloitte & Touche is independent and competent enough to serve as the Company's financial and tax CPAs.

(5) Status of operation during the year:

Summary of meeting motions of Audit Committee

Date	Name	Summary of motion	Matters listed in Article 14-5 of the Securities and Exchange Act	Independent directors' objections, reserved opinions, or major recommendations	Resolution of the Audit Committee	The Company's handling of the Audit Committee's opinions	Resolutions not approved by the Audit Committee but approved by two-thirds of all directors
February 15, 2023	20th meeting of the 1st Audit Committee	1. Motion for the Company's consolidated financial reports for Q1, Q 2 and Q3 2022.	V	None	There were no objections from the attending members upon inquiry by the chairman, and the competent authority submitted the matter to the Board of Directors for discussion.	Approved unanimously by directors present at the meeting	None
March 23, 2023	21st meeting of the 1st Audit Committee	1. The Company's 2022 business report, consolidated financial report and parent company only financial report. 2. Motion of the Company's 2022 deficit appropriation . 3. Approval for the 2023 CPA fees and service fees for the change in accounting policy for investment properties. 4. Motion for regular evaluation of the independence and suitability of CPAs. 5. Motion for the Company's "Internal Control System Statement" for 2022. 6. Motion for appointment of the corporate governance supervisor. 7. Approval of the non-accreditation services by CPAs, their firms and affiliates to the Company and subsidiaries.	V V V V V V V	None	There were no objections from the attending members upon inquiry by the chairman, and the competent authority submitted the matter to the Board of Directors for discussion.	Approved unanimously by directors present at the meeting	None
May 9, 2023	22nd meeting of the 1st Audit Committee	1. Motion for the Company's consolidated financial report for Q1 2023. 2. Motion for sale of the land and buildings in Taoyuan District previously held by the Company. 3. Motion for private placement of marketable securities in 2023.	V V V	None	There were no objections from the attending members upon inquiry by the chairman, and the competent authority submitted the matter to the Board of Directors for discussion.	Approved unanimously by directors present at the meeting	None
June 28, 2023	The 1st meeting of the 2nd Audit Committee	1. Motion for election of convener and meeting chairman of the 2nd Audit Committee of the Company. 2. Motion for replacement of the Company's CPAs. 3. Motion for the 2023 shareholders' meeting on	V V V	None	There were no objections from the attending members upon inquiry by the chairman, and the competent authority submitted the	Approved unanimously by directors present at the meeting	None

Date	Name	Summary of motion	Matters listed in Article 14-5 of the Securities and Exchange Act	Independent directors' objections, reserved opinions, or major recommendations	Resolution of the Audit Committee	The Company's handling of the Audit Committee's opinions	Resolutions not approved by the Audit Committee but approved by two-thirds of all directors
		the pricing and issuance of the first private placement of marketable securities. 4. Motion to increase the capital of the subsidiary Shang-Ting Construction Co., Ltd. from cash.	V		matter to the Board of Directors for discussion.		
August 9, 2023	The 2nd meeting of the 2nd Audit Committee	1. Motion for the Company's consolidated financial report for Q2 2023.	V	None	There were no objections from the attending members upon inquiry by the chairman, and the competent authority submitted the matter to the Board of Directors for discussion.	Approved unanimously by directors present at the meeting	None
November 9, 2023	The 3rd meeting of the 2nd Audit Committee	1. Motion for appointment of the Finance Supervisor and Accounting Supervisor. 2. Motion for the Company's consolidated financial report for Q3 2023. 3. Motion for the Company's 2024 annual audit plan. 4. Motion to increase the capital of the subsidiary Shang-Ting Construction Co., Ltd. from cash. 5. Motion to amend the "Remuneration Committee Charter" 6. Motion to amend the "Corporate Governance Best-Practice Principles." 7. Motion to amend the "Rules for Performance Evaluation of Board of Directors." 8. Motion to amend the "Regulations Governing Cybersecurity Inspection Management Act."	V V V V V V V V	None	There were no objections from the attending members upon inquiry by the chairman, and the competent authority submitted the matter to the Board of Directors for discussion.	Approved unanimously by directors present at the meeting	None
December 22, 2023	The 4th meeting of the 2nd Audit Committee	1. Motion to sign the Company's house lease. 2. Motion to sign the subsidiary's house lease. 3. Motion to amend the "Management of the Preparation Process of Financial Reports." 4. Motion to amend the "Accounting Professional Judgment Process, Accounting Policies and Management of Changes in Estimates."	V V V V	None	There were no objections from the attending members upon inquiry by the chairman, and the competent authority submitted the matter to the Board of Directors for discussion.	Approved unanimously by directors present at the meeting	None

(III) Status of corporate governance operation and difference of Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons:

Evaluation item	Status of operation (Note)		Differences with Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes
	Yes	No	
I. Has the Company established and disclosed its corporate governance best-practice principles in accordance with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	√		We have established the “Corporate Governance Best-Practice Principles,” which have been disclosed on the Company’s website and Market Observation Post System (MOPS).
II. The Company’s shareholding structure and shareholders’ rights and interests	√		No significant difference
(I) Has the Company established internal operating procedures to handle shareholders’ suggestions, doubts, disputes and litigation matters, and implemented them in accordance with the procedures?	√		The Company has established the system of spokesperson and acting spokesperson, and disclosed the contact number of the spokesperson on the MOPS. The Company has also set up a website, with an investor section, corporate governance section and stakeholders section in place as the reference for shareholders and stakeholders. Moreover, we have also set up a spokesperson e-mail of speaksman@triocean.com.tw as a communication channel for shareholders, and dedicated personnel have been assigned to properly handle shareholders’ suggestions and queries. A stock agency has also been appointed to deal with issues related to shareholders’ rights and other stock affairs.
(II) Does the Company possess the list of major shareholders who actually control the Company and the ultimate controllers of such shareholders?	√		We keep abreast of the list of major shareholders actually controlling the Company and the ultimate controllers of such shareholders based on the shareholder register provided by the stock agency.
(III) Has the Company established and operated risk control and firewall mechanisms with its affiliates?	√		We have established and implemented relevant rules such as the “Procedures for Transactions between Enterprise Groups, Specific Companies, and Stakeholders” and “Supervision and Management of Subsidiaries” as a risk control mechanism to eliminate irregular transactions.

Evaluation item	Status of operation (Note)		Differences with Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes
	Yes	No	
(IV) Has the Company established internal rules to prohibit insiders from trading securities using undisclosed information in the market?	√		We have established a Code of Ethical Conduct and Insider Trading Prevention Management Regulations, clearly stipulating that directors, supervisors and managers abide by the fair trading principle and avoid opportunities for personal gain. The relevant rules have been announced on the official website.
III. Composition and duties of the board of directors (1) Has the Board of Directors formulated and implemented diversity policies and specific management goals?	√		The election of directors has been stipulated in the Company's "Articles of Incorporation" and "Procedures for Election of Directors." The overall composition of the Board of Directors shall also be considered. A policy for strengthening the Board's competency is included in our Corporate Governance Best-Practice Principles. The composition of the Board of Directors shall take diversity into consideration. The Board shall adopt an appropriate policy for diversification in terms of its own operation, business model, and development needs. It is advisable to include but not limited to the following standards for the two major aspects: I. Basic conditions and values: Gender, age, nationality, culture, etc. II. Professional knowledge and skills: Professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experiences. Members of the Board shall generally possess the necessary knowledge, skills, and competence to perform their duties. The abilities to be possessed are as follows: I. The ability to make judgments regarding

Evaluation item	Status of operation (Note)		Differences with Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes
	Yes	No	
			<p>operations.</p> <p>II. Accounting and financial analysis ability.</p> <p>III. Business management ability.</p> <p>IV. Crisis management ability.</p> <p>V. Industry knowledge</p> <p>VI. International market perspectives.</p> <p>VII. Leadership ability</p> <p>VIII. Decision-making ability</p> <p>More than half of the directors shall not be a spouse or a relative within the second degree of kinship.</p> <p>The Board of Directors shall consider adjusting the composition of the Board based on the results of the performance evaluation. Please refer to Note 1.</p>
(II) In addition to the Remuneration Committee and the Audit Committee, has the Company established other functional committees voluntarily?		√	<p>The Company has established the Remuneration Committee, but has not yet established other functional committees.</p>
(III) Has the Company established rules for performance evaluation of Board of Directors, conducted annual performance evaluations regularly, reported the results of the evaluations to the Board of Directors, and used them as a reference for individual directors' remuneration and nomination?	√		<p>The Company has formulated and announced the Board of Directors' performance evaluation regulations on the official website. The 2023 performance evaluation adopted questionnaires for directors and functional committees for self-evaluation, and the results were reported to the Board of Directors on March 12, 2024 for the regular review of the Board's performance effectiveness. For the evaluation of the Board of Directors, please refer to "Status of operation of the Board of Directors" on Page 20 of the Annual Report.</p>
(IV) Does the Company regularly evaluate the independence of the CPAs?	√		<p>The Company regularly evaluates the independence and suitability of the CPAs each year as follows:</p>

Evaluation item	Status of operation (Note)		Differences with Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes
	Yes	No	
IV. Has the listed company appointed competent and an appropriate number of corporate governance personnel, and appointed a corporate governance officer responsible for related affairs (including but not limited to providing directors and supervisors with the information needed to perform their duties, assisting directors and supervisors in complying with laws, handling matters related to the Board of Directors and shareholders' meetings in accordance with the regulations, and preparing minutes of the Board of Directors and shareholders' meetings)?	√		No significant difference
V. Has the Company established channels for communication with stakeholders (including but not limited to shareholders,	√		No significant difference

Evaluation item	Status of operation (Note)		Differences with Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes
	Yes	No	
employees, customers and suppliers), set up a stakeholder section on the Company's website, and appropriately responded to important corporate social responsibility issues concern of stakeholders?			Company has also set up a website (https://triocean.com.tw/), with an investor section, corporate governance section and stakeholders section in place as the reference for shareholders and stakeholders. A stakeholder contact platform has been set up as a communication channel for handling stakeholders' suggestions, concerns, and disputes to ensure their rights and interests. For stakeholder identity, issues of concern, communication channels and response methods, please refer to Note 3.
VI. Has the Company appointed a professional agent for stock affairs to handle shareholders' meeting matters?	√		The Company has appointed the Stock Affairs Department of KGI Securities Co. Ltd. to handle shareholders' meeting affairs.
VII. Information disclosure (I) Has the Company set up a website to disclose financial, business and corporate governance information?	√		At Triocean, we have set up a website (https://triocean.com.tw/) and published information regarding our financial business and corporate governance. The website includes an investor section, corporate governance section and stakeholders section, serving as the reference for shareholders and stakeholders. Additionally, on the website, a stakeholder contact platform has been set up as a communication channel for handling stakeholders' suggestions, concerns, and disputes to ensure their rights and interests.
(II) Has the Company adopted other means of information disclosure (e.g. setting up an English website, appointing personnel to collect and disclose information on the Company, implementing a spokesperson	√		The Company's website has an investor section that discloses information on financial business and corporate governance at any time. In addition, information related to investors conference is uploaded to the "Market Observation Post System" in accordance with the

Evaluation item	Status of operation (Note)		Differences with Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes
	Yes	No	
system, posting the process of investors conferences on the Company's website)?			
(III) Has the Company announced and reported the annual financial reports within two months after the end of the fiscal year, as well as the financial statements for the first, second, and third quarters and the operating status of each month before the prescribed deadline?	√		Currently, we declare our financial reports and monthly operating status in accordance with the prescribed date in the "Matters Required to Be Handled by Issuers of Listed Securities ." We have not announced and declared our annual financial reports within two months after the end of the fiscal year, or made an early announcement of the operation.
VIII.Does the Company possess other important information that is helpful to understand the implementation of corporate governance (including but not limited to employees' rights and interests, employee care, investor relations, supplier relations, stakeholders' rights, directors' and supervisors' further education, risk management policies and risk assessment standards, customer policies, and purchase of liability insurance for directors and supervisors)?	√		1. Employee rights and employee care: At Triocean, we have established an Employee Welfare Committee, which regularly holds labor-management meetings to ensure full communication and coordination between the Company and employees to maintain harmonious labor-management relations. In addition, the Company also provides clear communication channels with employees to care for their needs. Moreover, employees are encouraged to self-learn and enhance work skills. We have always complied with government regulations to protect the rights and interests of employees and maintain harmonious labor-management relations. 2. Investor relations: We announce our financial reports and various information related to finance and business on the Market Observation Post System

Evaluation item	Status of operation (Note)		Differences with Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes
	Yes	No	
		<p>(MOPS) and our website in accordance with the law. A spokesperson system has also been established so that investors can instantly understand the Company's operations.</p> <p>3. Supplier relations: We maintain a long-term and good friendship with suppliers and vendors. We share good business coordination and smooth communication channels, and attach great importance to the maintenance of good relations.</p> <p>4. Stakeholders' rights: A special section of stakeholders' communication channels has been set up on our website. We provide sufficient information in a timely manner to protect stakeholders.</p> <p>5. Further education of directors and supervisors: We actively assist directors and supervisors in taking courses in professional knowledge, and strengthen the functions of the Board. Further education of directors in 2023 has been reported and announced on the MOPS. See Note 4 for details.</p> <p>6. Risk management policies and risk assessment standards: In response to foreign exchange risks, interest rate risks and inflation risks, we have formulated the risk management policy on October 20, 2012, which was announced together with the risk organization and management structure on our website and implemented.</p> <p>7. Purchase of liability insurance for directors and supervisors: From 2015, we have purchased relevant liability insurance for directors and supervisors, and</p>	

Note 1: The specific management objectives of the Company's board diversity policy and the progress are as follows:

Management objectives	Status of achievement
The number of independent directors exceeds one-third of the total number of directors.	Achieved
It is advisable that the number of directors who also serve as the Company's managers shall not exceed one-third of the total number of directors	Achieved
Directors of different genders	Achieved
Adequate and diversified professional knowledge and skills	Achieved

The implementation of the diversity policy of the current Board of Directors in 2024 is as follows:

Diversified core items	Gender	Nationality	Age			Length of tenure of independent directors			Professional ability									
			41 to 50	51 to 60	61 to 70	Less than 3 years	3 to 9 years	Over 9 years	Business judgment	Financial analysis	Operation and management	Crisis management	Industry knowledge	International market perspectives	Leadership ability	Decision-making ability		
Name of director																		
Chairman, Chiang Yu-Lien	Female	Taiwan		v					v					v				v
Director, Hung Kuo-Chin	Male	Taiwan		v					v					v				v
Director, Su Cheng-Hui	Male	Taiwan	v						v					v				v
Independent Director, Huang Hao-Chen	Male	Taiwan	v			v			v					v				v
Independent Director, Huang Lung-Sheng	Male	Taiwan		v					v					v				v
Independent Director, Wang Chien-Chih	Male	Taiwan		v					v					v				v

Note 2: Establishment of corporate governance supervisor, duties, business promotion and further education

I. Establishment of the corporate governance supervisor and the scope of authority:

On March 23, 2023, the Company's Board of Directors appointed the Hsu Cheng-Che Deputy General Manager as the corporate governance supervisor. The corporate governance supervisor was established in accordance with the law and development needs. The corporate governance supervisor has more than three years of experience in finance, stock affairs and meeting procedures.

II. Business promotion by the corporate governance supervisor in 2023:

1. Providing information regarding further education courses for directors from time to time, reminding directors to complete the courses and report the further education according to the provisions of the "Directions for the Implementation of Further Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies."
2. Evaluating and purchasing the "Directors' Liability Insurance" for directors, and reporting the coverage to the Board.

3. Communication meetings are convened from time to time for CPAs, independent directors, auditing supervisor and financial and accounting supervisors to implement the internal audit and control system. Please refer to the Company's website for the meeting minutes.
4. Handling of matters related to the meetings of the Board of Directors and committees according to laws and regulations: All directors and committee members are notified to attend the meeting seven days prior to the meeting, and sufficient information is provided so that the directors are able to understand the relevant contents of the motions. If any director or a representative is an interested party with respect to meeting items, a reminder will be given in advance. The minutes of each Board meeting will be sent to each director within 20 days after the meeting.
5. Responsible for announcing material information or announcements of important resolutions on the day after the Board meetings and shareholders meetings, to ensure the legitimacy and accuracy of the information disclosed, and to ensure the reciprocity of information for investors.
6. The Company regularly evaluates the performance of the Board every year in accordance with the "Rules for Performance Evaluation of the Board of Directors."
7. Providing Directors with information on new laws and regulations related to business execution, corporate governance or business operations from time to time.
8. Handling matters related to Annual General Meetings according to laws and regulations: Registering the date of the meetings according to the laws and regulations each year, and preparing and reporting the meeting notice, agenda handbook and meeting minutes before the deadline.
9. Reviewing the achievement of corporate governance evaluation indicators one by one on a yearly basis, and proposing improvement plans and countermeasures for indicators failed to score.
10. Providing operational information related to the Company's business or finance as required by the directors, and maintaining clear communication and exchanges between the directors and various supervisors.

III. Further education of the corporate governance supervisor in 2023:

Organizer	Course name	Date of further education	Number of hours of further education	Total number of hours of further education in the current year
Taiwan Stock Exchange and Taipei Exchange	Sustainable Development Plan Promotion Section of TWSE/TPEX Listed Companies	May 22, 2023	3	18
Taiwan Corporate Governance Association	Legal Issues Concerning the Management of Insider Shareholding and Trading of Shares	August 9, 2023	3	
Securities and Futures Institute	2023 Insider Trading Prevention Conference	October 13, 2023	3	
Taiwan Corporate Governance Association	Net Zero Sustainability Talent Cultivation Class – Carbon Governance and Sustainable Ecosystem	October 26, 2023 October 27, 2023	9	

Note 3: Stakeholder status, issues of concern, communication channels, and response measures in 2023

Stakeholder status	Issues of concern	Communication channel	Frequency	Response method
Shareholders and investors	Business performance	<ul style="list-style-type: none"> ● Market Observation Post System ● Investor section on the Company's website ● Annual General Meeting ● Investors conference ● Inquiry for the spokesperson 	Immediate/from time to time	<ul style="list-style-type: none"> ● Annual shareholders' meeting ● Annual investors conference ● Announcement on Market Observation Post System and disclosure on the Company's website ● Contact person: Ms. Chen of Finance and Accounting Department (E-mail: spokesman@triocean.com.tw)
Customer	Customer service	Customer service specialist	Immediate/from time to time	<ul style="list-style-type: none"> ● Immediate response to customers ● Contact person: Ms. He, Overall Planning Department (E-mail: janethe@triocean.com.tw)
Supplier	Providing resources and services required for the Company's operations	Telephone/E-mail	Immediate/from time to time	<ul style="list-style-type: none"> ● Reporting problems to suppliers immediately ● Contact person: Ms. Yen of the Procurement Department (E-mail: st54611350@triocean.com.tw)
Financial institution	<ul style="list-style-type: none"> ● Business performance ● Risk management 	Telephone/E-mail	Immediate/from time to time	<ul style="list-style-type: none"> ● Immediate response to the bank ● Contact: Ms. Huang of Finance and Accounting Department (E-mail: arielhuang@triocean.com.tw)
Government agency	Compliance with government regulations	<ul style="list-style-type: none"> ● Market Observation Post System ● Official document 	Immediate/from time to time	<ul style="list-style-type: none"> ● Announcement on MOPS ● Exchange of official documents ● Contact person: Ms. Chen of Finance and Accounting Department (E-mail: spokesman@triocean.com.tw)
Employees	<ul style="list-style-type: none"> ● Employee benefits and salary ● Employee equity 	<ul style="list-style-type: none"> ● Employee Welfare Committee ● Online suggestion box/telephone/bulletin board 	Annually/ from time to time	<ul style="list-style-type: none"> ● Heads of departments hold meetings with colleagues from time to time ● The Employee Welfare Committee implements a number of welfare measures each year ● Contact: Ms. Chen of the Administration Department (E-mail: hr@triocean.com.tw)

Note 4: Further education of the Company's directors and independent directors in 2023:

Job title	Name	Organizer	Course name	Date of further education	Number of hours of further education	Total number of hours of further education in the current year
Chairman	Chiang Yu-Lien	Taiwan Corporate Governance Association	Legal Issues Concerning the Management of Insider Shareholding and Trading of Shares	August 9, 2023	3	15
		Taiwan Corporate Governance Association	Net Zero Sustainability Talent Cultivation Class – Carbon Governance and Sustainable Ecosystem	October 26, 2023 October 27, 2023	9	
Director	Su Cheng-Hui	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	July 4, 2023	6	12
		National Federation of CPA Associations of the R.O.C.	Money Laundering and Insider Trading Case Studies	July 26, 2023	3	
Director	Hung Kuo-Chin	Taiwan Corporate Governance Association	Legal Issues Concerning the Management of Insider Shareholding and Trading of Shares	August 9, 2023	3	6
		Chinese National Association of Industry and Commerce	2023 Taishin Net Zero Summit	June 2, 2023	3	
Independent Director	Huang Hao-Chen	Taiwan Corporate Governance Association	Legal Issues Concerning the Management of Insider Shareholding and Trading of Shares	August 9, 2023	3	12
		The Institute of Internal Auditors-Chinese Taiwan	Regulatory analysis and audit focus of the Board of Directors and functional committees (Audit Committee and Remuneration Committees)	October 17, 2023	6	
Independent Director	Huang Lung-Sheng	Taiwan Corporate Governance Association	Corporate Governance in the US: History and Recent Developments	November 10, 2023	3	12
		Taiwan Corporate Governance Association	Legal Issues Concerning the Management of Insider Shareholding and Trading of Shares	August 9, 2023	3	
Independent Director	Wang Chien-Chih	The Institute of Internal Auditors-Chinese Taiwan	Reading, Analysis and Application of Financial Statements	October 31, 2023	6	15
		Taiwan Corporate Governance Association	Carbon Connection, Carbon Fees, Carbon Taxes, Carbon Rights and Carbon Trading	December 22, 2023	3	
Independent Director	Wang Chien-Chih	Taiwan Corporate Governance Association	Legal Issues Concerning the Management of Insider Shareholding and Trading of Shares	August 9, 2023	3	15
		The Institute of Internal Auditors-Chinese Taiwan	Regulatory analysis and audit focus of the Board of Directors and functional committees (Audit Committee and Remuneration Committee)	October 17, 2023	6	
		The Institute of Internal Auditors-Chinese Taiwan	Reading, Analysis and Application of Financial Statements	October 31, 2023	6	

(IV) If the Company has a remuneration committee, its composition, responsibilities and status of operation shall be disclosed:

I. Information on the Remuneration Committee members

March 31, 2024

Position	Name	Condition	Professional qualifications and experiences	Status of independence	Number of other public companies serving as Remuneration Committee member concurrently
Independent Director (Convener)	Huang Hao-Chen		Note	Note	0
Independent Director	Huang Lung-Sheng		Note	Note	0
Independent Director	Wang Chien-Chih		Note	Note	0

Note: Please refer to “(I) I. Information on Directors – 3. Disclosure of Directors’ Professional Knowledge and Independence Information” above

II. Information on the operation of the Remuneration Committee

1. The Company’s Remuneration Committee consists of three members.
2. The term of office of the current members: Our Board of Directors appointed the members of the sixth term on June 19, 2023, with a tenure from June 19, 2023 to June 18, 2026. In 2023, the Remuneration Committee convened four times (A). Qualifications and attendance of the members are as follows:

Job title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) (B /A)	Notes
Convener of the 5th Board of Directors	Hung Yu-Ting	1	0	100%	Resigned on July 17, 2023
Members of the 5th Board of Directors	Chen Tzu-Chien	1	0	100%	Resigned on June 19, 2023
Convener of the 6th Board of Directors	Huang Hao-Chen	3	0	100%	Newly elected on June 19, 2023
Members of the 6th Board of Directors	Huang Lung-Sheng	3	0	100%	Newly elected on June 19, 2023
Members of the 6th Board of Directors	Wang Chien-Chih	3	0	100%	Newly elected on June 19, 2023

The actual attendance rate (%) is calculated based on the number of Audit Committee meetings being held and the actual attendance during his/her tenure.

Other information to be disclosed:

1. If the Board of Directors does not adopt or amend the suggestions of the Remuneration Committee, the date and session of the Board meeting, the contents of the motions, the resolution results, and the Company’s handling of the Remuneration Committee’s opinions shall be disclosed (If the Board approves the suggestions regarding remuneration being higher than the Remuneration Committee, the reasons for the differences shall be stated): None.
- II. If a member has an objection or reserved opinion on a resolution of the Remuneration Committee, and it is recorded or stated in a written statement, the date and session of the Remuneration Committee, contents of the motion, opinions of all members, and the handling of such opinions shall be stated: None.

3. Regular remuneration review by the Remuneration Committee:
The function of our Remuneration Committee is to evaluate the remuneration policies and systems of directors and managers in a professional and objective manner. The Committee shall convene at least twice a year, and may convene at any time if needed. The Committee proposes suggestions to the Board as reference in decision-making.
- (1) Power of the Remuneration Committee
 - a. Regularly reviewing the Company's Remuneration Committee Charter and proposing amendments.
 - b. Establishing and regularly reviewing the annual and long-term performance objectives and the policies, systems, standards and structures of the remuneration to directors and managers.
 - c. Regularly evaluating directors and managers' achievement of performance objectives, and establishing the content and amount of their individual remunerations.
 - (2) The Remuneration Committee shall perform its duties in accordance with the following standards
 - a. Ensuring that the Company's salary and remuneration arrangements comply with relevant laws and regulations and are sufficient to attract outstanding talents.
 - b. The performance evaluation and remuneration to directors and managers shall be based on the industry norm. Moreover, the time invested, responsibilities undertaken, achievement of personal goals, performance in other positions, and the remuneration given to equivalent positions offered by the Company in recent years should be considered. The Company also evaluates the reasonableness of the connection between individual performance and the operating performance, and future risks based on the achievement of the Company's short-term and long-term business goals and the Company's financial status.
 - c. The Company shall not induce directors and managers to engage in behaviors that exceed the Company's risk appetite for the sake of compensation.
 - d. The ratio of bonuses for short-term performance of directors and senior managers, and the timing of the payment of some of their variable remuneration shall be determined in consideration of industry characteristics and the nature of the Company's business.
 - e. The Committee's members may not discuss or vote on their own remuneration.

III. Information on Remuneration Committee meetings:

The information on the Remuneration Committee's meetings, reviews and evaluations of remuneration in the most recent year is as follows:

Date	Name of meeting	Motion Content	Resolution results of the Remuneration Committee	Handling of opinions
February 15, 2023	12th meeting of the 5th Remuneration Committee	<ol style="list-style-type: none"> 1. Approved the motion for distribution of year-end bonuses to the managers of the Company and its subsidiaries in 2022. 2. Approved the ratification of remuneration adjustment for the Deputy General Manager of subsidiary Shang-Ting Construction Co., Ltd. 	There were no objections from the attending members upon inquiry by the chairman, and the competent authority submitted the matter to the Board of Directors for discussion.	Not applicable.
August 9, 2023	1st meeting of the 6th Remuneration Committee	<ol style="list-style-type: none"> 1. The members of the 6th Remuneration Committee were appointed upon the resolution of the new Board of Directors on June 28, 2023. The new members are kindly requested to nominate an independent director as the convener and chairman of the meeting. 2. Adjustments to the general manager's remuneration. 	There were no objections from the attending members upon inquiry by the chairman, and the competent authority submitted the matter to the Board of Directors for discussion.	Not applicable.
November 9, 2023	2nd meeting of the 6th Remuneration Committee	<ol style="list-style-type: none"> 1. Motion for adjustment of remuneration to the Deputy General Manager of subsidiary Shang-Ting Construction Co., Ltd. 2. Motion for adjustment of remuneration to the Deputy General Manager of subsidiary Shang-Ting Construction Co., Ltd. 3. Motion for pre-discussion of the monthly salary payment to the Accounting Supervisor. 	There were no objections from the attending members upon inquiry by the chairman, and the competent authority submitted the matter to the Board of Directors for discussion.	Not applicable.
December 22, 2023	3rd meeting of the 6th Remuneration Committee	<ol style="list-style-type: none"> 1. Motion for distribution of year-end bonuses to managers. 2. Motion for distributing year-end bonuses to the managers of subsidiaries. 	There were no objections from the attending members upon inquiry by the chairman, and the competent authority submitted the matter to the Board of Directors for discussion.	Not applicable.

(V) The implementation of sustainable development and the deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor:

Items to be promoted	Status of implementation (Note 1)		Differences with Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes
	Yes	No	
I. Has the Company established a governance structure to promote sustainable development, and set up a dedicated (or part-time) unit to promote sustainable development, with senior management authorized by the Board of Directors to handle, and with the supervision of the Board?	√		The Board of Directors has approved the “Sustainable Development Best-Practice Principles” and established an ESG Committee as the dedicated unit to promote sustainable development. The ESG Committee is responsible for proposing and implementing related policies, systems or management guidelines and concrete promotion plans. Also, the ESG Committee is required to report to the Board of Directors on a regular basis.
II. Does the Company conduct risk assessments on environmental, social and corporate governance issues related to operations in accordance with the principle of materiality, and establish relevant risk management policies or strategies? (Note 2)	√		In order to fulfill corporate social responsibility, the Board of Directors has approved the establishment of “Sustainable Development Best-Practice Principles” to “implement corporate governance,” “develop a sustainable environment,” “maintain social welfare,” and “enhance the disclosure of corporate social responsibility information” as the objective. The Company has established the “Ethical Corporate Management Best-Practice Principles,” the “Code of Ethical Conduct” and the “Sustainable Development Best-Practice Principles” to serve as the ethical guidelines and responsibilities for directors/managers and all employees when engaging in business activities. In addition to explaining the performance evaluation of attendance management, , rewards and punishments of the Company to each new employee, we also promote policies and related management systems, in order to achieve the

Items to be promoted	Status of implementation (Note 1)		Differences with Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes
	Yes	No	
		Summary integration of corporate ethics. The Company organizes education and training from time to time to strengthen the employees' professional skills and managers' ability and improvement. By doing this, we are able to create excellent team performance and implement corporate social responsibility in daily management.	
III. Environmental issues (1) Has the Company established an appropriate environmental management system based on the industry characteristics ?	√		No significant difference

Status of implementation (Note 1)		Differences with Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes
Yes	No	
Items to be promoted	Summary	
	contributions to local communities.	
(II) Is the Company committed to improving energy efficiency and using recycled materials with low impact on the environment?	√	At Triocean, we attach great importance to environmental protection and energy conservation and actively strengthen pollution prevention, such as energy and resource conservation, waste reduction and recycling. Product packaging materials are also managed to reduce packaging material resources and reduce GHG emissions. We have installed environmental protection and energy-saving equipment such as a solar panel system to save energy.
(III) Has the Company evaluated the potential risks and opportunities posed by climate change at present and in the future, and taken relevant countermeasures?	√	Climate change is an important issue for the Company. In order to reduce energy consumption in the Company's environment, the lighting equipment has been replaced with environmentally friendly lamps to reduce the impact of the greenhouse effect.
(IV) Has the Company kept statistics on the amount of greenhouse gas emission, water consumption and total weight of waste in the past two years, and formulated policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?	√	The Company has not yet calculated its GHG emissions, water consumption and total weight of waste for the past two years. In the future, we will conduct related plans according to laws and regulations. Currently, we are promoting to employees the awareness of energy-saving and carbon reduction from time to time. Activities such as turning off lights, saving water and electricity, and reusing waste paper are advocated. Energy-saving equipment has also been used to reduce energy waste.

Items to be promoted		Status of implementation (Note 1)		Differences with Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes
		Yes	No	
IV. Social issues (I) Has the Company established relevant management policies and procedures in accordance with relevant laws and International Bill of Human Rights?	√		<p>The Company recognizes and supports the “Universal Declaration of Human Rights,” “Global Compact” and “Guiding Principles on Business and Human Rights” of the United Nations, and the “Declaration on Fundamental Principles and Rights at Work” of the International Labour Organization. We respect internationally recognized human rights standards to ensure that basic human rights are not violated, and treat all colleagues, contract and temporary personnel with dignity and respect. The human rights policy has also been formulated and disclosed on the Company’s website.</p> <p>The Company’s personnel management regulations have been formulated in accordance with relevant labor laws and regulations, human rights conventions, and occupational safety and health regulations. The “Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment at Workplace” has also been formulated to protect the rights and interests of employees and to protect their health and safety.</p>	No significant difference
(II) Has the Company formulated and implemented reasonable employee welfare measures (including remuneration, leave and other benefits, etc.), and appropriately reflected the operating performance or results in the employee remuneration?	√		<p>The Company fulfills its corporate social responsibility and has a “Human Rights Policy” to protect the basic human rights of all employees. We abide by the United Nations Global Compact and the Universal Declaration of Human Rights on human rights, labor standards, and anti-corruption. We also comply with Taiwan’s labor laws and regulations to eliminate human rights violations, and to ensure that our daily operations comply with corporate ethics.</p> <p>Welfare measures are diversified. An Employee Welfare Committee has been established to handle employee welfare activities. Detailed welfare plans and budgets are created each year, including yearly festival gifts, wedding and funeral subsidies, birthday gift vouchers, etc. The Company also purchases group</p>	No significant difference

Items to be promoted		Status of implementation (Note 1)		Differences with Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and causes
		Yes	No	
			Summary	
			insurance for employees, and education and training are held on a regular basis to enhance workplace skills. Please refer to Note 3 below for details.	
(III) Does the Company provide employees with a safe and healthy work environment, and conduct safety and health education on a regular basis?	√		<p>The Company has created a win-win safe working environment for employees and employees. Please refer to Note 4 below for the protection measures for details regarding the working environment and personal safety of employees.</p> <ol style="list-style-type: none"> 1. Maintenance of working environment: Regular inspection of fire safety facilities and improvement of safety and health equipment. 2. Employee health maintenance: In addition to regular health checkups in cooperation with the government, we have also deployed first-aid personnel, emergency medicine and AEDs, and applied for AED certification pursuant to the Occupational Safety and Health Act. 3. Training and drills: To ensure the safety of employees, the Company has formulated various "Emergency Response Plans" for fire, typhoon, earthquake, evacuation, etc. We also conduct regular drills and countermeasures for possible disasters, so that in the event of an accident we are able to manage with organized and rapid disposal to minimize injury and loss. 4. In addition, the training for new employees includes "safety and health education." A total of 11 employees were trained in 2023, and the in-service employees are also arranged from time to time. 	No significant difference
(IV) Does the Company establish an effective career development training program for employees?	√		The Company has established the "Procedures for Employee Education and Training Management," and implement internal and external training according to the annual education and training plan. Employees are encouraged to pursue further education. We emphasize the development of their functions and potentials, create a good environment for career development, and establish an	No significant difference

Status of implementation (Note 1)		Differences with Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes
Yes	No	
Items to be promoted		Summary
		effective development training program to strengthen the overall competitiveness of the enterprise.
(V) Does the Company comply with relevant laws and regulations and international standards regarding customer health and safety, customer privacy, marketing and labeling of products and services, and establish relevant policies and complaint procedures to protect customers or clients' rights and interests?	√	We have a mailbox for customers for handling customer complaints and disputes, with an after-sales service mechanism in place. Customer data is managed as confidential information in accordance with the Personal Data Protection Act, and is not available to non-related personnel. In addition, a mailbox for stakeholders has been created on the Company's website to serve as a channel for consumers.
(VI) Has the Company established a supplier management policy, requiring suppliers to comply with relevant regulations on environmental protection, occupational safety and health, or labor human rights? And the implementation status thereof?	√	1. We have established the "Procedures for Supplier Management." The "General Principles" in the contract with suppliers specify that the supplier shall comply with the Construction Safety and Health Standard issued by the government, as well as the Rules for Occupational Safety and Health Facilities, the Occupational Safety and Health Act, and its enforcement rules, the Water Pollution Control Act, Air Pollution Control Act, Noise Control Act, Waste Disposal Act, Management Guidelines for the Spoil Disposal Plan, etc. During the construction period, the supplier shall be responsible for the safety and health of the construction site and environmental protection at all times. 2. We sign relevant declarations with suppliers, requesting them to comply with the following construction policies:

Items to be promoted		Status of implementation (Note 1)		Differences with Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes
		Yes	No	
<p>Summary</p> <p>a. Construction waste must be removed from the site and handled legally in accordance with the Waste Disposal Act and related regulations on environmental protection. Moreover, the suppliers shall take on full responsibility for safety, health, environmental protection, and pollution prevention facilities, and shall take effective measures to prevent disasters, public hazards and other accidents.</p> <p>b. On construction sites, qualified supervisors shall be present to be responsible for inspection, supervision, control, and eliminating potential hazards. Necessary safety and health education and training shall be conducted for the workers on the site, and training records shall be kept for future reference.</p> <p>c. Dangerous machines or equipment used in construction shall have valid certificates that have passed the inspection by an acting agency before they are allowed to enter the site. The operator shall have training approved by the central competent authority or an approval certificate of skill examination. For any hanging operation, the operator performing the operation shall also receive professional training.</p> <p>d. The supplier shall not hire foreign workers without permit, or the permit has expired or workers recruited by others.</p> <p>We have not yet prepared a sustainable development report for 2023. We plan to compile a sustainable development report in 2024.</p>				
<p>V. Has the Company compiled reports disclosing non-financial information, such as the sustainability report, with reference to universal standards? Has the</p>			√	<p>The Company plans to prepare an ESG report in 2024.</p>

Items to be promoted	Status of implementation (Note 1)		Differences with Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and causes
	Yes	No	
<p>said reports been certified or guaranteed by a third-party verification unit?</p> <p>VI. If the company has formulated its own sustainable development best-practice principles in accordance with the “Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies,” please describe the differences between its operation and the Principles: In order to fulfill corporate social responsibility, the Board of Directors has approved the establishment of “Sustainable Development Best-Practice Principles” to “implement corporate governance,” “develop a sustainable environment,” “maintain social welfare,” and “enhance the disclosure of corporate social responsibility information” as the objective.</p> <p>VII. Other important information helpful to understand the status of sustainable development: At Triocean, we strongly believe in the concept of “taking from the community, giving back to society.” In the future, we will commit to social work. Please refer to the “Sustainable Development” section on the Company’s website. https://triocean.com.tw/</p> <p>Note 1: If “Yes” is checked for the implementation, please specify the important policies, strategies, measures adopted and the implementation. If “No” is checked for the implementation, please explain the differences and causes on the column of “Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.” Also, please specify the plans for relevant policies, strategies, and measures which will be taken in the future.</p> <p>Note 2: Materiality Principle refers to environmental, social and corporate governance issues that have a significant impact on the Company’s investors and other stakeholders.</p> <p>Note 3: Employee benefits, retirement system and implementation</p> <p>(I) Employee welfare measures and implementation: In addition to labor and health insurance, maternity, illness, and medical benefits and pay for all employees in accordance with the Labor Standards Act, we have also established an Employee Welfare Committee to provide employees with the basic benefits and guarantees under the Act. We also arrange travel and other activities to relax, improve the quality of life of the employees, and enhance employee friendship. Various cash gifts and subsidies for weddings, funerals, and celebrations are regularly distributed each year.</p> <p>1. Welfare equipment</p>	Summary		

We have established lactation rooms, AEDs, blood pressure machines and many contracted stores. The occupational health and safety management system is based on identifying hazards and evaluation and control of chances. The system operates in an organized manner to prevent accidents, reduce risks for employees, and improve safety.

2. Welfare subsidies

All employees are covered by labor insurance, health insurance, group insurance, including accidental injury insurance and employee travel insurance. Employees are also entitled to marriage allowance, birth allowance, funeral allowance, birthday cash gift, bonus for dinner party, education and training, and health check.

3. Other subsidies

We offer maternity leave, paternity leave, paternity leave, and parental leave in accordance with laws and regulations.

(II) Employees' further education and training

With an aim to cultivate employees and improve their manners, professional ability and work efficiency, in addition to arranging orientation courses and various educational training courses for new recruits, we also conduct professional skill training based on different occupational and business requirements. We expect our employees to improve their academic skills to accomplish tasks.

(III) Retirement system and implementation

For the retirement life of employees, we have formulated labor retirement guidelines in accordance with the government's new retirement system. According to the system, 6% of the total labor salaries are allocated to be deposited to employees' personal pension accounts. As for individuals voluntarily contribute to their pension, according to the contribution rate, the money will be deducted from the employees' monthly salaries and deposited into the individual pension accounts at the Bureau of Labor Insurance.

The Company's applicable regulations in accordance with the Labor Pension Act are as follows:

1. Voluntary retirement:

Workers who meet any of the following circumstances may apply for voluntary retirement: (For employees who have opted for the Labor Pension Act, the same Act shall apply)

- (1) Employees aged 55 or above with at least 15 years of service.
- (2) Employees who have worked for more than 25 years.
- (3) Employees aged 60 with at least 10 years of service.

2. Compulsory retirement:

The Company shall not force employees to retire unless they fall into any of the following circumstances:

- (1) Employees aged 65 or above.
- (2) Employees with mental or physical disability that is deemed unqualified for work.

Regarding the age specified in Subparagraph 1 of the preceding paragraph, the Company may apply for changes with the competent authority for workers performing dangerous and demanding tasks. However, the age shall not be lower than fifty-five years old.

3. Standards for pension payment:

- (1) Applicable for employees who choose to continue to apply pension regulations of the "Labor Standards Act" according to the Labor Pension Act or retain their tenures before and after the promulgation of the Labor Pension Act. The pension payment standard shall be

based on the Labor Pension Act calculated in accordance with Article 84-2 and 55 of the Labor Standard Act.

- (2) Employees with tenures in the preceding paragraph who are subject to mandatory retirement in accordance with Article 35, Paragraph 1, Subparagraph 2, and whose mental or physical disability is caused due to performing duties, shall be subject to Article 55 of the Labor Standards Act, and receive 20% of the amount specified in Subparagraph 2 of Paragraph 1.
 - (3) For employees eligible for pension under the Labor Pension Act. We contribute 6% of the employees' monthly salary to their personal retirement accounts.
4. Retirement pension payment:
- The Company shall pay the pension to the employees within 30 days from the date of retirement.
- (IV) Measures for the protection of employees' rights and interests:
- In addition to formulating work rules according to laws and regulations to clearly regulate various working conditions and protect the rights and interests of employees, we have established an Employee Welfare Committee according to laws and regulations. By doing this, the rights of employees can be treated fairly and reasonably. To date, we have never committed any incident that compromised the rights and interests of our employees.
- (V) Agreements between labor and management:
- At Triocean, the labor-management relations have always been harmonious, with open communication channels, and we have complied with laws and regulations. There have been no labor disputes or matters that require negotiation.
- (VI) In accordance with Article 25 of the Company's Articles of Incorporation, if the Company makes a profit in the year, it shall set aside no less than 1% of the profit as remuneration to employees, which shall be distributed in shares or cash by resolution of the Board of Directors. The conditions are set by the Board of Directors. Employee remuneration shall be reported during the shareholders' meeting. Where the Company has accumulated losses, an amount to offset the losses shall be retained in advance, and then appropriate the employees' remuneration in accordance with the aforementioned ratio.

Note 4: Employee working environment and personal safety protection measures:

1. ISO 45001 occupational health and safety management system

The Company and its subsidiaries implement occupational safety management through reports and exchanges with various departments, as well as results and deficiencies reviews. In addition to continuous safety observation, we implement occupational safety and health management plans, and safety supervision, etc. The subsidiaries obtained ISO 45001 International Occupational Health and Safety Management System and Taiwan Occupational Safety and Health Management Systems in 2023.

The occupational health and safety management system is based on identifying hazards and evaluation and control of chances. The system operates in an organized manner to prevent accidents, reduce risks for employees, and improve safety.

2. Results of occupational health and safety implementation

2.1 Labor working environment monitoring

We grasp the actual situation of the environment in the workplace, evaluate workers. We also assess the exposure status of the working environment of workers, with plans, samples, monitoring and analysis taken. To protect workers from hazardous substances in the

workplace and to provide workers with a healthy and comfortable working environment, operating environment monitoring is conducted once a year to gradually understand the actual exposure status of workers.

2.2 Occupational safety and health education and training

A healthy and safe workplace is the result of the joint efforts of the Company and its employees. We ensure that managers of all levels and all employees receive the necessary occupational safety education and training to improve safety awareness. To strengthen employees' maintenance of occupational safety and thoroughly implement occupational safety systems and regulations, we continue to organize various training courses.

Health and safety education and training and promotion

Year	Number of employees receiving education and training	Persons/hours of employee education and training
2023	83	226

Professional health and safety management personnel

Name of license	Quantity
Occupational safety and health management specialist	2
Occupational safety and health administrator	4
Type-A occupational safety and health supervisor	4
Emergency personnel	4
Labor health service nurse (contracted)	1

The Company's industrial safety performance in the past three years – Statistics on employees' disabling injuries

Year	Death accidents and major disability accidents	Temporary total disability accident
2021	Male: 0, Female: 0	Male: 0, Female: 0
2022	Male: 0, Female: 0	Male: 0, Female: 0
2023	Male: 0, Female: 0	Male: 0, Female: 0

(VI) Implementation of climate-related information

Item	Status of implementation
<ol style="list-style-type: none"> 1. Describe the monitoring and governance of climate-related risks and opportunities by the Board of Directors and the management. 2. Describe how the identified climate risks and opportunities affect the Company’s business, strategy and finance (short, medium, and long term). 3. Describe the financial impact posed by extreme climate events and transformation actions. 4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system. 5. If a scenario analysis is used to assess the resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors, and main financial impacts used shall be described. 6. If there is a transformation plan in place to manage climate-related risks, specify the contents of the plan, and the indicators and targets used to identify and manage physical risks and transformation risks. 7. If internal carbon pricing is used as a planning tool, the basis for setting the price shall be stated. 8. If climate-related goals are set, the activities covered, the scope of greenhouse gas emissions, the planning period, and the progress of each year should be specified. If carbon offsets or renewable energy certificates (RECs) are used to achieve related goals, the source and quantity of carbon reduction credits or quantity of RECs for which they are exchanged should be specified. 9. Greenhouse gas inventory and assurance status, as well as reduction goals, strategies, and concrete action plans (indicated in 1-1 and 1-2 separately). 	<p>According to the “Sustainable Development Roadmap for TWSE/TPEX Listed Companies,” the Company, whose paid-in capital is less than NT\$5 billion, should apply the GHG inventory at 3rd stage in 2026 and complete the inventory in 2028. The Company will continue to set up full-time (part-time) units, complete the detailed implementation schedules of various projects, determine the inventory procedures, and deliverables for the supervision and control by the Board of Director based on the competent authority’s reference guidelines and related requirements, and report the implementation progress to the Board of Directors on a quarterly basis to continue to control the completion of greenhouse gas inventory and verification and disclosure schedules. The Company’s greenhouse gas inventory and verification schedules are planned as follows:</p> <ol style="list-style-type: none"> 1. Establishment of full-time (part-time) units: Expected to be completed before December 2024. 2. Formulation of the talent training, strategic goals, control mechanisms, internal verification, and external verification plans: Expected to be completed before December 2024. 3. Greenhouse gas inventory: Expected to be completed before September 2026. 4. Greenhouse gas verification: Expected to be completed before September 2028.

1-1 The Company's Greenhouse Gas Inventory and Assurance in the Recent Two Years

1-1-1 Greenhouse Gas Inventory Information

Describe the greenhouse gas emission volume (metric tons CO ₂ e), intensity (metric tons CO ₂ e/NTD million), and data coverage for the most recent two years.
The Company has not yet conducted a greenhouse gas inventory, but has prepared the schedule expected to be completed in September 2026.

1-1-2 Greenhouse Gas Assurance Information

Describe the status of assurance in the most recent two years up to the date of publication of the annual report, including the scope of assurance, assurance institution, assurance criteria, and assurance opinions.
The Company has not yet conducted a greenhouse gas assurance, but has prepared the schedule expected to be completed in September 2028.

1-2 Greenhouse gas reduction goals, strategies and concrete action plans

Describe the greenhouse gas reduction base year and data, reduction goals, strategies, and concrete action plans, and achievement of the reduction goals .
The Company has not yet formulated the greenhouse gas reduction target, strategy and concrete action plan, but will do so upon completion of the inventory and assurance.

(VII) Fulfillment of Ethical Corporate Management and Differences From the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies:

Evaluation item	Status of Operation		Differences with Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and causes	
	Yes	No		
<p>I. Establishment of the ethical corporate management policy and action plans</p> <p>(I) Has the company established an ethical corporate management policy approved by the board of directors? Does the policy clearly specify in its rules and external documents the ethical corporate management policies, and the commitment of the board of directors and the senior management to proactively implement the management policy?</p>	√		<p>In order to implement the ethical corporate management policy and actively prevent unethical conduct, the Company has established the “Ethical Corporate Management Best-Practice Principles” and the “Code of Ethical Conduct” to specifically regulate the matters that the Board of Directors, management and all employees should pay attention to when conducting business. They are both disclosed on the Company’s website at https://triocean.com.tw/ for the implementation of relevant personnel.</p>	No significant difference
<p>(II) Has the company established a risk assessment mechanism against unethical acts, analyzed and assessed business activities within their business scope regularly that are at a higher risk of being involved in unethical acts, and established prevention programs covering at least the preventive measures specified in Paragraph 2, Article 7 “Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies”?</p>	√		<p>The Company has formulated the “Ethical Corporate Management Best-Practice Principles” and the “Code of Ethical Conduct,” which cover the prevention measures for the following conduct :</p> <ol style="list-style-type: none"> 1. Offering and acceptance of bribes . 2. Providing illegal political donations. 3. Improper charitable donations or sponsorships . 4. Offering or acceptance of unreasonable gifts , hospitality or other improper benefits . 5. Infringing business secrets, trademark rights, patent rights, copyrights, or other intellectual property rights . 6. Engaging in unfair competition practices. 7. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course 	No significant difference

Evaluation item	Status of Operation		Differences with Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and causes
	Yes	No	
		Summary	
		of research and development, procurement, manufacture, provision, or sale of products and services.	
(III) Has the company clearly provided the operating procedures, conduct guidelines, disciplines for violations and a grievance system in its program to prevent unethical acts and have these been implemented, and has the formally disclosed program been regularly reviewed and amended?	√	The Company has established the “Ethical Corporate Management Best-Practice Principles” and the “Code of Ethical Conduct,” and has also established procedures to prevent dishonest conduct, including operating procedures, Conduct Guidelines, and the establishment of an education, reward, and grievance system, and disciplinary actions. These rules regulate the matters that employees should pay attention to when performing their duties, and prohibit the offering or acceptance of improper benefits. We also provide education and training for employees from time to time.	No significant difference
II. Implementation of ethical corporate management	√	The Company has regulations governing its current customers and suppliers, and is fully aware of the Company’s principles of ethical corporate management. When the relevant responsible department enters into a contract with a customer, supplier, contractor or other counterparty of business transactions, the terms shall clearly stipulate that the contract may be terminated or rescinded at any time in case of unethical conduct. The customer and supplier is required to establish a corporate culture of ethical corporate management and comply with the Company’s “Ethical Corporate Management Best-Practice Principles,” which also set forth that before establishing business relationship with a counterparty, the Company shall conduct an ethical management assessment.	No significant difference
(I) Has the company evaluated the integrity of all counterparties it has business relationships with? Are there any integrity clauses in the agreements entered into with business partners?	√	Through organizational structure, mutual supervision, and timely job rotation, the occurrence of unethical conduct can be prevented. The Board of Directors has delegated authority and responsibilities, and	Relevant rules will be formulated in the future
(II) Has the company set up a dedicated unit to promote ethical corporate management under the board of directors, and has such	√		

Evaluation item	Status of Operation		Differences with Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and causes
	Yes	No	
unit reported to the Board of Directors its execution in terms of ethical management policy and preventive programs against unethical conducts and the supervision status on a regular basis (at least once a year)?		audits the control points every year according to the audit plan through internal audits. This helps the Company supervise its personnel in complying with the Ethical Corporate Management Best-Practice Principles.	depending on the Company's development needs and laws and regulations.
(III) Has the company formulated a policy that prevents conflicts of interest and a channel that facilitates the reporting of conflicts of interests?	√	The Company has formulated its "Ethical Corporate Management Best-Practice Principles" and the "Code of Ethical Conduct" to prevent conflicts of interest. The Company has set up its corporate website (https://triocean.com.tw/), where information concerning investors , corporate governance , sustainable development and the stakeholders can be found by shareholders and stakeholders. Our inquiry email is spokesman@triocean.com.tw .	No significant difference
(IV) Has the company established an effective accounting system and internal control system in order to implement ethical management, and proposed relevant audit plans according to the assessment results of the risks of unethical conducts, and reviewed the compliance of the prevention of unethical conducts, or entrusted an accountant to carry out the review?	√	The Company's Board of Directors will exercise the due care of a good administrator to prevent unethical conduct. We have established an accounting system that complies with laws and regulations as the standard for the handling of accounting affairs. There is an effective internal control system in place and the design and implementation of the system is checked at any time to ensure that it continues to be effective. The accounting system and the compliance of the internal control system are also reviewed at all times. In accordance with the relevant laws and regulations, the Audit Office formulates and executes an annual audit plan in order to ensure that the policy of ethical corporate management of the Company is carried out accordingly.	No significant difference

Evaluation item	Status of Operation		Differences with Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and causes
	Yes	No	
(V) Does the company organize internal or external training on a regular basis to maintain ethical management?	√		No significant difference
III. State of operations of the company's reporting system (I) Has the company set up a specific reporting and incentive system, and established a channel to facilitate grievances and assigned dedicated personnel to receive grievances?	√		No significant difference
(II) Has the company implemented any standard operating procedures and/or subsequent measures after carrying out an investigation or confidentiality measures for handling grievances filed?	√		No significant difference
(III) Has the company taken appropriate measures to protect the whistleblower from mistreatment as a result of whistleblowing?	√		No significant difference
IV. Information disclosure strengthening Has the company disclosed the content of its ethical corporate management	√		No significant difference

Evaluation item	Status of Operation		Differences with Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and causes
	Yes	No	
Best-Practice principles and the results of implementation on its official website and the MOPS?		Company's website.	
V. If the company has formulated its own Ethical Corporate Management Best-Practice Principles in accordance with the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies," please describe the differences between its operation and the Principles: The Company has established its "Ethical Corporate Management Best-Practice Principles" and operates in accordance with these Principles .			
VI. Any other important information that may help understanding the performance of ethical corporate management better (e.g. review of an amendment to its Ethical Corporate Management Best-Practice Principles): The Company will pay attention to the development of relevant regulations on ethical corporate management at home and abroad at all times, and encourage directors , managers and employees to put forward suggestions for reviewing and improving the Company's ethical corporate management policy and the measures for the promotion of the policy. By doing so, we are able to enhance the effectiveness of the Company's ethical corporate management.			

(VIII) If the company has adopted corporate governance best-practice principles or related by-laws, disclose how these are to be searched: Please refer to the corporate governance section of the Market Observation Post System or the corporate governance section of the Company's website at <http://triocean.com.tw> .

(IX) Other significant information that will provide a better understanding of the state of the company's implementation of corporate governance: None.

(X) Implementation of internal control system

1. Statement of Internal Control

Triocean Industrial Corporation Co., Ltd.
Internal Control System Statement

Date: March 12, 2024

The Company declares the following concerning its internal control system during the fiscal year 2023, based on the findings of a self-assessment:

- I. The Company and its subsidiaries acknowledge that the establishment, implementation and maintenance of the internal control system are the responsibilities of the Board of Directors and Managers of the Company. Therefore, the Company and the subsidiaries have established the aforementioned system. Its objectives are to provide reasonable assurance for the effectiveness and efficiency of its operations (including profitability, performance, and the guarantee of assets safety), reliable, timely and transparent reporting, and conformity to applicable rules, regulations, and laws.
- II. The internal control system has inherent limitations. Regardless of how exhaustive the design is, an effective internal control system can only provide reasonable assurance for the achievement of the aforementioned three objectives. Further, due to changes in the environment or circumstances, the effectiveness of the internal control system may vary accordingly. Nevertheless, the internal control systems of the Company and its subsidiaries have set up a self-supervision mechanism. Once a deficiency has been identified, the Company and its subsidiaries will take immediate remedial actions.
- III. In accordance with the determining criteria for the effectiveness of the internal control system prescribed in the “Regulations Governing the Establishment of Internal Control Systems by Public Companies” (hereafter the “Regulations”), the Company evaluated the effectiveness of the design and execution for its internal control system. The determining criteria of the internal control system prescribed in the “Regulations” are based on the process of management control, dividing the internal control system into five composite factors: 1. Control of the environment, 2. Risk evaluation, 3. Control of operations, 4. Information and communication, and 5. Supervision. Each component further includes several items. The composition of each element also includes several items.
- IV. The Company and its subsidiaries have adopted the aforementioned determining criteria of the internal control system to evaluate the effectiveness of design and execution for its own internal control system.
- V. Based on the evaluation result of the preceding paragraph, the Company and its subsidiaries believe that the internal control systems as of December 31, 2023, including understanding the achievement for the objectives of effectiveness and efficiency of its operations, reliability, timeliness and transparency of its reporting and compliance with the applicable law and regulations, were effective in design and execution, and can be reasonably assured of the achievement of the aforementioned objectives.
- VI. This Statement will serve as the main content of the Company’s annual report and prospectus and will be made available to the public. Any unlawful act of falsehood or non-disclosure in the above-mentioned disclosure may result in legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. The Statement has been passed by the Board of Directors Meeting of the Company held on March 12, 2023, where none of the six attending directors expressed dissenting opinions, and the remainder all affirmed the content of this Statement.

Triocean Industrial Corporation Co., Ltd.

Chairman: Chiang Yu-Lien Signature/Seal

General Manager: Hsu Cheng-Che Signature/Seal

- (XI) If there has been any legal penalty against the company or its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, where the result of such penalty could have a material effect on shareholder equity or securities prices, the annual report shall disclose the penalty, the main shortcomings, and status of improvements : None
- (XII) In the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, important resolutions adopted at the shareholders' meeting or board of directors meeting:

1. Important resolutions adopted at the shareholders' meeting and their implementation :

Date	Name of meeting	Important resolution	Status of implementation
June 19, 2023	2023 Annual General Meeting	1. Approved the Company's 2022 business report and financial statements .	Completed .
		2. Approved the Company's 2022 earnings appropriation .	Completed .
		3. Approved the full re-election of the Company's directors (including independent directors) .	The registration was approved by the Ministry of Economic Affairs on June 29, 2023 and announced on the Market Observation Post System .
		4. Approved the removal of the non-competition restriction on directors of the Company .	The motion was approved by voting as proposed .
		5. Approved the Company's 2023 private placement of marketable securities .	The schedule for the capital increase approved by the Board of Directors on June 28, 2023 is as follows: 1. Pricing date: June 28, 2023 2. Base date: July 13, 2023

2. Important resolutions adopted at the Board meeting and their implementation :

Information on resolutions adopted at the Board meeting and the status of operation in 2023 and 2024			
Date	Name of meeting	Important resolution	Independent directors' opinions and how the company responded to such opinions
February 15, 2023	22nd meeting of the 21st Board	<ol style="list-style-type: none"> 1. Approved the motion for the Company's consolidated financial statements for Q1, Q 2 and Q3 2022. 2. Approved the motion for the Company to sign a credit line with Taichung Commercial Bank. 3. Approved the motion for the Company to apply for a financing credit line at Sunny Bank. 4. Approved the motion for reappointment of the Chairman of Tri Ocean Textile (Thailand). 5. Approved the motion for distribution of year-end bonus to the managers of the Company and subsidiaries for 2022. 6. Approved the ratification of remuneration adjustment for the Deputy General Manager of subsidiary Shang Ting Construction Co., Ltd. 	None

Information on resolutions adopted at the Board meeting and the status of operation in 2023 and 2024			
Date	Name of meeting	Important resolution	Independent directors' opinions and how the company responded to such opinions
March 23, 2023	23rd meeting of the 21st Board	<ol style="list-style-type: none"> 1. Approved the motion for the Company's 2022 business report, consolidated financial report and parent company only financial report. 2. Approved the motion for covering the Company's 2022 profit and loss. 3. Approved the motion for 2023 CPA fees and service fees for the change in accounting policy for investment properties. 4. Approved the motion for regular evaluation of the independence and suitability of CPAs. 5. Approved the motion for the Company's "Internal Control System Statement" for 2022. 6. Approved the motion for appointment of the corporate governance supervisor. 7. Approved the motion for matters related to convening the Company's 2023 Annual General Meeting. 	None
May 9, 2023	23rd meeting of the 21st Board	<ol style="list-style-type: none"> 1. Approved the motion for Company's consolidated financial report for Q1 2023. 2. Approved the motion for sale of the land and buildings in Taoyuan City, Taoyuan District previously held by the Company. 3. Approved the motion for review of the nominated director (including independent director) candidates. 4. Approved the motion for removal of the non-competition restriction on new directors (including legal persons and their representatives). 5. Approved the motion for private placement of marketable securities in 2023. 6. Approved the motion for Chairman and General Manager of Shang Ting Construction Co., Ltd. 7. Approved the motion for amendments to the agenda of the 2023 Annual General Meeting of the Company. 	None
June 19, 2023	1st meeting of the 22nd Board	<ol style="list-style-type: none"> 1. Approved the motion for election of the Company's 22nd Chairman. 	None
June 28, 2023	2nd meeting of the 22nd Board	<ol style="list-style-type: none"> 1. Approved the motion for monthly remuneration to the Chairman of the Company 2. Approved the motion for appointment of the General Manager of the Company. 3. Approved the motion for removal of the non-competition restriction on managers. 4. Approved the motion for the 2023 shareholders' meeting on the pricing and issuance of the first private placement of marketable securities. 5. Approved the motion for replacement of the Company's CPAs. 6. Approved the motion to increase the capital of the subsidiary Shang Ting Construction Co., Ltd. from cash. 	None

Information on resolutions adopted at the Board meeting and the status of operation in 2023 and 2024			
Date	Name of meeting	Important resolution	Independent directors' opinions and how the company responded to such opinions
		<ul style="list-style-type: none"> 7. Approved the motion for transportation allowances of the Company's directors. 8. Approved the motion for appointment of the Remuneration Committee members of the 6th term of the Company. 9. Approved the motion for remuneration to the independent directors of the Company. 	
August 9, 2023	3rd meeting of the 22nd Board	<ul style="list-style-type: none"> 1. Approved the motion for Company's consolidated financial report for Q2 2023. 2. Approved the motion for adjustments of remuneration to the general manager. 3. Approved the motion for the Company's 2023 mid-year performance bonus. 	None
November 9, 2023	4th meeting of the 22nd Board	<ul style="list-style-type: none"> 1. Approved the motion for appointment of the Finance Supervisor and Accounting Supervisor. 2. Approved the motion for removal of the non-competition restriction on managers. 3. Approved the motion for the Company's consolidated financial report for Q3 2023. 4. Approved the motion for the Company's 2024 annual audit plan. 5. Approved the motion to increase the capital of the subsidiary Shang Ting Construction Co., Ltd. from cash. 6. Approved the motion to amend the "Remuneration Committee Charter." 6. Approved the motion to amend the "Corporate Governance Best-Practice Principles." 8. Approved the motion to amend the "Rules for Performance Evaluation of Board of Directors." 9. Approved the motion to amend the "Regulations Governing Cybersecurity Inspection Management Act." 10. Approved the motion for appointment of an IT Security Officer. 11. Approved the motion for adjustment of remuneration to the Deputy General Manager of subsidiary Shang Ting Construction Co., Ltd. 12. Approved the motion for adjustment of remuneration to the Deputy General Manager of subsidiary Shang Ting Construction Co., Ltd. 13. Approved the motion for applying for a credit line with the Shanghai Commercial and Savings Bank, Kaohsiung Branch. 14. Approved the motion for the Company's 2024 business plan. 	None
December 22, 2023	5th meeting of the 22nd Board	<ul style="list-style-type: none"> 1. Approved the motion for distribution of year-end bonuses to managers. 2. Approved the motion for distributing year-end bonuses to the managers of subsidiaries. 3. Approved the motion to sign the house leases of the 	None

Information on resolutions adopted at the Board meeting and the status of operation in 2023 and 2024			
Date	Name of meeting	Important resolution	Independent directors' opinions and how the company responded to such opinions
		<p>Company.</p> <ol style="list-style-type: none"> 4. Approved the motion to sign the house leases of subsidiaries. 5. Approved the motion to amend the " Management of the Preparation Process of Financial Reports." 6. Approved the motion to amend the " Accounting Professional Judgment Process, Accounting Policies and Management of Changes in Estimates." 7. Approved the motion to apply for credit line from financial institutions. 	
March 12, 2024	6th meeting of the 22nd Board	<ol style="list-style-type: none"> 1. Approved the motion for distribution of remuneration to employees and directors for 2023. 2. Approved the motion for Company's 2023 consolidated financial report and parent company only financial report. 3. Approved the motion for the Company's 2023 business report. 4. Approved the motion for the Company's 2023 earnings distribution. 5. Approved the motion for the Company's "Internal Control System Statement" for 2023. 6. Approved the motion for appointment of the Company's CPAs and their remuneration for 2024. 7. Approved the motion for 2024 construction performance bonus for managers of the Company and subsidiaries. 8. Proposal for raise of the managers of the Company and its subsidiaries. 9. Approved the motion for issuance of new shares to increase capital by cash. 10. Approved the motion for establishment of the "Procedures for Employee Stock Options." 11. Approved the motion for formulation of the "Procedures for Ethical Corporate Management and Conduct Guidelines." 12. Approved the motion for amendments to "Supervision and Management of Subsidiaries." 13. Approved the motion for amendments to the "Articles of Incorporation." 14. Approved the motion for removal of the non-competition restriction on directors. 15. Approved the date, venue and reason for the Company's 2024 Annual General Meeting. 16. Approved the motion to apply for credit line from financial institutions. 	None

(XIII) Where, in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting

opinion has been recorded or prepared as a written declaration: None.

(XIV) A summary of resignations and departures, during the most recent fiscal year and up to the date of publication of the annual report, of the company's chairman, general manager, accounting supervisor, financial supervisor, internal auditing supervisor, corporate governance supervisor, and R&D supervisor: None.

V. Information on CPA fees

Units: NTD thousand

Name of CPA Firm	Name of CPA		CPA audit period	Audit fee	Non-audit fee	Total	Remarks
Deloitte Taiwan	Chen Chen-Li	Hsu Kai-Ning	2023 Q1	3,680	660	4,340	<ul style="list-style-type: none"> ● Internal adjustment of the firm ● Non-audit fees include <ol style="list-style-type: none"> 1. Transfer pricing 400 2. Impairment assessment 260
	Chen Chen-Li	Chen Hsiu-Wen	Q2 2023 to Q4 2023				

Note: Fees include the Company and its subsidiaries .

- (I) Where the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amount, percentage, and reason for the reduction should be disclosed: Not applicable.
- (II) Where the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the amount, percentage and reason of such reduction shall be disclosed: None.

VI. Replacement of CPA

Due to the internal adjustment of the CPA firm, from Q2 2023, the CPAs changed from Chen Chen-Li and Hsu Kai-Ning to Chen Chen-Li and Chen Hsiu-Wen.

- (I) About the former CPA

Date of replacement	From Q2 2023		
Reason for replacement and description	Based on the needs of the internal rotation mechanism of CPA firm		
Explanation for why appointing person or accountant was terminated or did not accept the appointment	Party concerned		Appointed person
	Situation	CPA	
	Voluntary termination of appointment		Not applicable
	No longer accept (continue) appointment		
Opinions and reasons for the inspection report other than unqualified opinions issued within the latest two years	None		
Disagreement with the issuer	Yes		Accounting principles or practices
			Disclosure of financial report
			Audit scope or procedure
			Others
	None	√	
	Description: None		
Other disclosures (those that should be disclosed under Article 10, Subparagraph 6-(4) to 1-7)	None		

(II) About the succeeding CPAs

Name of firm	Deloitte Taiwan
Name of CPA	CPAs Chen Chen-Li and Chen Hsiu-Wen
Date of appointment	Q2 2023
Consultation in designated accounting method or accounting principles and comments on possible opinions of the CPA on the financial audit prior to the appointment, and the result.	None
Written opinions of the successor accountant on the dissenting opinions of the former accountant	None

(III) The former accountant's reply to Article 10, Paragraph 6, item 1 and item 2 of item 3 of this Standard: Not applicable.

VII. Information on the chairman, general manager, financial and accounting manager of the company who has worked with the company's external auditors or the affiliates to such auditors in the most recent year: None.

VIII. Transfer or pledge of equity interests by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent during the most recent year and until the date of publication of the annual report

(I) Changes in equity of directors, supervisors, managers and major shareholders

Unit: Share

Job title	Name	2023		For the current year up to March 29, 2024	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Chairman (Note 1)	Dai Wan Shiung Ching Co., Ltd. Representative : Chen Chi-Yu	-	-	-	-
Juristic person director and also a major shareholder with a stake of 10%	Dai Wan Shiung Ching Co., Ltd.	(1,017,868)	-	-	-
Chairman (Note 2)	Hong-Ting Co., Ltd. Representative: Chiang Yu-Lien	-	-	-	-
Juristic person director and also a major shareholder with a stake of 10%	Hong-Ting Co., Ltd.	16,237,000	-	-	-
Director (Note 1)	Huang Chun-Ming	-	-	-	-
Representative of juristic person director (Note 1)	Chien Yeu Enterprise Co., Ltd. Representative: Tsai Hui-Ming	-	-	-	-
Representative of juristic person director (Note 1)	Chao Sheng Investment Co., Ltd. Representative: Tsai Hung-Chieh	-	-	-	-
Representative of juristic person director (Note 2)	Dai Wan Shiung Ching Co., Ltd. Representative: Hung Kuo-Chin	-	-	-	-
Representative of juristic person director (Note 2)	Dai Wan Shiung Ching Co., Ltd. Representative: Su Cheng-Hui	-	-	-	-
Independent Director (Note 3)	Hung Yu-Ting	(1,451)-	-	-	-
Independent Director (Note 1)	Ning Kuo-Hui	-	-	-	-
Independent Director (Note 1)	Chen Tzu-Chien	-	-	-	-
Independent Director (Note 2)	Huang Hao-Chen	-	-	-	-
Independent Director (Note 2)	Huang Lung-Sheng	-	-	-	-
Independent Director (Note 2)	Wang Chien-Chih	-	-	-	-
General Manager (Note 4)	Chen Chi-Yu	-	-	-	-
General Manager (Note 5)	Hsu Cheng-Che	30,000-	-	-	-
Finance and Accounting Officer (Note 6)	Hsu Cheng-Che				
Finance and Accounting Officer (Note 7)	Chen Hsing-Chen	-	-	-	-
Major shareholder with a stake of 10%	Shun-Mei Enterprise Co., Ltd.	-	-	-	-

Note 1: Dismissed on June 19, 2023 .
Note 2: Dismissed on June 19, 2023 .
Note 3: Resigned on July 17, 2023 .
Note 5: Resigned on June 28, 2023 .
Note 5: Onboard on June 28, 2023 .
Note 5: Onboard on June 28, 2023 .
Note 6: Resigned on June 28, 2023 .
Note 7: Onboard on November 9, 2023

- (II) Transfer of directors , managerial officers and major shareholders to related parties: None .
- (III) Equity pledged by directors, managerial officers and major shareholders to related parties:
None.

IX. Relationship information, if among the top ten shareholders any one is a related party, or the spouse or a relative within the second degree of kinship of another

March 29, 2024; Unit: Shares; %

Name	Number of shares held by oneself		Number of shares held by spouse and underage children		Number of shares held in the name of others		Designation, name and relationship, if among the top ten shareholders any one is a related party, or the spouse or a relative within the second degree of kinship of another		Remarks
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relationship	
Hong-Ting Co., Ltd.	16,238,000	38.22	-	-	-	-	None	None	None
Hong-Ting Co., Ltd. Representative: Chiang Yu-Lien	-	-	-	-	-	-	Hung Xin-Wen	Brother-in-law	None
Shun-Mei Enterprise Co., Ltd.	11,324,859	26.65	-	-	-	-	None	None	None
Shun-Mei Enterprise Co., Ltd. Representative: Hung Xin-Wen	-	-	-	-	-	-	Chiang Yu-Lien	Sister-in-law	None
Dai Wan Shiung Ching Co., Ltd.	1,069,789	2.52	-	-	-	-	None	None	None
Dai Wan Shiung Ching Co., Ltd. Representative: Chen Tsung-Yi	23,000	0.05	-	-	-	-	None	None	None
Winston Investment Ltd.	1,000,000	2.35	-	-	-	-	None	None	None
Winston Investment Ltd. Representative: Chia Wen-Chung	-	-	-	-	-	-	None	None	None
Huang Chun-Ming	846,993	1.99	13,326	0.03	-	-	None	None	None
Tung Shao-Chen	366,481	0.86	84,629	0.20	-	-	None	None	None
Hsieh Chih-Teng	341,604	0.80	-	-	-	-	None	None	None
Chen Yu-Lien	325,026	0.76	-	-	-	-	None	None	None
Liu Sen-Yuan	315,000	0.74	-	-	-	-	None	None	None
Huang Chen-Yu	311,352	0.73	-	-	-	-	None	None	None

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

December 31, 2023; Unit: Shares; %

Investments in other companies (Note)	The Company's investment		Investment by directors, supervisors, managers and directly or indirectly companies		Consolidated investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
Tri Ocean Textile (Thailand) Co., Ltd.	9,372,500	100.00%	0	0	9,372,500	100.00%
Shang Ting Construction Co., Ltd.	120,000,000	100.00%	0	0	120,000,000	100.00%

Note: Long-term investment of the Company

IV. Capital raising activities

I. Capital and shares

(I) Source of capital stock

1. Share stock formation process

March 31, 2024; Unit: Share, NTD

Year/ month	Issue price	Authorized shares		Paid-in capital		Notes		
		Number of shares	Amount (NTD)	Number of shares	Amount (NTD)	Source of capital stock	Property other than cash as equity	Others
1968.10	10,000	360	3,600,000	360	3,600,000	Cash	None	None
1969.06	10,000	1,800	18,000,000	1,800	18,000,000	Cash	None	None
1974.06	10,000	2,400	24,000,000	2,400	24,000,000	Cash	None	None
1986.06	10,000	3,600	36,000,000	3,600	36,000,000	Cash	None	None
1991.10	10,000	10,800	108,000,000	10,800	108,000,000	Cash	None	None
1996.11	10	19,000,000	190,000,000	19,000,000	190,000,000	Cash NTD 44,200,000, Earnings NTD 37,800,000	None	Note 1, Note 2
1997.07	10	30,000,000	300,000,000	30,000,000	300,000,000	Cash NTD 72,000,000, Earnings NTD 19,000,000 Surplus NTD 19,000,000	None	Note 3
1998.11	10	55,000,000	550,000,000	50,000,000	500,000,000	Cash NTD 134,000,000, Earnings NTD 66,000,000	None	Note 4
1999.07	10	90,000,000	900,000,000	60,000,000	600,000,000	Earnings NTD 100,000,000	None	Note 5
2000.07	10	99,000,000	990,000,000	69,000,000	690,000,000	Cash NTD 30,000,000, Earnings NTD 60,000,000	None	Note 6
2003.08	10	99,000,000	990,000,000	87,500,000	875,000,000	Cash NTD 185,000,000	None	Note 7
2011.09	10	99,000,000	990,000,000	59,500,000	595,000,000	Capital reduction NTD 280,000,000	None	Note 8
2012.07	10	99,000,000	990,000,000	64,500,000	645,000,000	Private placement of 5,000,000 shares on July 20	None	
2012.12	10	99,000,000	990,000,000	66,650,000	666,500,000	Private placement of 2,150,000 shares on December 5	None	
2013.09	10	99,000,000	990,000,000	71,650,000	716,500,000	Private placement of 5,000,000 shares on September 30	None	

Year/ month	Issue price	Authorized shares		Paid-in capital		Notes		
		Number of shares	Amount (NTD)	Number of shares	Amount (NTD)	Source of capital stock	Property other than cash as equity	Others
2015.12	10	99,000,000	990,000,000	74,150,000	741,500,000	Private placement of 2,500,000 shares on December 28	None	
2017.03	10	99,000,000	990,000,000	76,373,000	763,730,000	Private placement of 2,223,000 shares on March 31	None	
2017.09	10	99,000,000	990,000,000	42,672,722	426,727,220	Capital reduction NTD 337,002,780	None	Note 9
2019.01	10	99,000,000	990,000,000	45,672,722	456,727,220	Cash NTD 30,000,000	None	Note 10
2019.11	10	99,000,000	990,000,000	46,049,427	460,494,270	Corporate bonds converted to common stock NTD 3,767,050	None	Note 11
2020.03	10	99,000,000	990,000,000	46,052,851	460,528,510	Corporate bonds converted to common stock NTD 34,240	None	Note 12
2020.12	10	99,000,000	990,000,000	86,052,851	860,528,510	Private placement of 40,000,000 shares on December 4	None	
2011.09	10	99,000,000	990,000,000	24,988,082	249,880,820	Capital reduction NTD 610,647,690		Note 13
2023.05	10	99,000,000	990,000,000	42,488,082	424,880,820	Private placement of 17,500,000 shares on July 12	None	

- Note: I. The change in par value was approved by the Ministry of Economic Affairs by letter (85)-Shang-Zi No. 115702 dated October 8, 1996.
- II. The capital increase change was approved by the Ministry of Economic Affairs by letter (85)-Shang-Zi No. 119160 dated November 20, 1996.
- III (86) Tai-Cai-Zheng (1) No. 24626 by Securities and Futures Institute dated March 18, 1997.
- IV. (87) Tai-Cai-Zheng (1) No. 89664 by Securities and Futures Institute dated October 30, 1998.
- V. (88) Tai-Cai-Zheng (1) No. 58201 by Securities and Futures Institute dated June 25, 1999.
- VI. (89) Tai-Cai-Zheng (1) No. 58660 by Securities and Futures Institute dated July 7, 2000.
- VII (92) Tai-Cai-Zheng (1) No. 0920123099 by Securities and Futures Institute dated June 2, 2003.
- VIII. Jin-Guan-Zheng-Fa-Zi No. 1000038380
- IX. Jin-Guan-Zheng-Fa-Zi No. 1060030454
- X. Jin-Guan-Zheng-Fa-Zi No. 1070347147
- XI. Taipei City Government Fu-Chan-Ye-Shang-Zi No. 10856303800
- XII. Taipei City Government Fu-Chan-Ye-Shang-Zi No. 10947616600
- XIII. Capital reduction approved by Tai-Zheng-Shang-Zhi No. 1101804185

2. Type of share capital

Unit: Share

Type of shares	Authorized share capital			Remarks
	Outstanding shares	Unissued shares	Total	
Common stock	10,635,253	56,511,918	99,000,000	TWSE-listed stocks
Common stock	31,852,829			Common stock in private placement

3. Information about shelf registration:

Types of marketable securities	Scheduled issued amount		Amount issued		The purpose and expected benefits of the issued portion	Scheduled issuance period of the unissued portion	Remarks
	Total number of shares	Approved amount	Number of shares	Price			
None							

(II) Shareholder structure

March 29, 2024

Shareholder structure Quantity	Government agency	Financial institution	Domestic juristic person	Others Juristic persons	Individuals	Foreign institutions and foreigners	Total
	Number of people	-	-	49	3	3,654	17
Number of shares held (shares)	-	-	30,814,122	82,173	10,845,182	746,605	42,488,082
Shareholding ratio (%)	-	-	72.52	0.19	25.53	1.76	100.00

(III) Distribution of shareholdings:

March 29, 2024

Shareholding classification	Number of shareholders	Number of shares held	Shareholding ratio
1-999	2,941	255,259	0.60%
1,000-5,000	531	1,056,854	2.49%
5,001-10,000	88	675,221	1.59%
10,001-15,000	24	310,846	0.73%
15,001-20,000	28	494,603	1.16%
20,001-30,000	30	734,952	1.73%
30,001-40,000	13	452,578	1.07%
40,001-50,000	8	382,926	0.90%
50,001-100,000	24	1,639,231	3.86%
100,001-200,000	18	2,387,857	5.62%
200,001-400,000	13	3,618,114	8.52%
400,001-600,000	-	-	-
600,001-800,000	-	-	-
800,001-1,000,000	2	1,846,993	4.35%
1,000,001 and above	3	28,632,648	67.38%
Held less than 0.1% of the Company's shares	3,655	3,980,313	9.37%
Total	3,723	42,488,082	100.00

(IV) Name of major shareholder

March 29, 2024; Unit: Shares; %

Name of major shareholder	Shares Number of shares held	Shareholding ratio
Hong-Ting Co., Ltd.	16,238,000	38.22
Shun-Mei Enterprise Co., Ltd.	11,324,859	26.65
Dai Wan Shiung Ching Co., Ltd.	1,069,789	2.52
Winston Investment Ltd.	1,000,000	2.35
Huang Chun-Ming	846,993	1.99
Tung Shao-Chen	366,481	0.86
Hsieh Chih-Teng	341,604	0.80
Chen Yu-Lien	325,026	0.76
Liu Sen-Yuan	315,000	0.74
Huang Chen-Yu	311,352	0.73

(V) Information on stock market price, net worth, earnings and dividends per share in the last 2 years, and related information:

Unit: Thousand Shares, NTD

Item		Year	2022	2023
Market price per share	Highest		35.70	72.10
	Lowest		16.50	22.45
	Average		23.23	39.65
Net Worth Per Share	Before distribution		31.09	33.50
	After distribution		31.09	Not distribute
Earnings per share	Weighted average number of shares		24,988	33,295
	Earnings per share		0.15	4.27
Dividends per share	Cash dividends		-	Not distribute
	Bonus stock dividend	Stock dividend from retained earnings	-	-
		Stock dividend from capital surplus	-	-
	Accumulated unpaid dividends		-	-
Analysis on investment return	Price-earnings ratio		154.87	9.29
	Price to dividend ratio		-	Not distribute
	Cash dividend yield		-	Not distribute

(VI) Company's dividend policy and implementation

1. Company's dividend policy:

According to the Company's Articles of Incorporation, if the Company has earnings after annual settlement, they shall be distributed in the following order:

- (1) Pay taxes in accordance with the law;
- (2) Offset the accumulated deficits from previous years;
- (3) Allocate 10% as the legal reserve. However, if the legal reserve amounts to the paid-in capital of the Company, no further appropriation may be required;
- (4) For the rest, set aside or reverse special reserve according to laws and regulations;
- (5) If there is a remaining balance, together with the accumulated undistributed earnings, the Board of Directors shall prepare an earnings appropriation proposal in accordance with the Company's dividend policy and submit it to the shareholders' meeting for resolution.

Earnings may be distributed in the form of cash dividends or stock dividends. Cash dividends are preferred for the distribution of earnings, but may be distributed in the form of stock dividends. However, the percentage of stock dividends may not be distributed at a rate of more than 50% of the total dividends as a principle. Where the Company has no earnings to distribute for the year, or the Company has earnings but the amount of earnings is far less than the actual earnings distributed by the Company in the previous year, or based on the Company's finance, business, and operating conditions, all or a portion of the Company's reserves may be distributed in accordance with the laws and regulations of the competent authorities.

2. Dividend distribution proposed at the shareholders' meeting :

The Company's 2023 distributable earnings were NTD 593,480,838. The Board of Directors resolved on March 12, 2024 to pass the motion for the 2023 earnings distribution. The cash dividend is NTD 2 per share and will be resolved by the shareholders' meeting on May 27, 2024.

(VII) Effect of the proposed stock dividend on the Company's operating performance and earnings per share : Not applicable .

(VIII) Remuneration to employees, directors and supervisors

1. The percentage or range of remuneration to employees, directors, and supervisors stated in the Articles of Incorporation:

In accordance with the Company's Articles of Incorporation, if the Company makes a profit in the year, it shall set aside no less than 1% of the profit as remuneration to employees, which shall be distributed in shares or cash by resolution of the Board of Directors. The conditions are set by the Board of Directors. The Company may set aside no more than 1% of the above-mentioned profit as remuneration to directors, as resolved by the Board of Directors. Remuneration to employees may only be paid in cash. The motion for distribution of remuneration to employees, directors and supervisors shall be submitted to the shareholders' meeting for reporting. Where the Company has accumulated losses, an amount to offset the losses shall be retained in advance

2. The basis for estimating the amount of employee, director, and supervisor remuneration, for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

When there is a significant change in the amount resolved by the Board of Directors, the change shall be adjusted to the originally appropriated annual expense. If there is still a change in the amount after the annual financial report is approved and issued, it will be treated as a change in accounting estimates and adjusted and recorded in the following year .

3. Distribution of remuneration approved by the Board of Directors:
 - (1) Remuneration to employees, directors, supervisors in cash or shares in 2023: None.
 - (2) The amount of employee remuneration distributed in stock and the ratio to the net income after tax and total employee remuneration in the parent company only financial statement or individual financial report for the current period: None.
4. Actual distribution of remuneration to employees, directors, and supervisors in the previous year: None.

(IX) Shares repurchased by the Company : None.

II. Issuance of corporate bonds

Type of corporate bond		First (issue) secured corporate bond
Issuance (process) date		January 30, 2019
Face value		NTD 100,000
Place of issuance and trading (Note 3)		
Issue price		Issued at 101% of face value
Total amount		NTD 300 million
Interest rate		Coupon rate at 0%
Term		3-years Maturity date: January 30, 2022
Guaranteeing institution		Taiwan Cooperative Bank
Trustee		Jih Sun International
Underwriting Institution		Taiwan Cooperative Securities
Attorney-at-Law		Ya-Wen Chiu of Far East Law Offices
Certified Public Accountant		Deloitte Taiwan CPAs Huang Hai-Yueh, Hsieh Chien-Hsin
Repayment method		Except for the conversion of bond holders into common shares according to Article 10 of the Regulations Governing the Issuance and Conversion of Bonds, the early redemption as defined in Article 18, or the repurchase and cancelation by the Company from a brokerage firm at maturity, the convertible corporate bonds held by the bondholder will be repaid in cash in one lump sum based on the face value of the bonds.
Outstanding principal		NTD 0
Terms of redemption or early settlement		None
Restrictive clauses (Note 4)		None
Name of credit rating institution, the date of the rating, and the credit rating results		Not applicable
Additional rights	Number of common shares that have been converted (exchanged or subscribed) into common shares, global depository receipts or other marketable securities as of the publication date of the annual report	Number of common shares converted: 380,129
	Procedures of issue and conversion (exchange or subscription)	Please refer to Attachment 1.
Regulations governing the issuance and conversion, exchange or subscription, and the possible dilution of the equity by the issuance terms and conditions. Effect on existing shareholders' equity		The maximum dilution ratio of the convertible bonds issued by the Company to the original shareholders' equity is 18.99%, and the dilution effect is not yet significant to the existing shareholders.
Name of custodian for exchange object		Taiwan Depository & Clearing Corporation

Note 1: The issue of corporate bonds includes public offering and private placement of corporate bonds. Publicly offered corporate bonds in progress refer to those that have been validated (approved) by the Commission; privately placed corporate bonds in progress 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 issue of corporate bonds.

Note 3: Fill in for overseas corporate bonds.

Note 4: Such as restrictions on cash dividends, external investments, or requirement to maintain a certain percentage of assets.

Note 5: Private placements should be prominently marked.

Note 6: For convertible bonds, exchangeable bonds, shelf registration to issue corporate bonds, or corporate bonds with stock options, the information shall be disclosed according to their nature and in a tabular format.

Information on convertible corporate bonds

Type of corporate bond		First secured convertible bonds		
Year		2020	2021	For the current year up to March 31, 2023 (Note 4)
Item				
Market value of convertible bonds (Note 2)	Highest	NT 107.05	NT 103.5	Not applicable
	Minimum	NT 99.1	NT 99.9	
	Average	NT 101.48	NT 101.91	
Conversion price		NT 29.20	NT 80.41 (Note 5)	
Date of issuance (process) and conversion price at the time of issuance		NT 29.99	NT 29.99	
Method of performing the conversion obligation (Note 3)		Issuance of new shares	Issuance of new shares	

Note 1: The number of columns is adjusted according to the actual number of issue of corporate bonds.

Note 2: If overseas corporate bonds are traded at multiple locations, they are listed separately for each trade location.

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

Note 4: Information for the year up to the publication date of the annual report should be provided.

Note 5: The conversion amount on January 22, 2021 was NTD 29.20 due to the private placement; the conversion amount due to a capital reduction to make up for losses on August 25, 2021 was NT80.41.

III. Preferred shares : None.

IV. Global depository receipts : None.

V. Employee share subscription warrants: None.

VI. Restricted stock awards: None.

VII. Issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies: None.

VIII. Fund Utilization Plan Implementation Status:

The fund raised in private placement amounted to NT\$506,100 thousand in 2023. The fund utilization plan implementation status is as follows.

Items	Implementation		Implementation status
To enrich working capital	Amount scheduled to be disbursed	36,100	Enrich the working capital to help upgrade the Company's working capital utilization and stable growth.
	Amount actually disbursed	36,100	
	% completed	100%	
To repay bank loans	Amount scheduled to be disbursed	220,000	Repayment of bank loans will help improve the financial structure and reduce the debt ratio.
	Amount actually disbursed	220,000	
	% completed	100%	
Others	Amount scheduled to be disbursed	250,000	Use the funds to repay the payables for merger and acquisition of subsidiaries
	Amount actually disbursed	250,000	
	% completed	100%	

V. Overview of Operations

I. Description of business

(I) Scope of business

1. The Company's main business activities

- C301010 Spinning of Yarn
- C302010 Weaving of Textiles
- C307010 Clothing Accessories
- C801120 Manufacture of Man-made Fiber
- F104110 Wholesale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing Accessories
- F111090 Wholesale of Building Materials
- F204110 Retail Sale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing Accessories
- F211010 Retail Sale of Building Materials
- F401010 International Trading
- H701010 Housing and Building Development and Rental
- H701020 Industrial Factory Buildings Lease Construction and Development
- F199990 Other Wholesale Trade
- H703090 Real Estate Business
- E601010 Electric Appliance Construction
- E603090 Illumination Equipment Construction
- E603050 Automatic Control Equipment Construction
- E606010 Power Consuming Equipment Inspecting and Maintenance
- E607010 Solar Thermal Energy Equipment Installation Engineering
- E701030 Restrained Telecom Radio Frequency Equipment and Materials Construction
- E603040 Firefighting Equipment Construction
- ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval
- CC01010 Manufacture of Power Generation, Transmission and Distribution Machinery
- CC01090 Manufacture of Batteries and Accumulators
- CB01010 Mechanical Equipment Manufacturing
- D101050 Combined Heat and Power
- D101060 Self-Usage Power Generation Equipment Utilizing Renewable Energy Industry
- E501011 Tap Water Pipelines Contractors
- E601020 Electric Appliance Installation
- F213110 Retail Sale of Batteries
- F113100 Wholesale of Pollution Controlling Equipment
- F213100 Retail Sale of Pollution Controlling Equipment
- H701040 Specific Area Development
- H701050 Investment, Development and Construction in Public Construction
- H701060 New County and Community Construction and Investment
- H701070 Process Zone Expropriation and Urban Land Readjustment Agency
- H701080 Urban Renewal Reconstruction
- IG03010 Energy Technical Services
- J101030 Waste Disposing
- J101040 Waste Treatment
- J101060 Wastewater (Sewage) Treatment
- J101990 Other Environmental Sanitation and Pollution Prevention Service
- I103060 Management Consulting
- IZ12010 Manpower Dispatched

2. The sales weights of the Company's main products in 2023 are as follows

Unit: NTD thousand; %

Product item	Net turnover	Weight of business (%)
Construction project	1,947,532	100.00
Total	1,947,532	100.00

3. The Company's current products (services)
Primarily revenue from construction projects.

4. New products (services) planned to be developed

We initiated our transition plan in 2021 to increase the sales of construction materials and increase the sales volume of construction materials. Through the investment in the subsidiary Shang Ting Construction who has a Grade-A construction qualification, we participate in the bidding of public constructions of the public sector and various construction projects of the private sector to contract more construction projects from the current customers. In addition, we will expand the scale of operation by combining the division of labor within the Group, striving to maximize corporate profits, and turn losses into profits in 2022, focusing on our core business and advancing hard. In recent years, the government has continued to promote major public construction projects, and adopted the tender model encouraging the most advantageous tenders. In order to avoid the contract awarding in steps resulting in the failure to bridge the engineering interface, more and more turnkey projects have emerged, and even extended to BOT projects during the operation period. As a policy, the Company hopes to integrate all teams through one single contact window and thoroughly implement government asset activation throughout the life cycle of a building. Via the subsidiary, Shang-Ting Construction Co., Ltd., qualified as a Grade-A construction contractor, the Company participated in the bidding for public construction projects and various construction projects with private enterprises, in order to increase the chances to contract more construction projects. Meanwhile, the Company combines the job divisions within the Group to expand the business scale and maximize the profit and continues focusing on the core profession.

(II) Industry overview:

1. Current status and development of the industry

Since the outbreak of COVID-19 at the end of 2019, with the increase in uncertainties and unstable factors in the global economy, even though there is still a huge demand for construction projects in various countries, in response to the economic crisis derived from the spread of COVID-19, most governments have responded by suspending or adjusting construction budgets, resulting in a contraction in the global construction engineering market. According to the forecast of the international forecasting agency HIS Markit, the global construction expenditure was US\$10.99 trillion in 2019. Under the impact of the COVID-19 pandemic in 2020, the global construction expenditure fell to US\$10.45 trillion, with an annual decrease rate of 4.9%. Starting in 2021, with the advent of COVID-19 vaccines and the general administration, it is expected that various economies will reopen their borders, and the global construction engineering market is expected to recover. The average annual growth rate from 2022 to 2024 is expected to be 3.6%, and the global construction spending will reach 11.83 trillion dollars by 2024.

Global construction market forecast from 2019 to 2024

Total construction spending (Billions of 2015 US dollars)										
	2019	2020	2021	2022	2023	2024	Annual growth			CAGR
							2019	2020	2021	2019-24
Total Construction	10986.8	10449.8	10649.4	11061.1	11447.2	11831.9	1.7	-4.9	1.9	1.5
Residential	3999.0	3805.0	3848.9	3997.6	4130.5	4255.3	0.8	-4.8	1.2	1.3
Nonresidential	6987.8	6644.7	6800.4	7063.5	7316.8	7576.6	2.2	-4.9	2.3	1.6
Infrastructure	3622.3	3479.1	3573.8	3720.2	3872.4	4031.8	2.5	-4.0	2.7	2.2
Transportation	1902.2	1814.7	1865.6	1963.0	2060.5	2153.4	3.2	-4.6	2.8	2.5
Public Health	533.5	543.7	557.1	577.1	600.7	627.8	7.3	1.9	2.5	3.3
Energy	1186.6	1120.6	1151.1	1180.1	1211.1	1250.6	-0.6	-5.6	2.7	1.1
Structures	3365.5	3165.7	3226.6	3343.3	3444.4	3544.8	1.8	-5.9	1.9	1.0
Office	1122.7	1063.2	1089.5	1128.3	1166.7	1208.8	5.2	-5.3	2.5	1.5
Commercial	407.6	352.4	346.0	357.6	369.0	378.6	-1.8	-13.5	-1.8	-1.5
Institutional	756.9	720.1	739.5	778.4	812.1	841.2	2.2	-4.9	2.7	2.1
Industrial	1078.4	1030.0	1051.7	1079.1	1096.6	1116.2	-0.3	-4.5	2.1	0.7
Utilities	164.7	161.4	166.6	171.5	173.4	180.1	0.0	-2.0	3.2	1.8
Communications	86.0	84.2	84.6	84.3	84.3	83.7	-3.4	-2.0	0.5	-0.5
Petroleum Refining	26.0	19.1	21.4	24.9	27.9	28.8	-8.3	-26.5	12.0	2.1
Transportation Equipment	84.5	76.1	75.5	77.0	77.2	77.1	0.0	-9.9	-0.8	-1.8
Chemicals	141.9	131.4	130.4	133.3	135.9	138.2	-1.1	-7.4	-0.8	-0.5
Electrical and Electronic Products	127.1	122.1	119.7	120.5	121.0	121.8	4.4	-3.9	-2.0	-0.8
Food Processing	88.7	90.8	94.0	96.4	99.3	101.5	-4.1	2.3	3.5	2.7
Other	359.4	344.8	359.4	371.3	377.8	385.0	0.5	-4.1	4.2	1.4

Source : IHS Markit

In 2023, the sales scale of Taiwan's construction industry continues to expand. According to the Database of Industry and Economics of the Taiwan Institute of Economic Research, from January to August 2023, the sales of Taiwan's construction industry totaled NTD 2,446.511 billion, an increase of 9.37% compared to the same period in 2022 . As public construction in Taiwan has gradually increased its strength in recent years, not only has the related budgets been created at record highs, but the government has also provided assistance to the industry players in response to the rise in labor costs, such as adding price adjustment mechanisms to construction contracts , meeting reasonable additional budget requirements as much as possible, and relaxing the application for foreign workers. These contribute to the willingness of contractors to contract public works, while also making the construction process smoother .

Sales of the construction industry in Taiwan

Item	Unit: NTD 100 million, %				
	2019	2020	2021	2022	2023 Jan. to Aug.
Civil Engineering	6,491.77	6,885.97	7,681.16	8,734.06	5,919.33
Annual growth rate	6.98	6.07	11.55	13.71	10.72
Construction Engineering	3,759.33	4,026.13	4,472.46	5,208.27	3,696.26
Annual growth rate	3.81	7.10	11.09	16.45	14.83
Electrical, Mechanical and Plumbing Engineering	6,606.66	7,101.94	8,352.28	10,288.18	6,792.55
Annual growth rate	5.85	7.56	17.61	23.18	3.45
Finishing and Renovation Works	3,788.28	3,901.03	5,616.24	6,543.54	4,540.63
Annual growth rate	7.24	2.98	18.17	13.28	9.91
Other Construction	4,164.27	4,913.80	5,616.24	6,543.54	4,540.63
Annual growth rate	8.87	18.00	14.30	16.51	12.42
Construction industry	24,806.31	26,828.87	30,731.87	35,996.03	24,465.11
Annual growth rate	6.53	8.15	14.55	17.13	9.37

Source: Fiscal Statistical Database (Ministry of Finance), TIER, September 2023

The Forward-Looking Program was initiated in 2017. By actively inventorying the needs for local construction, the government gave priority to cross-county/city construction that contributed to regional balance and joint governance, as well as important infrastructure development in relatively rural areas that were under-invested in the past. In addition, in line with the acceleration of national economic transformation, regional integration and balanced development, the Taiwan government continued to promote rail transit, while significantly improving the standard of infrastructure in water resources, digital, green energy, industry, education and social welfare, indigenous people and Hakka infrastructure. This is the nation's way of responding to the country's needs for future international development trends. Meanwhile, the government has been making an effort to attract more Taiwanese businessmen to return home and increase foreign investors to invest more in Taiwan. Through the New Southbound Policy, Taiwan's economy will be able to connect with the world, putting the country on the map. After transformation, Taiwan's economy has become stronger and stronger. Coupled with a more comprehensive social security and medical and public health system, not only has Taiwan successfully withstood the severe test of the US-China trade war and the ravages of COVID 19, but Taiwan's kindness has also been shown to the world with its "Taiwan can help" aid campaign. According to the data of the Directorate-General of Budget, Accounting and Statistics of Executive Yuan in February 2021, Taiwan was one of the few countries in the world to maintain positive economic growth in 2020. The annual GDP growth rate was 3.11%, higher than the global average. Taiwan not only ranked first among the Four Asian Tigers for two consecutive years, but this is also the first time in 30 years that Taiwan's GDP exceeded China's.

Starting in 2021, the Foresight Program for the next four years (i.e. Foresight 2.0; 2021–2024) was launched in Taiwan to continue strengthening the nation's important infrastructure. Priority was given to major construction projects that are sustainable and can be completed by 2025. The government also promotes public works in remote areas, helping to equalize regional development, as well as deploying the future needs of the industry. These include: actively building six core strategic industries, continuing to promote industrial innovation, optimizing and transforming, and improving the environment for new development. The government will also develop an Asian corporate capital allocation and high-asset wealth management center, build a digital island, making the country bilingual by 2030, while nurturing the new generation of quality manpower, optimizing and innovating the financial industry, and creating a sound and sustainable fiscal structure, in order to open a new economic landscape and enhance Taiwan's global visibility and influence.

In addition, Taiwan will simultaneously strengthen the connotation of inclusive growth and green growth, improve the long-term care service system, strengthen childcare services, solve the problem of low salaries for young people and invest in young people, implement housing justice, build a stable and safe life, and cultivate cultural heritage and cultural strength and promote the development of sports to create a happy society with care for all ages. The government will build human-centered transportation and tourism development, continue to enhance forward-looking infrastructure, and promote balanced development in Taiwan's development plan so as to boost local creativity and build a resilient and sustainable home.

As of August 2023, the completion rate of public works in Taiwan reached 55.80%, which is about 3 percentage points higher than the same period in 2022, indicating

that the progress of domestic public works is quite good. The result was mainly due to the government's active efforts in developing infrastructure such as highways, railroads, commercial ports and water conservancy, as well as the commencement of energy restructuring projects such as off-shore wind farms and the conversion of coal-fired generating units, and the planning of large-scale civil engineering projects such as social housing, public sports halls, and science industrial parks are also under development. Therefore, a number of tenders for government projects have been released, and additional budgets for the public works under construction have been gradually received, so the overall public construction progress is quite smooth. On the other hand, as the executable budget for public works in 2023 exceeded NTD 660 billion, meaning that there are government construction contracts worth NTD 290 billion available to the industry contractors by the end of the year. In the peak season, the Executive Yuan is expected to achieve the target of reaching 96% of its expenditure on a full-year basis. All of these indicate that the economy of the civil industry is optimistic.

The government's overall co-construction spending rate on the design project



Source: National Development Council, TIER, September 2023

In 2023, the prices of building materials and labor wages in Taiwan were relatively stable, so the annual growth rate of the construction price index was flat. Although the cost of labor and materials has increased due to inflation, the government's reduction of excise tax has helped curb the rise of cement prices. In addition, the domestic housing, the slowdown in plant construction, the prolonged debt crisis in China's real estate market and the sluggish housing market in the United States dragged down the development of the international construction industry, resulting in a decline in demand for building materials and relatively stable prices. Therefore, the price index on materials only increased slightly by 1.23% year-on-year. In terms of labor, as the construction industry is facing a serious labor shortage problem, operators mostly use large-scale machinery to save manpower, or to attract labor force by raising wages, so the related costs continue to rise. Fortunately, as the cost of fuel for construction equipment fell in tandem with the drop in crude oil prices, and the reduction in the number of residential and factory construction projects helped to ease the shortage of labor. Moreover, the government further relaxed the restrictions on applications for foreign workers in the construction industry, the rate of increase in labor costs was not too high, and the annual growth rate of the price index was recessed to 2.84%. Overall, the changes in the prices of building materials and labor wages in Taiwan in 2023 were relatively stable, but it should be noted that the water level is still high, which shows that the cost burden on the industry is still heavy.

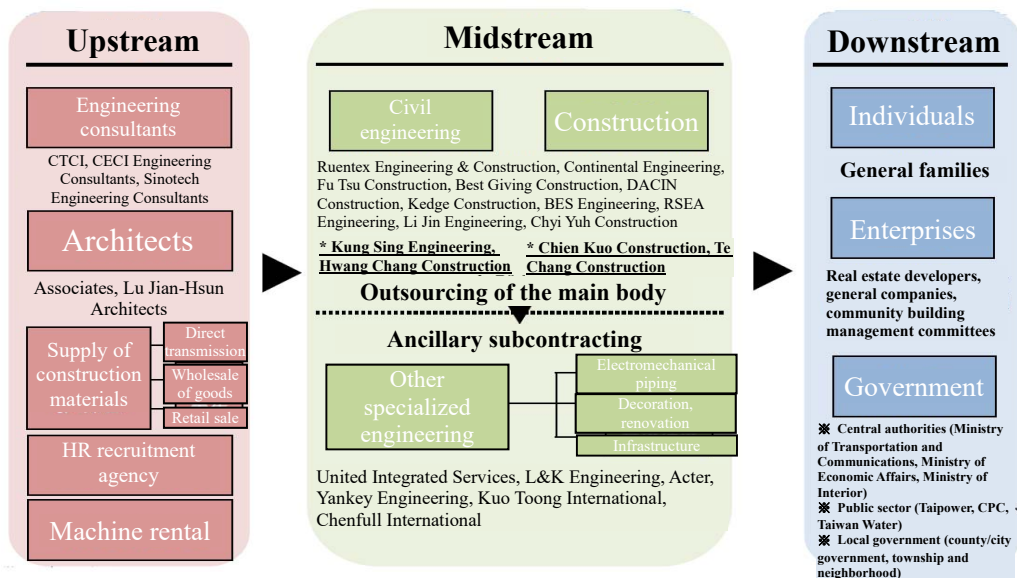
Construction project price index annual growth rate

Item	Unit: NTD 100 million, %				
	2019	2020	2021	2022	2023 Jan. to Jun.
Investment in housing construction	2,282.75	2,674.79	3,302.94	3,701.62	1,763.32
Annual growth rate	11.21	17.17	23.48	12.07	6.39
Investment in machinery and noise reduction equipment	12,320.50	11,876.56	15,807.22	18,847.77	7,358.68
Annual growth rate	31.91	-3.60	33.10	19.24	-13.26

Source: Statistics Department (MOEA), TIER, September 2023

According to the economic survey conducted by the TIER, 40% of the respondents believe that the economy of the construction industry in 2023 was average, and another 40% of the respondents believe that the performance was worse than that of 2022. This is mainly due to the government’s crackdown on speculation on real estate on the housing market. The cooling of the economy has resulted in the reduction of new projects for residential development and plant construction, leading to the outstanding performance of the commercial and office construction and public works businesses. However, the overall construction industry cannot avoid the slowdown in growth . On the other hand, looking forward to the economy of the construction industry in 2024, 30% of the respondents expect growth, while 50% believe it will remain flat. Both proportions will increase by 10% based on the judgment of the economy in 2023. The economy in 2024 will improve slightly compared to that in 2023. This is due to the consideration of Taiwan’s economy showing signs of recovery from the bottom. It is expected that people’s confidence will increase in purchasing real estate and the enterprises in expanding their production bases. This is expected to improve the housing slump and drive the demand for plant construction. In addition, the construction industry will help stimulate the growth of residential construction and factory construction. In addition, the large-scale commercial building development projects and the government’s efforts for public works continue to increase, all of which make construction companies optimistic about the performance of the industry .

2. Correlation between upstream, midstream and downstream of the industry



3. Development trends of products

The building materials and construction industry refers to the upstream and downstream related industries engaged in the design and construction or turnkey projects of residential buildings, commercial offices, factories or public works, etc. The Company's current business scope includes repair/maintenance contracts, construction contracts such as land preparation, infrastructure, installation of construction equipment, and civil engineering construction, alteration, and repair; civil engineering projects include road works, utility works, and other civil works; specialized construction includes land preparation, foundation and structural engineering, garden landscaping engineering, installation of electrical and mechanical equipment, plumbing and other construction equipment, decoration works after building completion, and other specialized construction projects.

Public construction is the engine of national development, which stimulates the economy, increases employment and domestic demand in the short term, and accumulates capital stock, promote private investment and improve the quality of life of citizens in the long run. In order to accelerate the investment in public construction, the government has been improving the national infrastructure in Taiwan. As a means to mitigate the impact of COVID-19 on the economy, the government also spared no efforts to help accelerate the promotion of public construction and stimulate the economy.

(III) Technology and R&D overview:

The Company is committed to the professional field of public works. During the planning of construction projects, the Company considers the design of green buildings and also incorporates multiple artificial intelligence technology management systems during the construction process. The Company researches the mature technology applications on the market and also continues to invest resources to research and conceive how to implement new technologies into buildings to upgrade the intention of construction projects.

1. Combine multiple monitoring and management systems based on artificial intelligence technology to improve occupational safety monitoring skills, such as mobile CCTV real-time monitoring system, time-lapse camera, and emergency broadcast notification system. Each floor of the construction site is equipped with emergency communication system to ensure that in case of an emergency in the area, the on-site status can be grasped at any time to achieve real-time management regardless of the mobile phone network signal or the inability to contact the management personnel.
2. In response to the epidemic, the latest face recognition system that can identify persons wearing mouth masks is implemented and, combined with forehead temperature detection, may automatically record personnel access statistics. When the face and body temperature is incorrect, the censorship system will not be activated, so as to achieve effective controls.
3. In order to proactively develop the application of BIM, the Company uses the BIM model to conduct pre-safety assessment on the construction site before construction, complete the main inspection, and simulate conflict points before construction to ensure the integration of construction, enable engineering personnel to understand and respond to the construction information correctly, help the project run successfully and ensure safety and quality.

Apply the BIM model to invest in deepened development of technology and application

research, and conduct joint research with customers, suppliers and supervision units in a timely manner. Pricing control can also be carried out based on the BIM model simulation results to achieve the cost control .

Through the establishment of the BIM building information model, the position and swing angle of cranes are reviewed to reduce the possible incidents, such as falling, hitting, tipping, and crushing, that may occur in the swinging light rail machine room of the hanging operation. Then, the correct position of cranes may be verified, so that the Company may plan clearance of surrounding facilities to achieve construction safety and quality.

4. With the development of AI technology, construction projects have entered the era of smart construction. Overhead operations take the initiative to replace labors with robotic arms to mitigate the risk over the overhead operations. The Company also engaged in the industry–academia cooperation with Feng Chia University to research spraying coating robot for overhead work, in order to mitigate the harm from high-risk operations and reduce the time that workers spend in overhead operations.

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

1. Short-term business development plan
 - (1) Focus on managing the progress of the project to ensure that the project is completed within the contract period.
 - (2) Inspect construction quality in accordance with contracts and laws and regulations to ensure qualified acceptance.
 - (3) Strengthen the management of construction costs and increase the gross profit of construction projects.
 - (4) Comply with laws and regulations related to work, environmental, and labor safety to ensure site safety.
 - (5) Improve internal management procedures and work efficiency.
2. Long-term business development plan
 - (1) Actively participate in the bidding of various public construction projects to explore future revenue.
 - (2) Cooperate with the government’s new energy policy and bid for solar energy, wind energy and other green power related projects to expand business scope and increase profits.

II. Market, production and sales

(I) Market analysis:

1. Sales regions of the main products:

Unit: NTD thousand

Regions	2023	
	Amount	Percentage
Domestic sales	1,947,532	100.00
Total	1,947,532	100.00

2. Market share of major products:

According to the “Monthly Fiscal Statistics – January 2024” of the Department of Statistics, Ministry of Finance, the total annual income of the construction industry in 2023 was NT\$3,875,435 million, and the Company’s 2023 operating revenue was NT\$1,948 million, i.e. a market share of about 0.05%.

3. Future supply, demand and growth of the market:

For the outlook of Taiwan’s construction economy in 2024, first of all, considering the signs of economic recovery in Taiwan, in August 2023, the Directorate-General of Budget, Accounting and Statistics of the Executive Yuan announced that the domestic economic growth rate for 2024 could reach 3.32% which is described excellent compared to 2023, which was only 1.61%. The improvement of the economic situation will increase the willingness of enterprises to invest in factories and businesses, driving related capital expenditures to increase, and the economic recovery will also help the development of the housing market. Furthermore, the government is balancing the gap between urban and rural areas, assisting in industrial transformation and upgrading of industries, and building Taiwan into a technology island and an international trade center. The government also actively promotes forward-looking infrastructure and major economic construction. In addition, the government is actively promoting forward-looking infrastructure and major economic construction to balance the urban-rural gap, assist industrial restructuring and upgrading, and building Taiwan into a technology island and an international trade center. The budget for public construction in 2024 has reached a record high, and it is expected that a number of large-scale bids will be released, which is conducive to boosting demand for the industry, and contributing to an annual increase in fixed capital formation of 5.82% by 2024. Overall, the demand in the construction industry is showing the situation that private construction is moderate and public construction is booming.

In terms of cost, although the price increase of construction materials and labor wages has clearly converged since 2023, the shortage level is still high. In addition, the high interest rate environment increases the financial expenditure of enterprises, and manufacturers have incurred a lot of expenses to reduce carbon in order to meet the government’s 2050 net zero goal, causing construction operators to face heavy operating cost pressure in 2024. Fortunately, the introduction of new construction methods and intelligent management systems by the construction industry will help reduce the demand for materials, and the benefits of carbon reduction by enterprises will gradually increase with the maturity of technology. Therefore, the direction of the costs is expected to be flat.

In summary, the demand in the delivery industry in Taiwan in 2024 is optimistic and the cost changes are relatively stable, so the economy is expected to improve slightly.

Fixed capital formation annual growth rate in Taiwan

Item	2020	2021	2022	2023 (e)	2024 (f)
Government department	6.81	-4.18	9.03	6.57	5.24
Public sector	26.86	5.53	16.84	7.58	15.33
Private sector	5.16	22.09	10.27	-3.58	5.21
Total	6.42	17.83	10.49	-2.18	5.82

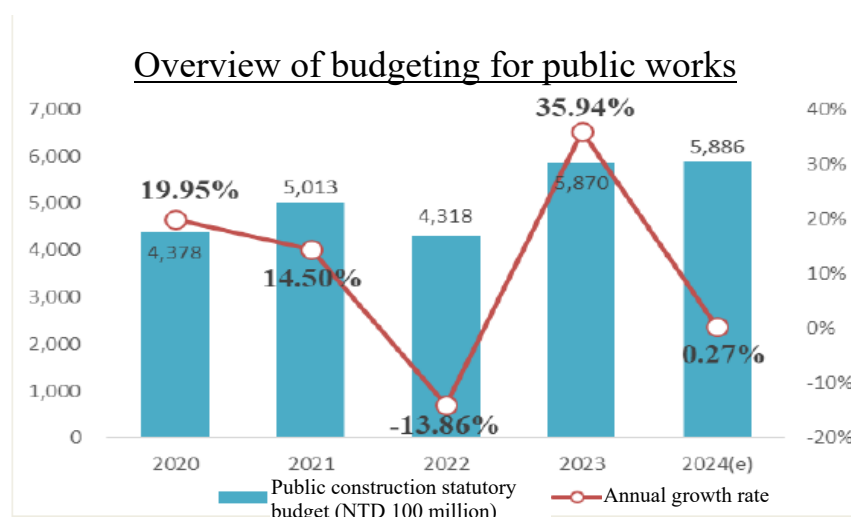
Unit: %

Note: e is an estimate; f is a forecast

Source: Directorate-General of Budget (Accounting and Statistics), TIER, September 2023

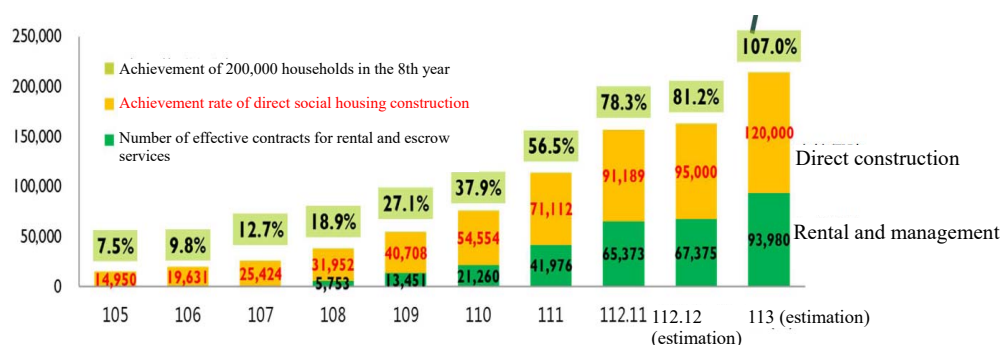
According to the data of the Taiwan Institute of Economic Research, the public construction industry has repeatedly hit new heights. This is due to the fact that the government has been taking proactive steps in strengthening the economic recovery after the pandemic. Also, in the face of the global political and economic turmoil, Taiwan's trade exports have been disrupted, so the government has adopted an expansionary fiscal policy to respond accordingly

In 2023, the Forward-looking Infrastructure Development Program will enter the fourth phase, and the total budget of construction including water environment, urban and rural areas, and rails will be 69.83%.



Source: Taiwan Institute of Economic Research

The government officially launched the eight-year 200,000-unit social tenancy scheme in 2017. For the first four years, a “central-assisted and local-driven” approach was adopted. In 2021, a “central-led and local-coordinated” approach was adopted. The idea of the scheme is to directly build and lease social housing units for the public, which has entered the stage of accelerated growth



Source: Ministry of the Interior

4. Competitive niche and favorable and unfavorable factors for development prospects, and countermeasures:
 - A. Favorable factors

According to the plan of the Executive Yuan, the budget of Taiwan's public construction in 2024 will reach NTD 588.6 billion, an increase of 0.27% compared to the same calculation basis in 2023. It is expected that many major civil construction tenders will be released in the future, and public works projects that have been delayed or aborted can go ahead again through budgetary supplementation, which is conducive to the maintenance of growth for the public sector of the construction industry.

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

In order to coordinate and improve the labor shortage in the domestic construction industry, the Public Construction Committee, Executive Yuan has coordinated with the Ministry of Labor to reasonably amend the regulations on foreign construction workers in public construction. The Committee has been working with the Ministry of the Interior, the Ministry of Labor, and the Ministry of Economic Affairs to promote holistic improvement measures.
 - b. Develop new construction methods to reduce costs

In view of the pressure from the construction industry to increase the operating and construction costs, the industry players are actively developing new construction methods, such as the use of modular technologies such as the pre-casting method and the aluminum formwork method, to save manpower and work hours.

On the other hand, we have introduced smart systems and automated machines to assist construction operations. As well as these, we also added a linked automatic sprinkler dust suppression system and alarm device to fully grasp the various noise conditions of air pollution, and to implement response measures in a timely manner .
 - c. Golden Award for Public Works

Study the appropriateness of including the golden award of public works in the "maintenance and management category." Strengthen ecological sustainability measures, including ecological inspection as the recommendation benchmark. Include ecological experts and scholars in on-site reviews or re-evaluation meetings. This aims to make the target and scope of the Gold Award wider, and the depth of the evaluation criteria more complete.
 - d. Improve electronic procurement operations and build a friendly and convenient procurement environment

Continue to promote the mechanism of electronic bidding and public access to electronic quotation, and improve the functions of the system.
 - B. Unfavorable factors
 - a. The financial system has a conservative attitude toward the financing of the construction industry, and the capital turnover is relatively inflexible.
 - b. International large-scale construction companies enter the country to compete in the construction market.
 - C. Countermeasures
 - a. We will strengthen organizational efficiency and cost control to reduce costs and maintain profitability. Meanwhile, by selecting excellent competitors and working with professional contractors in the same industry or different industries, we can reduce cost risks and large expenditures in a short period of time. Through cooperation, we will be able to improve the overall quality, and thereby enhance the trust and credit conditions of the bank.

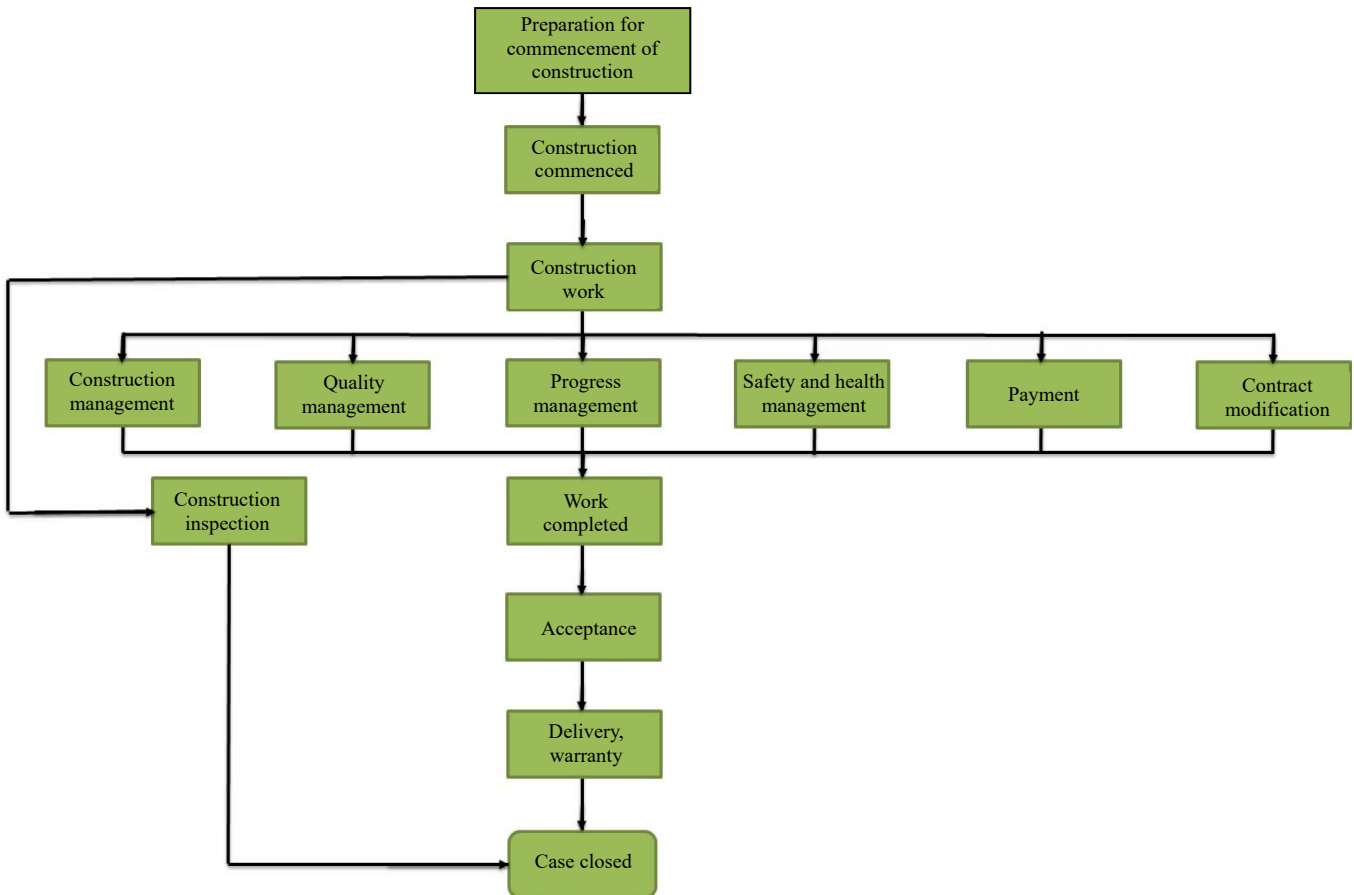
- b. We are committed to pragmatically preparing and investing in various projects, while improving the overall image of the Company and establishing good construction quality through efforts to obtain the public construction gold award. By effectively utilizing the background as a list-company, we will make good use of financial advantages to establish the reputation of the Company among customers.

(II) Important uses of the main products and production processes:

1. Important uses of the main products

Name of main product	Important purpose
1. Residential construction	1. Government housing and dormitory projects.
2. Commercial and office buildings	2. Office buildings, hospitals, schools and other projects.
3. Public works	3. MRT projects, highways, civil engineering and bridge projects, etc.
4. Plant and other construction	4. Plant engineering and other special engineering projects.

2. Production process of main products



(III) Supply of main raw materials:

Category	Main raw materials	Status of supply
Civil engineering	Ready-mixed concrete, steel bars	Domestic supply, normal
Steel structure	Steel, iron products	Domestic supply, normal
Pipelines	Plastic pipes, steel pipes, valves	Domestic supply, normal
Instruments and electronics	Switchboard, cables, detection equipment	Domestic supply, normal
Equipment	Firefighting equipment, chiller, etc.	Domestic supply, normal

The Company takes on projects commissioned by proprietors using a turnkey approach. The contractors who have worked with the Company for a long time supply all the required materials, labor, and equipment. Measures have been taken to address the problem of labor shortage and to improve the stable supply and demand of sand and gravel. There is no shortage of supply that may affect the construction schedule.

(IV) List of major suppliers and customers for the most recent two years:

1. Suppliers with 10% or more purchase in the most recent two years:

Unit: NTD thousand

Item	2022				2023			
	Name	Amount	Proportion to net purchase of the year (%)	Relationship with the issuer	Name	Amount	Proportion to net purchase of the year (%)	Relationship with the issuer
1	—	—	—	—	—	—	—	—
2	Others	1,037,897	100.00	—	Others	1,617,322	100.00	—
	Net purchase	1,037,897	100.00	—	Net purchase	1,617,322	100.00	—

Note: The Company has transformed itself into a construction industry, with the subsidiary Shang Ting undertaking turnkey public construction projects. Due to the large number of construction projects, the suppliers are relatively dispersed. Therefore, there were no suppliers with more than 10% of purchases in both years. Overall, there were no significant irregularities.

2. Customers with 10% or more sales in the most recent two years:

Unit: NTD thousand

Item	2022				2023			
	Name	Amount	Proportion to net sales of the year (%)	Relationship with the issuer	Name	Amount	Proportion to net sales of the year (%)	Relationship with the issuer
1	Customer A	428,312	36.64	None	Customer A	427,054	21.93	None
2	Customer B	323,960	27.71	None	Customer B	502,606	25.81	None
3	Customer C	198,780	17.00	None	Customer C	62,655	3.22	None
4	Customer D	115,398	9.87	None	Customer D	331,413	17.02	None
5	Customer E	53,169	4.55	None	Customer E	198,667	10.20	None
	Others	49,393	4.23	—	Others	425,137	21.82	—
	Net sales	1,169,012	100.00	—	Net sales	1,947,532	100.00	—

Note: The Company has transformed itself into a construction industry, with the subsidiary Shang Ting contracting turnkey public works. Revenue is recognized according to the progress of the projects. This is the Company's operating characteristics. Overall, there were no significant irregularities.

(V) Production volume and value for the most recent two years:

Unit: NTD thousand

Year	2022		2023	
Production volume and value	Production value	%	Production value	%
Main products				
Construction project	1,037,897	100.00	1,617,322	100.00
Total	1,037,897	100.00	1,617,322	100.00

(VI) Sales volume and value for the most recent two years:

Unit: NTD thousand

Year	2022		2023	
Sales volume and value	Domestic sales		Domestic sales	
Main products	Amount	%	Amount	%
Construction project	1,169,012	100.00	1,947,532	100.00
Total	1,169,012	100.00	1,947,532	100.00

III Information on employees in the last two years and up to the date of publication of the annual report

Year		2022	2023	Until March 31, 2024
Number of employees	Direct labor	0	23	32
	Indirect labor	117	152	157
	Total	117	175	189
Average age		44.65	41.80	40.61
Average service seniority		2.89	1.36	1.25
Education distribution ratio	Doctoral Degree	0.00%	0.00%	0.00%
	Master's Degree	11.11%	7.43%	6.88%
	Junior College	43.59%	32.00%	29.10%
	Senior High School	45.30%	60.57%	64.02%
	Below high school	0.00%	0.00%	0.00%

IV. Information on environmental protection expenditures

Total amount of losses and penalties due to environmental pollution in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, and describe future countermeasures (including improvement measures) and possible expenditures: None.

V. Labor - Management Relations

(I) The Company's various employee welfare measures, continuing education, training, and retirement systems and their implementation, as well as labor-management agreements and various measures to protect the rights and interests of employees:

1. Employee welfare measures, continuing education and training:

The Company has an Employee Welfare Committee to handle employee welfare activities. Detailed welfare plans and budgets are created each year, including New Year's Day gifts, employee group activities, employee wedding and funeral subsidies, and employee birthday gift vouchers. We also take out group insurance and organize education and training from time to time to improve workplace skills.

2. Retirement system and its implementation:

After the "Labor Pension Act" came into effect on July 1, 2005, employees of the Company may opt for the retirement requirements stipulated in the "Labor Standards Act" or the retirement system stipulated in the Labor Pension Act and retain the number of years of service prior to the promulgation of the Act. For employees subject to the Act, the Company's monthly retirement contribution rate shall not be less than 6% of the employee's monthly salary.

3. Employees' further education and training

To encourage employees to pursue further education in their spare time, the Company has established guidelines for on-the-job training. The training plan is prepared by each department at the end of each year based on their annual education and training needs. The Company's further education and training are divided into three categories: newcomer training, on-the-job training, and internal training. By doing so, we hope that our employees will continue to pursue further education and learning in their respective positions and to lay the foundation for the Company's future growth.

4. Agreements between labor and management:
The Company has always valued the opinions of our colleagues. In addition to holding regular labor meetings, we also encourage employees to provide suggestions through the Company's formal or informal communication channels at any time to understand colleagues' opinions on the Company's management and welfare system, as a reference for improvement. Through the two-way communication opportunities between the Company and employees, both parties can better understand each other and draw consensus, and the opinions of the labor force can be valued and resolved quickly by the employer.
5. Measures for the protection of employees' rights and interests:
The Company currently does not have a labor union. However, under the principle of emphasizing labor-management harmony and valuing employee opinions, we have not only formulated work rules according to government regulations, but also established reasonable and reasonable standards for wages, working hours, leave, retirement, and bereavement in addition to safety and health, education and training, and other welfare measures. At the same time, the emphasis on communication, coordination and resolution has won the trust and support of employees. To date, there have been no major labor disputes resulting in losses. Therefore, the relationship between the Company and employees is harmonious.

VI. Cyber security management

- (I) Describe the cyber security risk management framework, cyber security policies, specific management plans, and resources invested in the cyber security management.

1. Cyber security policy:

- (1) This policy is established by the Company to strengthen information security risk management and ensure the security of data, systems, equipment and networks.
The term "information security" as used in this policy refers to ensuring the accuracy of the Company's information processing and the reliability of the computer software, hardware, peripheral devices, and network systems used by operating personnel, and ensuring that said resources are free from interruption, damage, or intrusion or attempt thereof.
- (2) In order to prevent the attacks of computer viruses, the Company has purchased legal anti-virus software, and regularly updated the relevant virus codes and anti-virus engines. To effectively promote information security efforts.
- (3) In the event of a cybersecurity incident, each unit shall immediately report to the IT unit, and the IT unit shall manage the emergency incident crisis. The Company has joined the TWCERT/CC (Taiwan Computer Emergency Response Team/Coordination Center). Therefore, it may make emergency reports and obtain assistance from relevant resources, as well as information security messages and resources.
- (4) This policy shall be in line with the latest development in relevant laws, technologies and businesses to ensure the effectiveness of information security practices.

2. The Company has made several improvements to the cyber security in the information system framework:

- (1) Purchase new firewall to readjust the structure, and abandon old models with unsupported application layer protection to strengthen the protection performance .

- (2) Logical network domains are separated according to the network service needs, and appropriate information security protection control measures established for different operating environments.
 - (3) The data backup mechanism is updated to provide comprehensive and rapid restoration of each system and improve the restoration time.
3. Expected improvement plans for the year:
- (1) Formulate advanced continuing defense measures for location scanning and penetration scanning, to detect and prevent encryption and extortion threats, and discover “unknown” malware.
 - (2) Formulate defensive measures for network services, which can automatically collect network-wide assets as well as a security management policy to block unauthorized devices in real time.
 - (3) As security awareness enhancement among employees requires long-term continuous training and counseling in order to avoid hacking, the Company conducts social engineering drills.
 - (4) Strengthen the recovery and contingency operation mechanism, identify the probability and degree of impact of events that might cause business interruption, and clearly define the recovery time objective (RTO) and data recovery time objective (RTO) of the core business, and install an appropriate backup mechanism and a backup plan.

In order to deal with the rapidly changing network security threats, the Company is committed to avoiding being affected by the new risks and attacks, while strengthening the real-time protection against any major network attacks or incidents to prevent the Company’s finance and business from any material adverse effects.

- (II) In the most recent fiscal year and by the date of publication of the annual report, there were no major network attacks or incidents that adversely affected the Company’s financial operations.

VII. Important contracts

The Company’s supply and sale contract, technical cooperation contract, engineering contract, long-term loan contract and other contracts that are valid as of the publication date of the annual report and expired in the most recent year and other contracts that are significant enough to affect shareholders’ equity:

Nature of contract	Party concerned	Start/end date of contract	Main Content	Restrictive clauses
Construction contract	Pingtung County Government	Completion within 720 days from contract signing on November 10, 2020	New construction of the Multi-Level Care Service Facility Park in Pingtung County	None
Construction contract	Pingtung County Government	Completion within 580 days from contract signing on May 12, 2021	New construction of the joint office building project for county-level agencies in the Donggang area	None
Construction contract	Department of Transportation, Kaohsiung City Government	From contract signing on March 1, 2022 until completion	New construction of the parking lot at Kaohsiung Senior High School	None
Construction contract	Pingtung County Government	Completion within 595 days from contract signing on June 27, 2022	New construction of residential long-term care facility in Ligang Township, Pingtung County	None

Nature of contract	Party concerned	Start/end date of contract	Main Content	Restrictive clauses
Construction contract	Taiwan International Ports Corporation, Kaohsiung Branch	Completion within 570 days from contract signing on June 27, 2022	Kaohsiung Port 7th Container Center Project – S1-S3 Container Yard Ancillary Building Construction	None
Construction contract	Taiwan International Ports Corporation, Kaohsiung Branch	Completion within 500 days from contract signing on July 5, 2022	The National Sports Stadium in Nanzi District, Kaohsiung City	None
Construction contract	Water Resources Bureau, Kaohsiung City Government	Completion within 1400 days from contract signing on August 29, 2022	Turnkey project for new construction of social housing in Daliao	None
Construction contract	Public Works Bureau, Tainan City Government	Completion within 450 days from contract signing on January 9, 2023	New construction of Yujing Agricultural Products Processing and Cold Chain Logistics Center	None
Construction contract	Kaohsiung City Government	From contract signing on January 4, 2023 until completion	Qiaotou Sewage District, Gangshan District (Gangshan District) Phase 2, tender 1 (II)	None
Construction contract	New Construction Office, Public Works Bureau, Kaohsiung City Government	From contract signing on January 17, 2023 until completion	New construction of Guangfu Barracks and Dashu North Barracks for Plant 205, Armaments Bureau of the Ministry of National Defense	None
Construction contract	National Housing and Urban Renewal Center	Completion within 1600 days from contract signing on February 1, 2023	The primary contract project of “Shanming Anju” and “Shui Xiu Anju” social housing in Xiaogang District, Kaohsiung City	None
Construction contract	Air Force Academy	From contract signing on February 20, 2023 until completion	New construction of duty dormitory in Ci-En Village 25	None
Construction contract	Taiwan International Ports Corporation, Kaohsiung Branch	From signing on June 14, 2023 to completion on May 31, 2025	Construction of the solar photovoltaic invoice system of the 7th container center of Kaohsiung Port	None
Construction contract	Civil Aeronautics Administration, Ministry of Transportation and Communications	From signing on December 18, 2023 to completion on December 31, 2026	Kaohsiung International Airport New Terminal Project – Phase 1 Construction Drawing – Turnkey Project for East Side Three-dimensional Parking Lot	None
Construction contract	National Housing and Urban Renewal Center	From contract signing on January 17, 2024 until completion	New Construction of turnkey project of “Yuzhong Anju” Social Housing	None
Engineering contract	Port of Kaohsiung, Taiwan International Ports Corporation, Ltd.	From contract signing on April 26, 2023 until completion	“Turnkey project for the renovation of buildings and public infrastructure in the Golden Dragon Bay Area of Penghu Port”	None
Engineering contract	New Construction Office, Public Works Bureau, Kaohsiung City Government	From signing on January 18, 2024 to completion on June 30, 2026	The National Sports Stadium in Xiaogang District, Kaohsiung City (2nd Project)	None

Jin-Long-Tou and Xiaogang Sports Hall (contract not yet signed)

VI. An Overview of the Company's Financial Status

I. Condensed balance sheets and statements of comprehensive income for the most recent five years

(I) Information on the condensed balance sheets and statements of comprehensive income 1. Consolidated Condensed Balance Sheet

Unit: NTD thousand

Item	Year	Financial information for the most recent five years (Note 1)					Financial information for the current year up to March 31, 2024
		2019	2020 (Note 2)	2021 (Note 3)	2022	2023	
Current assets		857,410	764,176	1,031,061	1,409,785	2,050,594	Not applicable
Property, plant and equipment		420,652	304,861	101,089	100,512	99,701	
Right-of-use assets		35,992	16,024	25,511	37,415	40,957	
Investment property (Note 3)		—	—	730,880	721,010	—	
Goodwill and intangible assets		65,968	502,722	478,252	439,897	440,177	
Other assets		110,419	195,012	58,526	52,461	34,394	
Total assets		1,490,441	1,782,795	2,425,319	2,761,080	2,665,823	
Current liabilities	Before distribution	696,419	997,467	1,126,296	1,236,585	1,137,623	
	After distribution	696,419	997,467	1,126,296	1,236,585	Note 4	
Non-current liabilities (Note 3)		322,462	524,700	529,861	747,731	104,688	
Total liabilities (Note 3)	Before distribution	1,018,881	1,522,167	1,656,157	1,984,316	1,242,311	
	After distribution	1,018,881	1,522,167	1,656,157	1,984,316	Note 4	
Equity attributable to owners of the parent company (Note 3)		471,560	260,628	769,162	776,764	1,423,512	
Share capital		460,528	860,528	249,881	249,881	424,881	
Capital reserve		54,851	7,340	7,340	7,340	338,440	
Retained earnings (Note 3)	Before distribution	(58,309)	(610,647)	(27,491)	(23,774)	667,107	
	After distribution	(58,309)	(610,647)	(27,491)	(23,774)	667,107	
Other equity (Note 3)		14,490	3,407	539,432	543,317	(6,916)	
Treasury stock		-	-	-	-	-	
Non-controlling interests		-	-	-	-	-	
Total equity (Note 3)	Before distribution	471,560	260,628	769,162	776,764	1,423,512	
	After distribution	471,560	260,628	769,162	776,764	Note 4	

Note 1: The following annual financial information has been audited by the CPAs.

Note 2: In 2020, Triocean Industrial Corporation Co., Ltd. acquired 100% of the equity of Shang Ting Construction Co., Ltd. in cash. Triocean Industrial Corporation Co., Ltd. has adjusted the original accounting treatment and provisional amount since the acquisition date and restated the comparative information of 2020.

Note 3: Triocean Industrial Corporation Co., Ltd. changed its accounting policy for investment property on January 1, 2022, and its subsequent measurement was changed from the cost model to the fair value model. Therefore, this accounting policy was applied retrospectively and adjusted in the 2021 financial report for the items affected.

Note 4: The proposal for earnings distribution in 2023 has not yet been resolved by the shareholders' meeting .

2. Consolidated Condensed Statements of Comprehensive Income

Unit: NTD thousand

Item	Year	Financial information for the most recent five years (Note 1)					Financial information for the current year up to March 31, 2024
		2019	2020 (Note 2)	2021 (Note 3)	2022	2023	
Operating revenue		452,953	41,895	601,943	1,169,012	1,947,5832	Not applicable
Gross operating profit		38,799	(13,371)	125,222	108,191	252,824	
Net operating profit (loss)		77,189	(55,535)	10,287	(6,930)	129,354	
Non-operating income and expenses (Note 3)		(3,803)	(97,578)	(12,388)	4,493	22,514	
Profit (loss) before tax		73,386	(153,113)	(2,101)	(2,437)	151,868	
Net income (loss) from continuing operations		55,457	(153,113)	(5,557)	3,283	141,980	
Net income (loss) from discontinued operations (Note 4)		-	(272,011)	(21,791)	434	-	
Net income (loss) for the period		55,457	(425,124)	(27,348)	3,717	141,980	
Other comprehensive income in the current period (net amount after tax)		16,149	(12,208)	535,882	3,885	(1,332)	
Total comprehensive income for the period		71,606	(437,332)	508,534	7,602	140,648	
Net income (loss) attributable to the owners of the parent company		55,457	(425,124)	(27,348)	3,717	141,980	
Net income attributable to non-controlling interests		-	-	-	-	-	
Total comprehensive income attributable to owners of the parent company		71,606	(437,332)	(508,534)	7,602	140,648	
Total comprehensive income attributable to non-controlling interests		-	-	-	-	-	
Earnings (losses) per share from continuing operations and discontinued operations		1.23	(29.82)	(1.09)	0.15	4.27	
Earnings (losses) per share from continuing operations		1.23	(10.74)	(0.22)	0.13	4.27	

Note 1: The following annual financial information has been audited by the CPAs.

Note 2: In 2020, Triocean Industrial Corporation Co., Ltd. acquired 100% of the equity of Shang Ting Construction Co., Ltd. in cash. Triocean Industrial Corporation Co., Ltd. has adjusted the original accounting treatment and provisional amount since the acquisition date and restated the comparative information of 2020.

Note 3: Triocean Industrial Corporation Co., Ltd. changed its accounting policy for investment property on January 1, 2022, and its subsequent measurement was changed from the cost model to the fair value model. Therefore, this accounting policy was applied retrospectively and adjusted in the 2021 financial report for the items affected.

Note 4: The losses of the discontinued operation are net of income tax.

3. Parent Company Only Condensed Balance Sheet

Unit: NTD thousand

Item	Year	Financial information for the most recent five years (Note 1)					Financial information for the current year up to March 31, 2024
		2019	2020 (Note 2)	2021 (Note 3)	2022	2023	
Current assets		605,689	522,457	501,591	354,113	320,820	Not applicable
Property, plant and equipment		267,033	174,780	496	1,162	10,619	
Investment property (Note 3)		-	-	730,880	721,010	-	
Right-of-use assets		16,391	10,259	247	14,535	18,838	
Intangible assets		42,449	20	750	195	475	
Other assets		415,951	1,021,357	1,049,811	1,095,988	1,777,875	
Total assets (Note 3)		1,347,513	1,728,873	2,283,775	2,187,003	2,128,627	
Current liabilities	Before distribution	571,362	959,200	1,041,084	727,634	689,380	
	After distribution	571,362	959,200	1,041,084	727,634	註 4	
Non-current liabilities (Note 3)		304,591	509,045	473,529	682,605	15,735	
Total liabilities (Note 3)	Before distribution	875,953	1,468,245	1,514,613	1,410,239	705,115	
	After distribution	875,953	1,468,245	1,514,613	1,410,239	註 4	
Equity attributable to owners of the parent company (Note 3)		471,560	260,628	769,162	776,764	1,423,512	
Share capital		460,528	860,528	249,881	249,881	424,881	
Capital reserve		54,851	7,340	7,340	7,340	338,440	
Retained earnings (Note 3)	Before distribution	(58,309)	(610,647)	(27,491)	(23,774)	667,107	
	After distribution	(58,309)	(610,647)	(27,491)	(23,774)	註 4	
Other equity (Note 3)		14,490	3,407	539,432	543,317	(6,916)	
Treasury stock		-	-	-	-	-	
Non-controlling interests		-	-	-	-	-	
Total equity (Note 3)	Before distribution	471,560	260,628	769,162	776,764	1,423,512	
	After distribution	471,560	260,628	769,162	776,764	1,423,512	

Note 1: The following annual financial information has been audited by the CPAs.

Note 2: In 2020, Triocean Industrial Corporation Co., Ltd. acquired 100% of the equity of Shang Ting Construction Co., Ltd. in cash. Triocean Industrial Corporation Co., Ltd. has adjusted the original accounting treatment and provisional amount since the acquisition date and restated the comparative information of 2020.

Note 3: Triocean Industrial Corporation Co., Ltd. changed its accounting policy for investment property on January 1, 2022, and its subsequent measurement was changed from the cost model to the fair value model. Therefore, this accounting policy was applied retrospectively and adjusted in the 2021 financial report for the items affected.

Note 4: The proposal for earnings distribution in 2023 has not yet been resolved by the shareholders' meeting .

4. Condensed Parent Company Only Statement of Comprehensive Income

Unit: NTD thousand

Item	Year	Financial information for the most recent five years (Note 1)					Financial information for the current year up to March 31, 2024
		2019	2020 (Note 2)	2021 (Note 3)	2022	2023	
Operating revenue		444,054	-	84,777	85,056	283,617	Not applicable
Gross operating profit		57,853	-	29,737	35,200	97,116	
Net operating loss		(103,646)	-	(16,412)	(1,206)	44,300	
Non-operating income and expenses (Note 3)		177,032	(153,113)	9,948	2,674	100,005	
Profit (loss) before tax		73,386	(153,113)	(6,464)	1,468	144,305	
Net income (loss) from continuing operations		55,457	(153,113)	(5,557)	3,283	141,980	
Net income (loss) from discontinued operations (Note 4)		-	(272,011)	(21,791)	434	-	
Net income (loss) for the period		55,457	(425,124)	(27,348)	3,717	141,980	
Other comprehensive income in the current period (net amount after tax)		16,149	(12,208)	535,882	3,885	(1,332)	
Total comprehensive income for the period		71,606	(437,332)	508,534	7,602	140,648	
Earnings (losses) per share from continuing operations and discontinued operations		1.23	(29.82)	(1.09)	0.15	4.27	
Earnings (losses) per share from continuing operations		1.23	(10.74)	(0.22)	0.13	4.27	

Note 1: The following annual financial information has been audited by the CPAs.

Note 2: In 2020, Triocean Industrial Corporation Co., Ltd. acquired 100% of the equity of Shang Ting Construction Co., Ltd. in cash. Triocean Industrial Corporation Co., Ltd. has adjusted the original accounting treatment and provisional amount since the acquisition date and restated the comparative information of 2020.

Note 3: Triocean Industrial Corporation Co., Ltd. changed its accounting policy for investment property on January 1, 2022, and its subsequent measurement was changed from the cost model to the fair value model. Therefore, this accounting policy was applied retrospectively and adjusted in the 2021 financial report for the items affected.

Note 4: The losses of the discontinued operation are net of income tax.

(II) The name of the attesting CPAs and the audit opinions:

Year	CPA firm	Name of CPA	Audit opinions	Reason for change of CPA
2017	Deloitte Taiwan	Huang Hai-Yueh, Hsieh Chien-Hsin	Unqualified opinion	—
2018	Deloitte Taiwan	Huang Hai-Yueh, Hsieh Chien-Hsin	Unqualified opinion	—
2019	Deloitte Taiwan	Huang Hai-Yueh, Hsieh Chien-Hsin	Unqualified opinion	—
2020	Deloitte Taiwan	Chen Chen-Li, Hsu Kai-Ning	Unqualified opinion	Firm rotation
2021	Deloitte Taiwan	Chen Chen-Li, Hsu Kai-Ning	Unqualified opinion	—
2022	Deloitte Taiwan	Chen Chen-Li, Hsu Kai-Ning	Unqualified opinion	—
2023	Deloitte Taiwan	Chen Chen-Li, Chen Hsiu-Wen	Unqualified opinion	Firm rotation

II. Financial analysis for the most recent five years

(I) Consolidated Financial Analysis

Analysis items		Year	Financial analysis for the most recent five years (Note 1)					Financial information for the current year up to March 31, 2024
		2019	2020 (Note 2)	2021 (Note 3)	2022	2023		
Financial structure %	Debt-to-asset ratio	68.36	85.38	68.29	71.87	46.60	Not applicable	
	Ratio of long-term funds to property, plant, and equipment	188.76	257.60	1,285.03	1,516.73	1,532.78		
Solvency (%)	Current ratio	123.12	76.61	91.54	114.01	180.25		
	Quick ratio	102.32	72.56	89.73	105.93	168.08		
	Times interest earned	Note 4	Note 4	Note 4	Note 4	9.46		
Operating capacity	Receivable turnover ratio (times)	7.02	0.83	14.09	55.79	53.65		
	Average collection days	52	440	26	7	7		
	Inventory turnover (times)	2.83	0.71	36.21	Note 8	Note 8		
	Payable turnover ratio (times)	8.5	0.70	6.74	9.74	17.01		
	Average number of days of sales	129	514	10	83	63		
	Turnover of property, plant, and equipment (times)	0.99	0.12	2.97	Note 8	Note 8		
	Total asset turnover (times)	0.39	0.03	0.29	0.45	0.72		
Profitability	Return on assets (%) (Note 5)	-	(9.30)	0.22	0.64	5.76		
	Return on assets (%)	5.47	(25.35)	(0.82)	0.66	5.76		
	Return on equity (%) (Note 5)	-	(41.82)	(1.08)	0.42	12.91		
	Return on equity (%)	14.17	(116.12)	(5.31)	0.48	12.91		
	EBT to paid-in capital ratio (%) (Note 5)	-	(17.79)	0.84	(0.98)	35.74		
	EBT to paid-in capital ratio (%)	15.94	(49.37)	(9.6)	(0.8)	35.74		
	Net profit margin (%) (Note 5)	-	(365.47)	(0.92)	0.28	7.29		
	Net profit margin (%)	12.24	(129.18)	(4.56)	0.32	7.29		
	Earnings per share (NTD) (Note 5)	1.23	(10.74)	(0.22)	0.13	4.27		
Cash flow	Cash flow ratio (%)	Note 6	Note 6	Note 6	13.37	15.36		
	Cash flow adequacy ratio (%)	Note 6	Note 6	Note 6	Note 6	-21.47		
	Cash reinvestment ratio (%)	Note 6	Note 6	Note 6	7.79	8.16		
Leverage	Operating leverage	1.82	Note 7	12.17	Note 7	1.95		
	Financial leverage	1.16	0.98	(4.38)	Note 7	1.16		

Please explain the reasons for the changes in the financial ratios in the most recent two years. (If the increase/decrease change is less than 20%, the analysis is not required)

- Financial structure: The decrease in the debt-to-asset ratio is mainly due to the private placement to repay the loans with the increased capital in 2023.
- Solvency: The increase in current ratio and quick ratio is mainly due to the private placement to repay the loans with the increased capital in 2023.
- Operating capacity: The increase in payables turnover rate is mainly due to the increase in the number of construction projects in 2023, resulting in an increase in payables. The increase in property, plant and equipment turnover rate and total asset turnover rate is mainly due to the increase in the number of construction projects in 2023, resulting in an increase in sales.
- Changes in profitability, cash flow and leverage: Mainly due to the increase in the number of work projects in 2023, resulting in the increase in sales amount and the increase in profit.

Note 1: The following annual financial information has been audited or reviewed by CPAs.

Note 2: In 2020, Triocean Industrial Corporation Co., Ltd. acquired 100% of the equity of Shang Ting Construction Co., Ltd. in cash. Triocean Industrial Corporation Co., Ltd. has adjusted the original accounting treatment and provisional amount since the acquisition date and restated the comparative information of 2020.

Note 3: Triocean Industrial Corporation Co., Ltd. changed its accounting policy for investment property on January 1, 2022, and its subsequent measurement was changed from the cost model to the fair value model. Therefore, this accounting policy was applied retrospectively and adjusted in the 2021 financial report for the items affected.

Note 4: As the pre-tax profit and loss of the current year was a negative number, it was not calculated.

Note 5: The net profit or loss after tax was based on the net profit (loss) of the continuing operation for the period.

Note 6: When the net cash flow from operating activities is a negative number in the calculation of the relevant ratios, it will not be calculated.

Note 7: As the operating income for the current year was a negative number, it was not calculated.

Note 8: As inventory for the period was zero, it was not calculated.

(II) Parent company only financial analysis

Analysis items		Year	Financial analysis for the most recent five years (Note 1)					Financial information for the current year up to March 31, 2024
		2019	2020 (Note 2)	2021 (Note 3)	2022	2023		
Financial structure (%)	Debt-to-asset ratio	65.01	84.92	66.32	64.48	33.13	Not applicable	
	Ratio of long-term funds to property, plant, and equipment	290.66	440.37	250,542.54	125,591.14	13,553.50		
Solvency (%)	Current ratio	106.01	54.47	48.18	48.67	46.53		
	Quick ratio	91.4	51.41	47.97	46.26	39.71		
	Times interest earned (Note 6)	-	Note 4	Note 4	1.10	15.38		
	Times interest earned	8.96	Note 4	Note 4	1.13	15.38		
Operating capacity	Receivable turnover ratio (times)	7.90	Note 5	2.76	5.73	106.74		
	Average collection days	46.21	Note 5	132.25	63.70	3.41		
	Inventory turnover (times)	5.51	Note 5	4.18	註 9	Note 9		
	Payable turnover ratio (times)	8.06	Note 5	1.27	2.61	31.53		
	Average number of days of sales	66.24	Note 5	87.32	註 9	Note 9		
	Turnover of property, plant, and equipment (times)	1.46	Note 5	0.97	102.60	65.74		
	Total asset turnover (times)	0.40	Note 5	0.04	0.04	0.13		
Profitability	Return on assets (%) (Note 6)	-	(9.95)	0.24	0.69	6.95		
	Return on assets (%)	5.74	(27.03)	(0.85)	0.71	6.95		
	Return on equity (%) (Note 6)	-	(41.82)	(1.08)	0.42	12.90		
	Return on equity (%)	14.17	(116.12)	(5.31)	0.48	12.90		
	EBT to paid-in capital ratio (%) (Note 6)	-	(17.79)	(2.59)	0.59	33.96		
	EBT to paid-in capital ratio (%)	15.94	(49.37)	(7.31)	0.76	33.96		
	Net profit margin (%) (Note 6)	-	Note 5	(6.55)	3.86	50.06		
	Net profit margin (%)	12.49	(148.02)	(19.57)	4.37	50.06		
	Earnings per share (NTD)	1.23	(10.74)	(1.09)	0.15	4.27		
Cash flow	Cash flow ratio (%)	Note 7	Note 7	Note 7	22.00	17.97		
	Cash flow adequacy ratio (%)	17.5	677.46	Note 7	Note 7	57.10		
	Cash reinvestment ratio (%)	Note 7	Note 7	Note 7	8.58	8.60		
Leverage	Operating leverage	1.32	Note 5	Note 8	Note 8	2.19		
	Financial leverage	1.09	Note 5	0.73	Note 8	1.29		

Please explain the reasons for the changes in the financial ratios in the most recent two years. (If the increase/decrease change is less than 20%, the analysis is not required)

1. Financial structure: The decrease in the debt-to-asset ratio and ratio of long-term funds to property, plant and equipment is mainly due to the private placement to repay the loans with the increased capital in 2023.
2. Solvency: The increase in the interest coverage ratio is mainly due to the growing progress of the project in 2023, resulting in the increase in sales amount and the increase in profit.
3. Operating capacity: The change in each ratio in the operating capacity is mainly due to the growing progress of the project in 2023, resulting in the increase in profit.
4. Changes in profitability, cash flow and leverage: mainly due to the growing progress of the project in 2023, resulting in the increase in profit.

- Note 1: The following annual financial information has been audited or reviewed by CPAs.
- Note 2: In 2020, Triocean Industrial Corporation Co., Ltd. acquired 100% of the equity of Shang Ting Construction Co., Ltd. in cash. Triocean Industrial Corporation Co., Ltd. has adjusted the original accounting treatment and provisional amount since the acquisition date and restated the comparative information of 2020.
- Note 3: Triocean Industrial Corporation Co., Ltd. changed its accounting policy for investment property on January 1, 2022, and its subsequent measurement was changed from the cost model to the fair value model. Therefore, this accounting policy was applied retrospectively and adjusted in the 2021 financial report for the items affected.
- Note 4: As the pre-tax profit and loss of the current year was a negative number, it was not calculated.
- Note 5: As the operating revenue, operating cost and operating profit of the continuing operating units were zero, they were not calculated.
- Note 6: The net profit or loss after tax was based on the net profit (loss) of the continuing operation for the period.
- Note 7: When the net cash flow from operating activities is a negative number in the calculation of the relevant ratios, it will not be calculated.
- Note 8: As the operating income for the current year was a negative number, it was not calculated.
- Note 9: As inventory for the period was zero, it was not calculated.

Formula of financial analysis:

1. Financial structure
 - (1) Debt-to-asset ratio = Total liabilities / total assets.
 - (2) Ratio of long-term funds to property, plant, and equipment = (Total equity + non-current liabilities) / net worth of property, plant, and equipment.
2. Solvency
 - (1) Current ratio = Current assets / current liabilities.
 - (2) Quick ratio = (Current assets - inventory - prepaid expenses) / current liabilities.
 - (3) Times interest earned = Income before income tax and interest expenses / current interest expenses.
3. Operating capacity
 - (1) Receivables (including accounts receivable and notes receivable arising from business operations) turnover ratio = Net sales amount / average receivables (including accounts receivable and notes receivable arising from business operations) for each period.
 - (2) Average collection days = 365 / turnover of receivables.
 - (3) Inventory turnover = cost of goods sold / average inventory.
 - (4) Payables (including accounts payable and notes payable arising from business operations) turnover ratio = Cost of goods sold / average payables (including accounts payable and notes payable arising from business operations) for each period.
 - (5) Average days of sale = 365 / inventory turnover.
 - (6) Turnover of property, plant, and equipment = Net sales amount / average net worth of property, plant, and equipment.
 - (7) Total asset turnover = Net sales amount / average total assets.
4. Profitability
 - (1) Return on assets = [Net income + interest expenses x (1 - tax rate)] / average total assets.
 - (2) Return on equity = Net income / average total equity.
 - (3) Net profit margin = Net income / net sales.
 - (4) Earnings per share = (Profit and loss attributable to owners of the parent - dividends on preferred shares) / weighted average number of issued shares. (Note 4)
5. Cash flow
 - (1) Cash flow ratio = Net cash flow from operating activities / current liabilities.
 - (2) Net cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years / (capital expenditures + inventory increase + cash dividends) for the most recent five years.
 - (3) Cash reinvestment ratio = (Net cash flow from operating activities - cash dividends) / (gross property, plant, and equipment value + long-term investment + other non-current assets + working capital). (Note 5)

6. Leverage:

- (1) Operating leverage = $(\text{Net operating revenue} - \text{variable operating costs and expenses}) / \text{operating income}$
(Note 6).
- (2) Financial leverage = $\text{Operating income} / (\text{Operating income} - \text{interest expenses})$.

III. Audit Committee's Review Report on the Financial Report for the Most Recent Fiscal Year

**Triocean Industrial Corporation Co., Ltd.
Audit Committee's Review Report**

The Board of Directors has prepared the Company's business report, financial report and earnings distribution motion for 2023. The financial reports have been audited by CPAs Chen Chen-Li and Chen Hsiu-Wen of Deloitte & Touche, who issued an independent audit report. The above-mentioned business report, financial report and earnings distribution motion were reviewed by the Audit Committee and no discrepancy was found. We hereby report as above in accordance with Article 14 4 of the Securities and Exchange Act and Article 219 of the Company Act.

To
2024 Annual General Meeting of Triocean Industrial Corporation Co., Ltd.

Audit Committee of Triocean Industrial Corporation Co., Ltd.

Audit Committee : Huang Hao-Chen
Audit Committee : Huang Lung-Sheng
Audit Committee : Wang Chien-Chih

March 12, 2024

IV. Financial report from the most recent year, including the independent auditors' review report, two-year comparative statements, including balance sheets, statements of comprehensive income, change of equity, and cash flow, as well as the footnotes or attached tables

Please refer to Pages 135–211 of Attachment 2 for details.

V. Parent company only financial statement for the most recent fiscal year, audited and certified by CPAs, but not including the statements of major accounting items.

Please refer to Pages 212–302 of Attachment 3 for details.

VI. Financial difficulties experienced by If the Company or its affiliates in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, with the explanation on impacts to the Company's financial situation

None.

VII. Review and Analysis of Financial Position and Financial Performance and Risks

I. Financial Position

(I) Comparative analysis of financial position – Consolidated

Unit: NTD thousand

Item	Year	2023	2022	Difference	
				Amount	%
Current assets		2,050,594	1,409,785	640,809	45
Property, plant and equipment		99,701	100,512	(811)	-1
Right-of-use assets		40,957	37,415	3,542	9
Investment property		-	721,010	(721,010)	-100
Goodwill and intangible assets		440,177	439,897	280	0
Other assets		34,394	52,461	(18,067)	-34
Total assets		2,665,823	2,761,080	(95,257)	-3
Current liabilities		1,137,623	1,236,585	(98,962)	-8
Non-current liabilities		104,688	747,731	(643,043)	-86
Total liabilities		1,242,311	1,984,316	(742,005)	-37
Share capital		424,881	249,881	175,000	70
Capital reserve		338,440	7,340	331,100	4,511
Undistributed earnings (losses to be covered)		667,107	(23,774)	690,881	-2,906
Total equity attributable to owners of the parent company		1,423,512	776,764	646,748	83
Non-controlling interests		-	-	-	-
Total equity		1,423,512	776,764	646,748	83

The analysis of items with increase or decrease ratio of more than 20% and the change amount of NTD 10 million is as follows:

1. The large changes in current assets and non-current liabilities were mainly due to the increase in contract assets and other financial assets and decreases in long-term borrowings as a result of the growth in the Company's work-in-progress in 2023.
2. The change in investment property was mainly due to the Company's sale in 2023.
3. The increase in share capital and capital surplus is mainly due to the private placement of shares in 2023.
4. The increase in undistributed earnings is mainly due to the growth of the construction projects in 2023.

II. Financial performance

(I) Comparative analysis of financial results – Consolidated

Unit: NTD thousand

Item	Year	2023	2022	Increase (decrease) amount	Change ratio (%)
Net operating revenue		1,947,532	1,169,012	778,520	67
Operating cost		1,694,708	1,060,821	633,887	60
Gross operating profit		252,824	108,191	144,633	134
Operating expenses		123,470	115,121	8,349	7
Net operating profit (loss)		129,354	(6,930)	136,284	-1,967
Non-operating income and expenses		22,514	4,493	18,021	401
Net loss before tax		151,868	(2,437)	154,305	-6,332
Income tax expense (profit)		9,888	(5,720)	15,608	-273
Net operating profit (loss)		141,980	3,283	138,697	4,225
Net income (loss) from discontinued operations		-	434	(434)	-100
Net income (loss) for the period		141,980	3,717	138,263	3,720

The analysis of items with increase or decrease ratio of more than 20% and the change amount of NTD 10 million is as follows:

The change in financial results between the two years was mainly due to the increase in work-in-progress in 2023, resulting in an increase in gross profit margin.

(II) Sales volume forecast and the basis therefor, and describe the effect upon the company's financial operations as well as measures to be taken in response:

The Company did not issue a financial forecast, so the expected sales volume and basis are not applicable; the Company's overall operation has no major abnormality, so there should be no need to formulate a response plan .

III. Cash flow

(I) Analysis of changes in cash flows in the most recent year

Unit: NTD thousand

Item	Year	2023	2022	Increase (decrease) change
Net cash inflow from operating activities		174,787	165,390	30,547
Net cash inflows (outflows) from investing activities		345,286	(247,554)	571,690
Net cash inflow from financing activities		14,779	57,581	(42,802)

Analysis of changes:

- (1) Increase in net cash inflow from operating activities: This was mainly due to the increase in construction projects in 2023 .
- (2) Increase in net cash inflow from investing activities: This was mainly due to the disposal of real estate investment .
- (3) Decrease in net cash inflow from financing activities: This was mainly due to repayment of borrowings .

(II) Improvement plan for insufficient liquidity: The Company has sufficient funds and has not encountered any liquidity problems .

(III) Cash flow analysis for the coming year:

Unit: NTD thousand

Opening cash Balance (1)	Projected net cash flow from operating activities for the entire year (2)	Projected investment activities Cash outflow (3)	Projected cash surplus amount (deficit) Amount (1) + (2) - (3)	Remedies for projected cash shortfalls to maintain a comparable cash balance
				Financing plan
793,406	277,523	280,000	790,929	Not applicable

Analysis of changes in cash flows in the coming year:
The Company's cash inflow forecast for the next year is mainly due to the increase in the completion of the construction in progress in 2024, and the newly contracted projects have not yet been invested in a large amount, so there will be no difficulty for capital expenditure.

IV. Effect upon financial operations of any major capital expenditures during the most recent fiscal year: None.

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

For the Company's reinvestment in the most recent year, its reinvestment policy, the main reason for its profit or loss, and its improvement plan and investment plan for the next year are as follows:

Name of investee	Shareholding ratio (%)	Investee profit (loss) for the current period	Main reason for profit or loss	Improvement plan	Investment plan for the coming year
Tri Ocean Textile (Thailand) Co., Ltd.	100	(15,056)	Operating losses recognized	Reduce necessary expenses	Seek selling opportunities
Shang Ting Construction Co., Ltd.	100	30,532	Operating gains recognized	Continue to bid for projects	Active bidding

VI. Analysis and assessment of risk matters in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report

(I) Impacts of changes in interest rates, exchange rates and inflation on the Company's profit and loss, response measures to be taken in the future:

1. Impact of interest rate changes on the Company's profit and loss and the final response measures

The Company's interest expenses for 2023 and 2022 were NTD 17,960 thousand and NTD 16,773 thousand, respectively, accounting for 0.92% and 1.43% of net operating revenues for 2023 and 2022, respectively, and the impact on the Company's profit or loss was insignificant.

Affected by the interest rate hike by banks, the market interest rate increased. However, the Company actively seeks loans from the landlord according to the progress of the project to shorten the financing period, so the interest rate fluctuation should have no significant impact on the Company's income.

2. Impact of exchange rate changes on the Company's profit and loss and the final response measures

The Company's main business is the contracting of public construction projects in Taiwan, so exchange rate fluctuations do not have significant impact .

3. Impact of inflation on the Company's profit and loss and future countermeasures
The construction period of the Company's projects are mostly more than one year. The Company closely observes the fluctuation of market prices and promptly reflects the production cost to the customers. As the Company can apply for price index subsidy for its public construction projects undertaken, the Company can effectively control the impact of inflation on its profitability.

- (II) High-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future:
1. The Company has always adhered to the principle of focusing on its own business and pragmatism. The Company has a prudent and conservative financial policy, and has not engaged in risky or high-leverage investments .
 2. In 2023 and 2022 as of the publication date of the annual report, the Company did not make endorsements/guarantees for others or loan funds to others. In the future, the making of endorsements/guarantees for others or loaning of funds to others will be carried out in accordance with the "Procedures for Making Endorsements/Guarantees" and the "Procedures for Loaning of Funds to Others" formulated by the Company.
 3. The Company did not engage in derivative transactions in 2023 and 2022 as of the publication date of the annual report. In the future, the engagement in derivative transactions will be carried out in accordance with the "Procedures for Acquisition or Disposal of Assets" formulated by the Company.

- (III) Future R&D plans and expected R&D expenses:

For architectural design and construction, due to the significant changes brought about by the development of AI technology, Chao Chien-Ming Architects & Planners worked with Triocean Industrial Group to establish a construction automation team in 2023, and then cooperated with the ROSOCOOP Laboratory of the School of Architecture, Feng Chia University to introduce the robotic arm spraying painting the ceiling in Kaohsiung City Xionggong 3D Parking Lot, and also introduced the robotic arm primer painting technology in Ligang Long-Term Care Park, Pingtung County in March 2023.

- (IV) Impact of important domestic and foreign policies and legal changes on the Company's financial operations, and measures to be taken in response:

In the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, there was no occurrence of important policies and legal changes at home and abroad that posed an impact on the Company's financial business.

- (V) Effect on the company's financial operations of developments in science and technology (including cyber security risks) as well as industrial change, and measures to be taken in response

1. The Company has formulated the specific management plans to strengthen information security as follows:
 - (1) Implement the backup software, Veeam, to ensure the integrity of the information and shorten the recovery time in case of an information attack. Also complete the backup of the 321 mechanism.
 - (2) Purchase new firewalls and set up new firewall security policy mechanisms.
 - (3) Complete the AD mechanism and set up user GPO policies to control the installation and use of software by users to achieve the purpose of information risk control.

2. The Company's information quantitative targets are as follows:
 - (1) 99.99% of the reporting of, response to and restoration of the Company's key information software after an information security incident were completed within the required time.
 - (2) The availability of the Company's cyber system was over 99.99%. (Number of interruption hours/total operating hours \leq 0.01%).
 - (3) Training on information security and social engineering (once a year).
 - (4) Incidents of unauthorized account access management (\leq 1 case/year).

In order to mitigate the risk over information system shutdown and ensure the continuing operation of the Company's business, the Company has established the access control over the control room and actively notified them through the monitoring equipment to prevent equipment from theft or malicious damage. We also continue to monitor the trend of changes in the information environment, regularly review the information security protection mechanism and solutions, and establish multiple information security protection systems, such as firewalls and email protection, and regularly promote information security related knowledge to enhance the information security awareness of all colleagues.

- (VI) Impact of changes in corporate image on corporate crisis management and measures to be taken in response:

The Company complies with relevant laws and regulations, actively strengthens internal management, and improves the quality and performance of management. At the same time, the Company maintains harmonious labor relations and continues to maintain an excellent corporate image . in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, there was no incident that affected the Company's image.
- (VII) Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures to be taken in response: The Company did not have mergers and acquisitions in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report.
- (VIII) The expected benefits and potential risks of any plant expansion, and measures to be taken in response: The Company did not expand any plant in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report.
- (IX) Risks associated with any consolidation of sales or purchasing operations, and measures to be taken in response:
 1. Procurement

In terms of outsourcing construction projects, the Company outsources contracts to the most suitable contractors depending on the nature of the projects. The contracts are mainly awarded to the subcontractors due to construction requirements. The purchase targets are dispersed and there is no risk of concentration of procurement .
 2. Sales

The Company mainly undertakes public construction projects, and most of the project owners are government agencies, so there is no risk of concentration of sales.

- (X) Impacts and risks associated with major transfer or exchange of shares by directors, supervisors, or major shareholders with more than 10% ownership interest, and countermeasures: None.
- (XI) Effect upon and risk to the company associated with any change in governance personnel or top management, and measures to be taken in response:
In the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, there were no events or risks associated with any change in governance personnel or top management.
- (XII) Litigation or non-litigation matters
List major litigious, non-litigious or administrative disputes that involve any company director, the general manager, any person with actual responsibility, any major shareholder holding a stake of more than 10%, or any subordinate companies and have been concluded by means of a final and unappealable judgment, or are still under litigation; where such a dispute could materially affect shareholders' equity or the prices of the company's securities, disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report: None.
- (XIII) Other important risks and countermeasures: None .

VII. Other important matters : None.

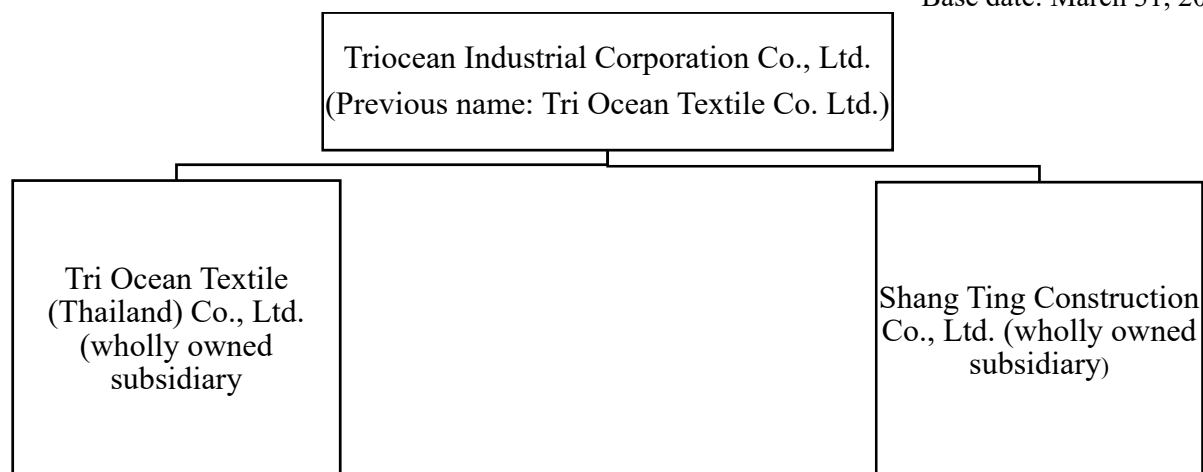
VIII. Other Information to Be Disclosed:

I. Information on affiliates

(I) Consolidated business report of the affiliate:

1. Organizational chart of affiliates

Base date: March 31, 2023



2. Information on affiliates

March 31, 2024

Company name	Date of establishment	Address	Paid-in capital (NTD thousand)	Main business or production scope
Triocean Industrial Corporation Co., Ltd. (formerly known as Tri Ocean Textile Co. Ltd.)	October 17, 1968	No. 360, Jiabao Road, Dashe District, Kaohsiung City	424,881	Comprehensive construction and trading of building materials
Tri Ocean Textile (Thailand) Co., Ltd.	July 4, 2016	Thailand	BAHT 937,250 (TWD 845,118)	Manufacturing, processing and trading of fiber fabrics
Shang-Ting Construction Co., Ltd.	December 11, 2013	No. 360, Jiabao Road, Dashe District, Kaohsiung City	1,200,000	Comprehensive Construction

3. Information on the same shareholders presumed to have controlling and affiliation relations: Not applicable

4. The industries covered by, and the division of labor of, the overall business of affiliated companies: The Company has gradually scaled and closed the original textile production and sales of beddings since 2021, and turned to the construction industry. Tri Ocean Textile (Thailand) Co., Ltd. is involved in the weaving and processing of fiber fabrics, and the manufacturing and trading of synthetic fibers and their raw materials. Shang-Ting Construction Co., Ltd. is primarily involved in government construction projects and other construction projects.

5. Information on directors, supervisors, and presidents of affiliated companies

March 31, 2024; Unit: Share; %

Company name	Job title	Name or Representative	Number of shares held	
			Number of shares	Shareholding ratio
Controlling company: Triocean Industrial Corporation Co., Ltd.	Chairman	Hong-Ting Co., Ltd.	16,238,000	38.22%
	Director	Representative: Chiang Yu-Lien		
	Director	Dai Wan Shiung Ching Co., Ltd.	1,069,789	2.52%
	Independent Director	Representative: Hung Kuo-Chin		
	Independent Director	Dai Wan Shiung Ching Co., Ltd.	1,069,789	2.52%
	Independent Director	Representative: Su Cheng-Hui		
	Independent Director	Huang Hao-Chen	-	-
Independent Director	Huang Lung-Sheng	-	-	
Independent Director	Wang Chien-Chih	-	-	
Shang-Ting Construction Co., Ltd.	Chairman	Triocean Industrial Corporation Co., Ltd. Representative: Hsu Cheng-Che	120,000,000	100.00%
Tri Ocean Textile (Thailand) Co., LTD	Chairman	Triocean Industrial Corporation Co., Ltd. Representative: Hsu Cheng-Che	9,372,500	100.00%

6. Operational overview of each affiliated company

December 31, 2023; Unit: NTD Thousand

Company name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income	Current profit and loss (after tax)	Earnings per share (NTD)
Triocean Industrial Corporation Co., Ltd.	424,881	2,128,627	705,115	1,423,512	283,617	44,300	141,980	4.27
Tri Ocean Textile (Thailand) Co., Ltd.	BAHT 937,250 (TWD 845,118)	84,431	5,703	78,728	—	(14,876)	(15,056)	(1.78)
Shang-Ting Construction Co., Ltd.	1,200,000	1,892,884	655,853	1,237,031	1,890,002	41,671	30,532	0.53

Note 1: Shang-Ting Construction Co., Ltd. increased its capital by 20,000,000 shares and 50,000,000 shares in August and December 2023, respectively.

Note 2: The current profit and loss (after tax) is the net profit (loss) from continuing operations.

(II) Declaration of Consolidated Financial Statements of Affiliates

Declaration of Consolidated Financial Statements of Affiliates

Considering that the companies to be included in the consolidated financial statements of affiliated enterprises under the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises” were the same as those to be included in the consolidated financial statements of the parent and subsidiaries under IFRS 10 in 2023 (from January 1 to December 31, 2023), and the related information to be disclosed in the consolidated financial statements of affiliated enterprises was already disclosed in the said consolidated financial statements of the parent and subsidiaries, no separate consolidated financial statements of affiliated enterprises were prepared.

The Declaration is hereby presented.

Company name: Triocean Industrial Corporation Co., Ltd.

Person in charge: Chiang Yu-Lien

March 12, 2024

(III) Affiliation Report: Not applicable.

II. Private placement of securities in the most recent year and until the date of publication of the annual report

Status of private placement of securities completed by the Company as of the date of publication of the annual report, and the impact posed on shareholders' equity

Item	1st private placement in 2023 Date of issuance (delivery of shares): August 25, 2023
Types of marketable securities privately placed	Common shares
Date and amount of approval by the shareholders' meeting	Approved by the shareholders' meeting on June 19, 2023 and total number: 17,500 thousand shares
Basis and reasonableness of pricing	<p>The price per share of common stock shall be the higher of the following two criteria:</p> <p>(1) The simple arithmetic mean of the closing price of the Company's common stock is calculated one, three, and five business days before the pricing day, deducting the ex-right and ex-dividend shares of the stock dividend, and adding 80% of the average stock price after decapitalization and ex-rights.</p> <p>(2) The simple average of the closing price of the common stock of the Company's common shares 30 business days prior to the pricing date, net of ex-right and ex-dividend shares paid, adding 80% of the average stock price after decapitalization and ex-rights.</p> <p>However, the actual pricing date and the actual issue price shall be submitted to the shareholders' meeting to authorize the Board of Directors to make a determination according to the prevailing market conditions and the circumstances of the specific persons.</p> <p>The price of the private placement of common stock is determined in accordance with the relevant laws and regulations. Where the accumulated losses of the Company's accounts are increased resulting from the issue of common stock in this private placement carried out in accordance with the above-mentioned pricing method, the losses will be made up according to the Company's future operating conditions. This does not exclude the need for capital reduction due to the increase in accumulated losses.</p> <p>Considering that the timing, target, and quantity of private placement of securities are strictly limited, and that they may not be listed for 3 years, resulting in poor liquidity, the above pricing method complies with the laws and regulations of the competent authority, and the pricing methods are reasonable.</p>
Method of selecting specific persons	To improve the feasibility of the Company's private placement of securities, it is intended that the placees of the private placement of common shares include insiders and related parties identified in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The remaining placees shall be proceeded in accordance with the provisions of Article 43-6 of the Securities and Exchange Act.
Reasons for conducting the private placement	Considering the timeliness and convenience of raising capital and the cost of issuance, a private placement has been proposed .

Date of completion of price payment	July 12, 2023				
Information of placee	Targets of private placement	Qualification requirements	Subscription quantity	Relationship with the Company	Participation in the Company's operations
	Hong-Ting Co., Ltd.	Compliance with Subparagraph 2, Paragraph 1, Article 43-6 of the Securities and Exchange Act	16,237,000	Juristic person director	Chairman
	Hsu Gai-Yuan		70,000	None	None
	Yeh Jun-Nan		15,000	Subsidiary employees	None
	Chen Sheng-Jie		20,000	Subsidiary employees	None
	Sung Chiung-Ling		50,000	Subsidiary employees	None
	Ou Chun-Lin		25,000	Subsidiary employees	None
	Hsu Cheng-Che		30,000	Insiders	General Manager
	Cheng Ya-Wen		20,000	Subsidiary employees	None
	Lin Yu-Sheng		30,000	Subsidiary employees	None
	Wang Jui-Lung		3,000	Subsidiary employees	None
	Winston Investment Ltd.		1,000,000	None	None
Actual subscription (or conversion) price	NT\$28.92 per share				
Difference between the actual subscription (or conversion) price and the reference price	The actual private placement price was set at NT\$28.92 per share, which was 80.00% of the reference price of NT\$36.14.				
The impact of private placement on shareholders' equity (e.g. increased cumulative losses...)	The private placement is at a premium and can increase the net value per share and have positive benefits to shareholders' equity.				
Utilization of private placement funds and progress of plan implementation	Use of funds	Amount actually disbursed	Implementation as of Q3 2023		
	To enrich working capital	36,100,000	Executed as planned		
	To repay bank loans	220,000,000	Executed as planned		
	Payment for shares of merged and acquired subsidiaries	250,000,000	Executed as planned		

Demonstration of private placement benefits	The use of funds raised from this private placement has been effective as the Company's working capital has improved. The repayment of bank borrowings helps to improve the financial structure, and the payment for the shares of the acquired subsidiaries is used to repay the payables of the merged and acquired subsidiaries . The substantial improvement of the financial structure is conducive to the stable growth of the Company, which in turn enhances shareholders' equity. The plan has been completed.
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III. Holding or disposal of the Company's shares by subsidiaries in the most recent year and until the date of publication of the annual report : None.

IV. Other supplementary notes : None.

IX. Any of the situations listed in Article 36, Paragraph 2, Subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the Company's securities, has been reported during the most recent year and until the date of publication of the annual report: None.

Attachment 1: Procedures for the First Issue and Conversion of Domestic Guaranteed Convertible Bonds

Tri Ocean Textile Co. Ltd.

Procedures for the First Issue and Conversion of Domestic Guaranteed Convertible Bonds

(hereinafter referred to as “the Procedures”)

- I. Name of the bonds:
Tri Ocean Textile Co. Ltd. (hereinafter referred to as the “Company”) issued its first secured convertible bonds (hereinafter referred to as “the convertible bonds”) in Taiwan.
- II. Date of issue:
January 30, 2019. (hereinafter referred to as the “issue date”).
- III. The total amount issued and the denomination per share:
Each denomination of the Convertible Bonds is NT \$100,000, with a total of 3,000 convertible bonds issued for a total of NTD 300 million. The convertible bonds were issued at 101% of the face value of the bonds, and the total amount of the bonds issued was NTD 303 million.
- IV. Issue period.
The issuance period was three years, starting from January 30, 2019, and ending on January 30, 2022 (hereinafter referred to as the “maturity date”).
- V. Coupon rate:
The coupon rate of the convertible bonds is 0% per annum.
- VI. Date and method of repayment of principal and interest:
Pursuant to Article 5 of the Procedures, as the coupon rate of these convertible corporate bonds is 0% per annum, there is no need to set the date and method of interest payment. Except for bonds converted by bondholders into the Company’s common shares in accordance with Article 10 of the Procedures, or redeemed by the Company in accordance with Article 18 of the Procedures, or repurchased by the Company from the Taipei Exchange, upon maturity of the convertible bonds, the bondholder holding of the convertible bonds shall be repaid in cash in one lump sum based on the face value of the convertible bonds.
- VII. Guarantee:
 - (I) Taiwan Cooperative Bank is the guarantee bank for the convertible bonds (hereinafter referred to as the “guarantor”). The guarantee period is from the date the convertible bonds are collected in full amount to the date the principal and interest of the convertible bonds are repaid in full in accordance with the Procedures. The scope of guarantee includes the balance of the principal of the convertible bonds and the interest accrued by the creditors, and other accessory charges.
 - (II) If the bondholder intends to claim payment for the convertible bonds from the guarantor, he/she shall submit a claim to the trustee within the guarantee period. Upon the receipt of such request, the guarantor shall make the payment to the trustee within fourteen business days in accordance with the provisions of the Procedures for the convertible bonds.
 - (III) During the guarantee period, if the Company fails to repay the principal and interest on time, or breaches the trust contract signed with the trustee bank, or breaches the “appointment guarantee contract” signed with the guarantor, or violates the matters approved by the competent authority enough to affect the equity of the bondholder, the convertible bonds are deemed fully mature.
 - (IV) When bondholder requests the guarantor to pay the guarantee amount for the convertible bond, the bondholder shall sign an affidavit stating that the bondholder’s claim on the convertible bond guaranteed by the guarantor has been fully paid by the guarantor upon receiving the repayment from the guarantee bank. The bondholder may no longer request the guarantor to fulfill its guarantee obligations for the convertible bonds.
- VIII. Conversion of underlying contracts:
The bondholder may request the Company to convert the convertible bonds into common shares of the Company in accordance with the face value and the conversion price at the time

of request conversion in accordance with the Procedures. The Company will deliver the newly issued common shares.

IX. Conversion period:

- (I) From Beginning on the day following the expiration of three months after the date of the convertible corporate bonds (May 1, 2019) until the maturity date (January 30, 2022), except for the period during which the transfer of the convertible bonds is suspended in accordance with the laws and regulations and the period specified in Paragraph (II) of this Article, the bondholder may request to the Company to convert the convertible bonds into the Company's common shares in accordance with the Procedures. The conversion into common shares of the Company shall be handled in accordance with Articles 10, 13, and 15 of the Procedures.
- (II) The conversion shall cease 15 business days prior to the date of cessation of transfer of the Company's stock grants, the date of cessation of transfer of cash dividends or the date of cessation of transfer of the Company's cash capital increase until the basis date of distribution of the rights, and from the base date of capital reduction, until the day prior to the day of the commencement of the trading of the shares for which the capital reduction is to be converted.

X. Procedures to request conversion:

- (I) Bondholders complete the "Application Form for Transfer/Redemption/Sale of Convertible Bonds" at the original trading securities firm (specifying the "conversion" form). The trading broker submits an application to Taiwan Depository & Clearing Corporation (the "TDCC"), which sends the application to the Company's stock agent upon the receipt of the application. The conversion becomes effective at the time of delivery and cannot be revoked. The conversion procedures must be completed within five business days after the date of delivery and transfers the shares of the Company's shares directly into the account of the original bondholder at the TDCC.
- (II) When the convertible corporate bonds held by overseas Chinese or foreigners are converted into shares, the TDCC will distribute the bonds through account transfer.

XI. Conversion price and its adjustment:

- (I) The base date of the conversion of the convertible bonds was set on January 22, 2008, based on the simple arithmetic average of the closing price of the Company's common stock for the business day, three business days, and five business days prior to (but not including) the conversion date, multiplied by 102% of the benchmark price (calculated to the nearest New Taiwan dollar cent, rounded up to the nearest thousandth of a cent). If the conversion price is ex-right or ex-dividend on the base date, the closing price of the sample used to calculate the conversion price shall first be calculated as the ex-rights or ex-dividend price. After the conversion price is determined, if the conversion price is ex-right or ex-dividend before the actual issue date, the conversion price should be adjusted according to the conversion price adjustment formula. Based on the above method, the conversion price is NTD 29.99 per share.
- (II) After the issue of the convertible bonds, except for the issue (or private placement) of various marketable securities with common stock conversion rights or warrants that are converted into common shares, or the issue of new shares for employee remuneration, the following provisions shall not apply. In the event of an increase in the issued (or privately placed) common stock shares of the Company (including but not limited to capital increase in cash by way of public offering or private placement), for the issuance of new shares, stock splits, and cash capital increase by participating in the issuance of global depository receipts, the Company shall adjust the conversion price of the convertible bonds (calculated to the nearest New Taiwan dollar cent, rounded up to the nearest thousandth of a cent, and adjusted downward, but not upward) in accordance with the following formula. The Company shall send an official letter to the Taipei Exchange (TPEX) to make an announcement that the adjustment will be made on the

ex-rights date of the issue of new shares (Note 1) (or the date of the stock payment if there is an actual stock payment). If the issue price of new shares is changed after the ex-rights date of the cash capital increase, the new share issue price shall be adjusted again according to the following formula. If the adjusted conversion price is lower than the original adjusted conversion price on the ex-rights date, an official letter shall be sent to TPEX for reannouncement of the adjustment.

Adjusted conversion price = conversion price before adjustment × “Number of issued shares (Note 2) + (Payment per share (Note 3) × Number of issued new shares or privately placed) / Prevailing stock price (Note 4)” / (Number of issued shares + Number of issued new or privately placed)

Note 1: In the case of stock split, it is the base date of the split. In the case of cash capital increase or cash capital increase in connection with the issuance of overseas depository receipts (ODRs) by a tender offer, since there is no ex-rights basis date, the adjustment will be made on the date of full payment. The capital increase will be adjusted on the date of merger or transfer in the case of a cash capital increase by private placement or on the delivery date of the private placement of marketable securities in the case of a capital increase.

Note 2: The number of issued shares refers to the total number of issued shares of common stock (including public offering and private placement of shares) less the number of treasury shares bought back by the Company but not yet canceled or transferred.

Note 3: If the payment per share is a stock dividend or stock split, the payment is zero. In case of new shares issued for capital increase in a merger, the amount paid per share is the net value per share calculated in accordance with the most recent financial statements of the extinguished company that has been certified or reviewed by a certified public accountant prior to the date of consolidation, multiplied by the share conversion ratio. In case of issue of new shares due to the acquisition of shares of another company, the payment per share shall be the net value per share calculated on the most recent financial statement of the other company that has been certified or reviewed by a certified public accountant prior to the base date of the transfer, multiplied by the share conversion ratio.

Note 4: The prevailing stock price per share is determined based on the simple arithmetic mean of the common shares calculated on the ex-rights date, the pricing date, or one of the one, three, or five business days prior to the stock split date.

(III) After the issue of the convertible bonds, if the cash dividends of the Company's common shares exceeds 1.5% of the prevailing stock price per share, the conversion price shall be reduced on the ex-dividend base date by the ratio of the current price per share, and the adjusted conversion price shall be announced (calculated to the nearest New Taiwan dollar cent, rounded up to the nearest thousandth of a cent). The reduction of the conversion price in this paragraph does not apply to a conversion that has been requested before the ex-dividend base date (exclusive). The adjustment formula is as follows:

Conversion price after reduction = Conversion price before reduction × (1 - cash dividend as a percentage of prevailing stock price per share (Note 5))

Note 5: The prevailing stock price per share is based on the simple arithmetic mean of the closing price of the Company's common shares one, three, and five business days immediately preceding the date of the announcement of the cessation of transfer and ex-dividend payment of the cash dividend.

(IV) After the issuance of the convertible corporate bonds, if the Company reissues (or privately places) various marketable securities with conversion rights to common shares or stock options at conversion or stock option prices lower than the current price per share (Note 6), the Company shall adjust the conversion price of the Conversion Bonds in accordance with the following formula (calculated to the nearest the nearest New Taiwan dollar cent, rounded up to the nearest thousandth of a cent, and adjusted downward, but not upward) and shall send an official letter to the Taipei Exchange (TPEX) to make an announcement to announce the adjustment on the date of issue of the aforementioned marketable securities or stock options or delivery date of the marketable securities privately placed: Adjusted conversion price = conversion price before adjustment × “Number of issued shares (Note 7) + (conversion or subscription price of newly issued or privately placed marketable securities or options × number of shares of newly issued or privately placed marketable securities or options that can be

converted or subscribed × number of newly issued or privately placed marketable securities or warrants convertible or subscribed) / prevailing stock price] (Note 6) / (Number of issued shares + newly issued or privately placed number marketable securities or warrants convertible or subscribed shares)

Note 6: The prevailing stock price per share is the base date of pricing the reissue (or private placement) of various securities with common share conversion rights or stock options, or the market closing date of the Company's common shares one, three, or five business days prior to the delivery date of the private placement of marketable securities or the simple arithmetic mean.

Note 7: The number of issued shares refer to the total number of issued common shares (including private placement of shares), less the treasury shares bought back by the Company but not yet canceled or transferred. If the reissue (or private placement) of various securities with conversion rights or subscription rights of common shares is supported by treasury shares, the number of shares issued in the adjustment formula shall be reduced by the number of shares of the newly issued (or privately placed) securities that can be converted or subscribed for.

- (V) In the event that the Company's ordinary shareholding decreases due to a capital reduction not due to the cancelation of treasury shares after the issue of the convertible bonds, the adjusted conversion price shall be calculated according to the following formula, and an announcement shall be made by letter to TPEX.

When capital is reduced to make up losses:

Adjusted conversion price = conversion price before adjustment × "number of issued common shares before capital reduction (Note 8) / issued common stock after capital reduction."

Capital reduction in cash:

Adjusted conversion price = (conversion price before adjustment - cash refund per share) × (issued common shares before capital reduction (Note 8) / issued common shares after capital reduction).

Note 8: The number of issued shares refers to the total number of issued shares of common stock (including public offering and private placement of shares) less the number of treasury shares bought back by the Company but not yet canceled or transferred.

XII. Listing and delisting of the Company's convertible bonds:

Before the issue date, an application is submitted to TPEX for listing and trading of the convertible corporate bonds, and the Company makes an announcement with approval of TPEX. The listing of the convertible bonds will be terminated when all the convertible bonds are converted into common shares or when all of the convertible bonds are bought back or repaid by the Company.

XIII. Listing of new shares on TPEX after conversion:

The common shares converted from the convertible bonds after conversion will be listed on Taipei Exchange from the delivery date, and the Company makes an announcement with approval of TPEX.

XIV. The Company shall, within fifteen days after the end of each quarter, announce the number of shares delivered due to the conversion of these convertible bonds in the previous quarter, and apply for the capital change registration at least once each quarter with the competent authority of the Company's registration.

XV. Disposal of the balance that cannot be exchanged for one share:

Upon conversion into common shares, the Company will repay the fractional share (to the nearest NTD and rounded to the nearest 1000) in cash, in addition to offsetting the lump-sum insurance transfer expenses if any fraction of a share remains.

XVI. Attribution of cash dividends and stock dividends in the year of conversion:

(I) Cash dividends

1. If bondholders request conversion from January 1 of the current year to 15 business days (excluding) prior to the book closure date, the common shares resulting from the conversion will participate in the cash dividends for the year prior to the year resolved by the shareholders' meeting of the current year.
2. The conversion of the convertible bonds shall be stopped from the 15 business days (inclusive) prior to the book closure date for the Company's cash dividend for the current year to the ex-dividend date (inclusive) of the cash dividend.

3. Bondholders who request conversion from the day following the ex-dividend day of cash dividends of the current year to December 31 of the current year are not entitled to the cash dividends of the previous year resolved by the shareholders' meeting of the current year but shall be entitled to participate in the cash dividends for the current year as resolved by the shareholders' meeting of the following year.
- (II) Stock dividends
1. If bondholders request conversion from January 1 of the current year to 15 business days (excluding) prior to the book closure date of bonus shares issued as stock dividends, the common shares resulting from the conversion will participate in the stock dividends for the previous year as resolved by the shareholders' meeting of the current year.
 2. The conversion of the convertible bonds shall be closed from the 15 business days (inclusive) prior to the book closure date for the Company's bonus shares issued as stock dividends for the current year to the ex-dividend date (inclusive) of the bonus shares.
 3. Bondholders who request conversion from the day following the ex-dividend day of bonus shares issued as stock dividends of the current year to December 31 of the current year are not entitled to the stock dividends of the previous year resolved by the shareholders' meeting of the current year but shall be entitled to participate in the stock dividends for the current year as resolved by the shareholders' meeting of the following year.

XVII. Rights and obligations after conversion:

The new shares after conversion have the same rights and obligations as the Company's common shares.

XVIII. The Company's right of redemption of the convertible bonds:

- (I) If the closing price of the Company's common stock exceeds bond price exceeds the current conversion price by 30% (inclusive) for 30 consecutive business days from the day following the expiration of three months after the issuance date of the bonds (May 1, 2019) to the 40th day prior to the expiration date of the issuance period (December 21, 2021), the Company may send a one-month "Notice of Bond Recovery," within 30 business days, to the bondholders (the aforesaid period shall be counted from the date of issuance of the letter by the Company, and the expiration date of the aforesaid period shall be the bond recovery base date, and the aforesaid period shall not be the cessation period of conversion as specified Article 9), by registered mail, to the bondholders (as recorded in the register of bondholders on the fifth business day prior to sending out the "Notice of Bond Recovery," or by way of public announcement in case of bondholders who acquire the convertible bonds for trading or for other reasons after that date). The outstanding convertible bonds shall be recovered in cash five business days after the recovery date.
- (II) If the outstanding balance of the convertible bonds is less than 10% of the total amount of the Bond from the day following the expiration of three months after the issuance date of the bonds (May 1, 2019) to the 40th day prior to the expiration date of the issuance period (December 21, 2021), the Company may send a one-month "Notice of Bond Recovery" at any time to the bondholders (the aforesaid period shall be counted from the date of issuance of the letter by the Company, and the expiration date of the aforesaid period shall be the bond recovery base date, and the aforesaid period shall not be the cessation period of conversion as specified Article 9), by registered mail, to the bondholders (as recorded in the register of bondholders on the fifth business day prior to sending out the "Notice of Bond Recovery," or by way of public announcement in case of bondholders who acquire the convertible bonds for trading or for other reasons after that date). The outstanding convertible bonds shall be recovered in cash five business days after the recovery date.

- (III) If the creditor fails to respond in writing to the Company's Shareholders Service Agent (effective upon delivery, or by postmark if mailed) prior to the record date for bond recovery as stated in the "Notice of Bond Recovery," the Company will recover the outstanding bonds in cash at face value within five business days after the base date for bond recovery.
- XIX. All the convertible corporate bonds recovered (including repurchased from the secondary market), repaid or converted by the Company will be written off and may not be sold or issued again.
- XX. The bonds and the common shares exchanged by these convertible bonds are in registered form. The transfer, registration of change, pledge and loss of these bonds are all handled in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies" and the relevant regulations of the Company Act. Tax matters are handled in accordance with the provisions of the tax laws at the time.
- XXI. For these convertible bonds, the Trust Department of Jih Sun International Commercial Bank Co. Ltd. acts as the trustee for the bondholders, and shall exercise the power to inspect and supervise the Company's performance of the issue of the bonds on behalf of the bondholders based on their interests. All bondholders of these convertible bonds, whether subscribed at the time of issue or bought in the middle of the issue period, agree to the fiduciary contract entered into between the Company and the trustee. The rights and obligations of the trustee and these regulations and such authorization shall not be revoked in the middle of the issue period. As for the details of the trust contract, bondholders may visit the Company or the business premises of the trustee at any time during business hours for inspection.
- XXII. The Company's stock agency is responsible for repayment of principal and interest and conversion of the convertible bonds.
- XXIII. No physical bonds are issued pursuant to Article 8 of the Securities and Exchange Act.
- XXIV. Any matters not specified in the Procedures for the Issue and Conversion of Convertible Bonds shall be processed in accordance with the relevant laws and regulations.

Attachment 2: Financial Report for the Most Recent Fiscal Year

Declaration of Consolidated Financial Statements of Affiliated Enterprises

Considering that the companies to be included in the consolidated financial statements of affiliated enterprises under the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises” were the same as those to be included in the consolidated financial statements of the parent and subsidiaries under IFRS 10 in 2023 (from January 1, 2022 to December 31, 2023), and the related information to be disclosed in the consolidated financial statements of affiliated enterprises was already disclosed in the said consolidated financial statements of the parent and subsidiaries, no consolidated financial statements of affiliated enterprises were prepared separately.

In witness whereof, the Declaration is hereby presented.

Company name: Triocean Industrial Corporation

Person in charge: Chiang Yu-Lien

March 12, 2024

Auditors' Review Report

To: Triocean Industrial Corporation Co., Ltd.:

Audit Opinions

We have audited the accompanying consolidated balance sheets of Triocean Industrial Corporation Co., Ltd. (the “Company”) and its subsidiaries (collectively, the “Group”) as of December 31, 2023 and 2022 and the relevant consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and relevant notes to the consolidated financial statements (including a summary of significant accounting policies).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards. Our responsibilities under those standards are further described in the 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 matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31,

2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the consolidated financial statements for the year ended December 31, 2023 are stated as follows:

Accuracy of revenue recognition of construction projects

After acquiring Shang-Ting Construction Co., Ltd., the Group is currently focusing on the construction business. For the accounting policy of recognition of construction revenue, please refer to Note 4. The degree of completion of the performance obligation is measured using the cost-based input method to measure the construction revenue recognized. The degree of completion of the performance obligation is the ratio of the actual input cost to the expected total cost.

Since the accounting treatment of construction engineering contracts involves significant accounting estimates and judgments made by management, the correctness of the construction engineering revenue recognized is a key audit matter.

The main audit procedures that we have performed are as follows:

1. Assess the completeness and accuracy of management's estimate of the total cost of the construction contract.
2. Check the outsourced contracts and costs, and check the degree of completion of the performance obligation and whether the revenue recognition of the construction project is correct.

Other matter

Triocean Industrial Corporation Co., Ltd. has prepared the standalone financial statements for the years ended December 31, 2023 and 2022, on which we have issued an unqualified opinion for reference.

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

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

In preparing the consolidated financial statements, management is responsible for assessing

the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high-level assurance but is not a guarantee that an audit conducted in accordance with the auditing standards will always detect a material misstatement when it exists. The misstatements might be due to fraud or error. If an individual or total amount misstated was reasonably expected to have an impact on the economic decision-making of users of the consolidated financial statements, the misstatement was deemed as material.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, and whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 disclosure, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities within the Group, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulations precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China
March 12, 2024

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.

Tricocean Industrial Corporation Co., Ltd. and Subsidiaries

CONSOLIDATED BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

Assets	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
Current assets				
Cash (Notes 4 and 6)	\$ 793,406	30	\$ 253,649	9
Contract assets – current (Notes 4, 23, 25, and 32)	289,214	11	297,706	11
Accounts receivable (Notes 4, 10, 23, 25, and 32)	72,595	3	-	-
Other receivables	42,636	2	202	-
Current income tax assets (Notes 4 and 27)	332	-	190	-
Prepayments (Note 18)	138,516	5	99,923	4
Disposal group held for sale (Notes 4 and 11)	-	-	29,646	1
Other financial assets – current (Notes 4, 9, 23, and 33)	705,121	26	724,266	26
Other current assets	8,774	-	4,203	-
Total current assets	<u>2,050,594</u>	<u>77</u>	<u>1,409,785</u>	<u>51</u>
Non-current assets				
Financial assets at fair value through other comprehensive income – non-current (Notes 4 and 8)	-	-	31,500	1
Property, plant and equipment (Notes 4 and 13)	99,701	4	100,512	4
Right-of-use assets (Notes 4, 14, and 32)	40,957	1	37,415	1
Investment property, net (Notes 4, 15 and 33)	-	-	721,010	26
Goodwill (Notes 4 and 16)	428,702	16	428,702	16
Other intangible assets (Notes 4 and 17)	11,475	-	11,195	-
Deferred income tax assets (Notes 4 and 27)	17,940	1	12,831	1
Other financial assets – non-current (Notes 4, 9, 23, 32, and 33)	16,440	1	8,116	-
Other non-current assets	14	-	14	-
Total non-current assets	<u>615,229</u>	<u>23</u>	<u>1,351,295</u>	<u>49</u>
Total assets	<u>\$ 2,665,823</u>	<u>100</u>	<u>\$ 2,761,080</u>	<u>100</u>
Liabilities and equity				
Current liabilities				
Short-term borrowings (Notes 19 and 33)	\$ 70,000	3	\$ 456,340	16
Short-term bills payable (Notes 9, 19, and 33)	298,612	11	-	-
Contract liabilities – current (Notes 4, 23, and 25)	214,208	8	132,450	5
Notes payable (Notes 20, 23, and 32)	101,729	4	56,730	2
Accounts payable (Notes 20, 23, and 32)	100,479	4	98,747	4
Other payables (Note 21)	69,779	3	26,972	1
Other payables – Related parties (Note 32)	-	-	213,025	8
Current income tax liabilities (Notes 4 and 27)	21,323	1	18,597	1
Provision – current (Notes 4 and 22)	7,192	-	1,701	-
Liabilities directly related to the disposal group to be sold (Notes 4 and 11)	-	-	1,114	-
Lease liabilities – current (Notes 4, 14, and 32)	11,000	-	10,314	-
Long-term loans due within one business cycle (Notes 19, 23, and 33)	240,565	9	218,490	8
Other current liabilities	2,736	-	2,105	-
Total current liabilities	<u>1,137,623</u>	<u>43</u>	<u>1,236,585</u>	<u>45</u>
Non-current liabilities				
Financial liabilities at fair value through profit or loss (Notes 4, 7, 12 and 32)	-	-	232,725	9
Long-term borrowings (Notes 19 and 33)	-	-	410,140	15
Provision – non-current (Notes 4 and 22)	73,167	3	38,166	1
Deferred income tax liabilities (Notes 4 and 27)	-	-	33,899	1
Lease liabilities – non-current (Notes 4, 14, and 32)	30,037	1	27,235	1
Guarantee deposits received	1,484	-	5,566	-
Total non-current liabilities	<u>104,688</u>	<u>4</u>	<u>747,731</u>	<u>27</u>
Total liabilities	<u>1,242,311</u>	<u>47</u>	<u>1,984,316</u>	<u>72</u>
Equity attributable to shareholders of the parent (Note 24)				
Ordinary share capital	424,881	16	249,881	9
Capital surplus	338,440	12	7,340	-
Unappropriated retained earnings (accumulated deficit)	667,107	25	(23,774)	(1)
Other equity	(6,916)	-	543,317	20
Total equity	<u>1,423,512</u>	<u>53</u>	<u>776,764</u>	<u>28</u>
Total liabilities and equity	<u>\$ 2,665,823</u>	<u>100</u>	<u>\$ 2,761,080</u>	<u>100</u>

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

Triocean Industrial Corporation Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
Operating revenues (Notes 4, 25, and 32)	\$ 1,947,532	100	\$ 1,169,012	100
Operating costs (Notes 4, 26, and 32)	<u>1,694,708</u>	<u>87</u>	<u>1,060,821</u>	<u>90</u>
Gross profit	<u>252,824</u>	<u>13</u>	<u>108,191</u>	<u>10</u>
General and administrative expenses (Note 26)	<u>123,470</u>	<u>6</u>	<u>115,121</u>	<u>10</u>
Income (loss) from operations	<u>129,354</u>	<u>7</u>	(<u>6,930</u>)	<u>-</u>
Non-operating income and expenses (Note 26)				
Interest revenue	5,155	-	2,863	-
Other income	16,028	1	32,116	3
Other gains and losses	19,291	1	(13,713)	(1)
Finance costs (Note 32)	(<u>17,960</u>)	(<u>1</u>)	(<u>16,773</u>)	(<u>2</u>)
Total non-operating income and expenses	<u>22,514</u>	<u>1</u>	<u>4,493</u>	<u>-</u>
Income (loss) before income tax	151,868	8	(2,437)	-
Income tax expense (profit) (Note 4 and 27)	<u>9,888</u>	<u>1</u>	(<u>5,720</u>)	<u>-</u>
Net income from continuing operations	141,980	7	3,283	-
Net income from discontinued operations	<u>-</u>	<u>-</u>	<u>434</u>	<u>-</u>
Net income	<u>141,980</u>	<u>7</u>	<u>3,717</u>	<u>-</u>

(Continued)

Triocean Industrial Corporation Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	(\$ 1,478)	-	(\$ 1,359)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations	182	-	6,555	1
Income tax related to other comprehensive income components	(36)	-	(1,311)	-
	146	-	5,244	1
Other comprehensive income (loss), net of income tax	(1,332)	-	3,885	1
Total comprehensive income	\$ 140,648	7	\$ 7,602	1
Net income attributable to:				
Shareholders of the parent	\$ 141,980	7	\$ 3,717	-
Total comprehensive income attributable to:				
Shareholders of the parent	\$ 140,648	7	\$ 7,602	1
Earnings per share (Note 28)				
From continuing operations and discontinued operations				
Basic	\$ 4.27		\$ 0.15	
Diluted	\$ 4.26		\$ 0.15	
From continuing operations				
Basic	\$ 4.27		\$ 0.13	
Diluted	\$ 4.26		\$ 0.13	

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

Triocean Industrial Corporation Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Equity attributable to owners of the Company						Total equity
	Ordinary share capital	Capital surplus	Unappropriated retained earnings (accumulated deficit)	Exchange differences on translating foreign operations	Unrealized gains or losses on financial assets at fair value through other comprehensive income	Revaluation increment of property	
Balance on January 1, 2022	\$ 249,881	\$ 7,340	(\$ 27,491)	(\$ 12,306)	(\$ 4,659)	\$ 556,397	\$ 769,162
Net income	-	-	3,717	-	-	-	3,717
Other comprehensive income (loss), net of income tax	-	-	-	5,244	(1,359)	-	3,885
Total comprehensive income (loss)	-	-	3,717	5,244	(1,359)	-	3,885
Balance, December 31, 2022	249,881	7,340	(23,774)	(7,062)	(6,018)	556,397	776,764
Net income	-	-	141,980	-	-	-	141,980
Other comprehensive income (loss), net of income tax	-	-	-	146	(1,478)	-	(1,332)
Total comprehensive income (loss)	-	-	141,980	146	(1,478)	-	140,648
Capital increase in cash (Note 24)	175,000	331,100	-	-	-	-	506,100
Disposal of investment property (Notes 15 and 24)	-	-	556,397	-	-	(556,397)	-
Disposal of equity instruments at fair value through other comprehensive income	-	-	(7,496)	-	7,496	-	-
Balance, December 31, 2023	\$ 424,881	\$ 338,440	\$ 667,107	(\$ 6,916)	\$ 7,496	(\$ 6,916)	\$ 1,423,512

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

Triocean Industrial Corporation Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	2023	2022
Cash flow from operating activities		
Net loss before tax		
Profit (loss) before income tax from continuing operations	\$151,868	(\$ 2,437)
Profit before income tax from discontinued operation	-	434
Adjustments for:		
Depreciation expense	26,153	19,236
Amortization expense	104	37,920
Expected credit losses recognized	-	(159)
Net loss of financial assets measured at fair value through profit or loss and liabilities	-	14,316
Finance costs	17,960	16,773
Interest income	(5,155)	(2,863)
Dividend income	-	(2,584)
Loss (gain) from the disposal of property, plant and equipment	186	(722)
Gain on disposal of investment property	(17,976)	-
Loss on disposal of intangible assets	-	590
Gain on disposal of investment accounted for using the equity method	(1,416)	(2,730)
Provision	40,492	22,923
Loss on fair value adjustment of investment property	-	14,670
Others	(241)	-
Changes in operating assets and liabilities:		
Contract assets	8,492	(113,516)
Notes receivable	-	24,906
Accounts receivable	(72,595)	17,159
Other receivables	(41,551)	(97)
Prepayments	(38,593)	(79,664)
Other current assets	(4,571)	(3,681)
Contract liabilities	81,758	123,146
Notes payable	44,999	24,803
Accounts payable	1,732	68,232
Other payables	42,251	10,964
Provision	-	(93)
Other current liabilities	587	(8,147)
Cash generated from operations	\$234,484	\$179,379
Interest received	5,155	2,863
Dividends received	-	2,584
Interest paid	(18,504)	(15,828)

(Continued)

Triocean Industrial Corporation Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

Income tax paid	(<u>46,348</u>)	(<u>3,608</u>)
Net cash generated by operating activities	<u>174,787</u>	<u>165,390</u>
Cash flow from investing activities		
Disposal of financial assets at fair value through other comprehensive income	30,022	-
Disposal of financial assets at fair value through profit or loss	-	4,209
Other payables – Related parties	(445,750)	-
Net cash inflow from disposal of subsidiary	23,551	2,074
Purchase of property, plant and equipment	(11,960)	(7,852)
Proceeds from the disposal of property, plant and equipment	-	3,038
Purchase of intangible assets	(384)	(155)
Acquisition of investment property	-	(4,800)
Disposal of investment property	738,986	-
Decrease (increase) of other financial assets	<u>10,821</u>	(<u>244,068</u>)
Net cash generated by (used in) investing activities	<u>345,286</u>	(<u>247,554</u>)
Cash flow from financing activities		
Increase in short-term borrowings	70,000	372,400
Decrease in short-term borrowings	(456,340)	(583,971)
Increase in short-term bills payable	298,612	-
Repayment of corporate bonds	-	(288,900)
Borrowing of long-term loans	440,255	711,656
Repayment of long-term borrowings	(828,320)	(147,355)
Decrease in guarantee deposits received	(4,038)	(58)
Lease principal repayment	(11,490)	(6,191)
Capital increase in cash	<u>506,100</u>	<u>-</u>
Net cash generated by operating activities	<u>14,779</u>	<u>57,581</u>
Effect of exchange rate changes on cash	(<u>21</u>)	(<u>32</u>)
Net increase (decrease) in cash	<u>534,831</u>	(<u>24,615</u>)
Cash balance at the beginning of year	253,649	283,190
Cash included in the disposal group to be sold	<u>\$ 4,926</u>	(<u>\$ 4,926</u>)
Cash balance at the end of year	<u>\$793,406</u>	<u>\$253,649</u>

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

Triocean Industrial Corporation Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
For the years ended December 31, 2023 and 2022
(Expressed in Thousand NTD, Unless Stated Otherwise)

I. Organization and Operations

Triocean Industrial Corporation Co., Ltd. (hereinafter referred to as the “Company,” the entities controlled by the Company are hereinafter referred to as the “Group”) was established in Taipei City in October 1968. Its original business was in the weaving, printing and dyeing, and processing of various fibrous fabrics, trading, etc. The Company’s Board of Directors resolved in November 2020 to stop the production and textile business and change the registered address to Kaohsiung City. Currently, the Company is primarily engaged in the construction business.

The Company’s shares have been listed on the Taipei Exchange (TPEX) since January 1999. The Company has been listed on the Taiwan Stock Exchange (TWSE) since September 2000.

The consolidated financial statements are presented in NTD, which is the Company’s functional currency.

II. Date and Procedures for Approval of the Financial Report

The consolidated financial statements were released after being approved by the Board of Directors on March 12, 2024.

III. Application of Newly Issued and Amended Standards and Interpretations

- (I) Initial application of the amendments to the IFRS, International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the FSC.

The application of the amendments to the IFRSs endorsed and issued into effect by the FSC will not have a material impact on the Group’s accounting policies.

(II) The IFRSs endorsed by the FSC for application starting from 2023

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective Date Announced by IASB</u>
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

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

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

Note 3: Partial exemption from disclosure requirements upon first application of these amendments.

As at the publication date of this consolidated financial statement, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance.

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

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective Date Announced by IASB</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
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendment to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

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

Note 2: Applicable to annual reporting periods beginning on or after January 1,

2025. When the amendment is applied for the first time, the effect is recognized in the retained earnings on the date of initial application. When the Group uses a non-functional currency as the presentation currency, it will affect the exchange differences of foreign operations under equity on the date of initial application.

Except for the above impact, as at the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

IV. Summary of Significant Accounting Policies

(I) Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRSs as endorsed and issued into effect by the FSC.

(II) Basis of preparation

Except for financial instruments and investment property measured at fair value and contingent considerations for the acquisition of subsidiaries, the consolidated financial statements have been 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 an 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 an asset or liability.

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

Current liabilities include:

1. Assets held primarily for the purpose of trading;
 2. Assets expected to be realized within 12 months after the reporting date;
- and

3. Cash (excluding those restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period).

Current liabilities include:

1. Liabilities held primarily for the purpose of trading;
2. Liabilities due to be settled within 12 months after the reporting period; and
3. Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

The Group is engaged in construction projects, and its operating cycle is longer than one year. Therefore, the assets and liabilities related to the construction business are classified as current or non-current based on the normal operating cycle.

(IV) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company. Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statements of comprehensive income from the effective dates of acquisition up to the effective dates of disposal. The financial statements of subsidiaries have been adjusted to ensure consistency between their accounting policies and the Group's. All intra-group transactions, balances, income, and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

For details of subsidiaries, shareholding ratio and business items, please refer to Note 12 and Table 7

(V) Foreign currency

In preparing the financial statements of each individual entity in the Group, transactions in currencies other than the entity's functional currency (i.e. foreign currencies) are recognized at the rates of exchange prevailing on the transaction dates.

At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing on that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

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

When the consolidated financial statements are prepared, the assets and liabilities of the Company's foreign operations (including subsidiaries or associates that operate in countries or adopt the functional currencies different from the Company) are translated into New Taiwan dollar at the rates of exchange prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. The resulting currency exchange differences are recognized in other comprehensive income.

(VI) Property, plant and equipment

Property, plant and equipment are initially recognized at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Each significant component of the remaining property, plant and equipment is depreciated separately on a straight-line basis within their useful lives. The Group conducts at least one annual review at the end of each year to assess the estimated useful life, residual value, and depreciation methods, and applies the effect of changes in applicable accounting estimates prospectively.

When derecognizing an item of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount of the asset shall be recognized in loss or profit.

(VII) Investment property

Investment properties refers to properties held for the purpose of earning rents or capital appreciation or both. Investment properties also include land held for a currently undetermined future use.

Self-owned investment properties are initially measured at cost (including transaction cost). The investment properties acquired through lease are initially measured at cost (including the originally measured amount of the lease liabilities, the lease payments paid before the lease commencement date, the

original direct cost, and the estimated cost of restoring the underlying asset, less the lease incentives received).

Starting January 1, 2022, the Group's accounting policy for the subsequent measurement of investment properties was changed from the cost model to the fair value model. All investment properties were subsequently measured using the fair value model, with changes in fair value recognized in profit and loss for the period.

When property, plant and equipment is transferred to investment property after own-use, the difference between the original carrying amount and the fair value is recognized in other comprehensive income.

When investment properties are derecognized, the difference between the net disposal price and the carrying amount of the asset is recognized in profit or loss.

(VIII) Goodwill

The cost of goodwill from business combination is the amount of goodwill recognized at the acquisition date, and is subsequently measured at cost less accumulated impairment losses.

For the purposes of impairment testing, goodwill is allocated among each cash-generating unit or a group of cash-generating units (referred to as "CGUs"), which is expected to benefit from the synergies of the combination.

The carrying amount and recoverable amount of the CGUs to which goodwill is allocated will be compared every year (and whenever there is an indication that the unit may be impaired) as impairment testing on the units. If the goodwill allocated to the CGUs is acquired in a business combination during the year, the CGUs shall be tested for impairment before the end of the year. If the recoverable amount of CGUs to which goodwill is allocated is lower than its carrying amount, the impairment loss is first deducted from the carrying amount of the goodwill of said CGUs. Next, the carrying amount of other assets within said CGUs is deducted from the carrying amount of the goodwill of said CGUs in proportion to the carrying amount of each asset. Any impairment loss is recognized in loss in the current year. Impairment loss of goodwill shall not be reversed subsequently.

When disposing of a certain operation within the CGUs to which goodwill is allocated, the amount of goodwill related to the operation disposed of is

included in the carrying amount of the operation to determine the gain or loss on the disposal.

(IX) Intangible assets

1. Acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization. Intangible assets are amortized on a straight-line basis or based on the expected consumption pattern of future economic benefits within the useful lives. At the end of each year, the estimated useful life, residual value, and amortization method are reviewed, and the application of accounting estimates is deferred the impact of changes in accounting estimates prospectively. Intangible assets with indefinite useful lives are recognized at cost less accumulated impairment loss.

2. Acquired by business combination

The intangible assets acquired in a business combination are recognized at the fair value on the acquisition date and are recognized separately from goodwill, and the subsequent measurement is the same as the intangible assets acquired separately.

3. Derecognition

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss for the year.

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

The Group assesses if there are any signs of possible impairment in property, plant, and equipment as well as right-of-use, investment properties, and intangible assets (excluding goodwill) at the end of each reporting period. If there is any sign of impairment, an estimate is made of its recoverable amount. If it is not possible to determine the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU 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 that the assets may be impaired.

The recoverable amount is the fair value less cost of sales or its value in use, whichever is higher. If the recoverable amount of an individual asset or a CGU is lower than its carrying amount, the carrying amount is reduced to the recoverable amount, and the impairment loss is recognized in profit or loss.

When the impairment loss is subsequently reversed, the carrying amount of the asset, the CGU, or the asset related to contract cost is increased to the revised recoverable amount, provided that the increased carrying amount shall not exceed the carrying amount (less amortization or depreciation) of the asset, CGU, or the asset related to contract cost which was not recognized in impairment loss in prior years. The reversal of the impairment loss is recognized in profit or loss.

(XI) Non-current assets held for sale

The carrying amount of the disposal group is classified as held for sale when it is expected to be recovered mainly through a sale transaction instead of continued use. The disposal groups meeting this classification must be available for immediate sale in the current state, and the probability of sale must be highly probable. When the appropriate level of management commits to sell the asset, and the sale is expected to be completed within one year from the date of classification, the probability of sale is highly likely.

If the Company loses control over the subsidiary at the time of sale, regardless of whether it retains non-controlling interests in the former subsidiary after the sale, all assets and liabilities of the subsidiary are fully classified as held for sale.

The disposal group classified as held for sale are measured at the lower of carrying amount or fair value less costs to sell, and depreciation of such assets is stopped.

(XII) Financial instruments

Financial assets and financial liabilities shall be recognized in the consolidated balance sheet when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities not at fair value through profit or loss are measured at fair value plus transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities. The transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at fair value through profit or loss is immediately recognized in profit or loss.

1. Financial assets

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

(1) Measurement types

Financial assets held by the Group are those measured at fair value through profit or loss (FVTPL) and at amortized cost, as well as investments in equity instruments measured at fair value through other comprehensive income (FVTOCI).

A. Investments in equity instruments at FVTOCI

The Group may, upon initial recognition, make an irrevocable election to designate as at FVTOCI the investments in equity instruments that are not held for trading and the ones that are not recognized by an acquirer in a business combination or with the contingent consideration.

Investments in an equity instrument measured at FVTOCI are measured at fair value, and any subsequent fair value changes are recognized in other comprehensive income and accumulated in other equity. Upon disposal of investments, cumulative gain or loss is directly transferred to retained earnings and are not reclassified to profit or loss.

Dividends of investments in equity instruments measured at FVTOCI are recognized in profit or loss when the Group's right to receive dividends is established unless such dividends clearly represent the recovery of a part of the investment cost.

B. Financial assets at amortized cost

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

- a. Held under a certain business model, of which the objective is to collect contractual cash flows by holding the financial assets; and
- b. The cash flows on specific dates specified in the contractual terms are solely payments of the principal and interest on the principal amount outstanding.

Financial assets measured at cost after amortization (including cash, accounts receivable measured at cost after amortization, other receivables and other financial assets) are the total carrying amount determined by the effective interest method less any impairment loss, and any foreign currency exchange gains or losses are recognized in profit or loss.

Interest revenue is calculated by multiplying the effective interest rate by the total carrying amount of financial assets:

Financial assets are credit-impaired when the issuer or debtor has experienced major financial difficulty, default, and the debtor is likely to file for bankruptcy or other financial reorganization, or financial difficulties that cause the active market of the financial asset to disappear.

(2) Impairment of financial assets and contract assets

The Group assesses the impairment loss of financial assets measured at amortized cost (including trade receivables), finance lease receivables, and contract assets based on the expected credit loss at the end of each reporting period.

Trade receivables, finance lease receivables, and contract assets are recognized in loss allowance based on the lifetime expected credit losses (ECLs). Other financial assets are first assessed based on whether the credit risk has increased significantly since the initial recognition. If there is no significant increase in the risk, a loss allowance is recognized at an amount equal to 12-month ECLs.

If the risks have increased significantly, a loss allowance is recognized at an amount equal to lifetime ECLs. The ECLs refer to the weighted average credit loss with the risk of default as the

weight. The 12-month ECLs represent the ECLs from possible defaults of a financial instrument within 12 months after the reporting date. The lifetime ECLs represent the ECLs from all possible defaults in a financial instrument over the expected life of a financial instrument.

For the purpose of internal credit risk management, the Group, without considering the collateral held, determines that the following situations represent defaults in the financial assets:

- A. Internal or external information indicates that it is impossible for the debtor to settle the debt.
- B. It is overdue for more than 90 days, unless there is reasonable and corroborative information showing that a default date postponed is more appropriate.

The Company recognizes an impairment loss for all financial assets with a corresponding downward adjustment to their carrying amount through a loss allowance account.

(3) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash inflow from the financial asset expire or when it transfers the financial assets and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the consideration received is recognized in profit or loss. When derecognizing an investment in equity instrument at FVTOC in its entirety, the cumulative profit or loss is transferred directly to retained earnings and is not reclassified to profit or loss.

2. Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of financial liabilities and equity instruments.

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

3. Financial liabilities

(1) Subsequent measurement

All financial liabilities are measured at amortized cost in the effective interest method, except for the following:

Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss include held for trading.

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

Please refer to Note 31 for the determination of fair value.

(2) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(XIII) Provision

The amount recognized in provisions is the best estimate of the expenditure required to settle the obligation at the end of the reporting period based on the consideration for the risks and uncertainties of the obligation. The provisions are measured at the discounted value of the cash flow estimated to settle the obligation.

1. Warranty

The warranty obligation to ensure that products conform to the agreed specifications is based on management's best estimate of the expenditure required to settle the Group's obligation, and is recognized when relevant products are recognized in revenue.

2. Contingent liabilities acquired in a business combination

If the contingent liabilities assumed for a business combination are present obligations arising from past events and the fair value of which can be reliably measured, they are recognized at the fair value as the original measurement amount on the acquisition date. On the subsequent reporting date, such contingent liabilities are measured at the amortized amount. However, if it is assessed that it is likely to be required to pay

the present obligation amount, the subsequent measurement shall be based on the present obligation amount or the post-amortization amount, whichever is higher.

(XIV) Revenue recognition

After the Group identifies its performance obligations in contracts with customers, it allocates the transaction price to each performance obligation in the contracts and recognizes revenue when performance obligations are satisfied.

1. Service revenue

The labor service revenue comes from the procurement service of construction materials, and the related revenue is recognized when the labor service is provided.

2. Construction revenue

During the construction process, the property is a property construction contract controlled by the customer, and the Group recognizes it in income over time. As the cost of construction is directly related to the progress of completion of the performance obligation, the Group measures the progress of completion based on the actual investment cost as a percentage of the expected total cost. The Group gradually recognizes contract assets during the construction process, and reclassifies them to trade receivables upon billing. If the construction payment received exceed the amount of revenue recognized, the difference is recognized in contract liability. The retention of a construction project withheld by the customer in accordance with the contract terms aims to ensure that the Group completes all contractual obligations and is recognized in contract asset before the Group's performance is completed.

If the result of the performance obligation cannot be measured reliably, the engineering service revenue is recognized only within the expected recoverable amount of the cost incurred when the performance obligation is met.

(XV) Leases

The Group assesses whether a contract belongs to a lease on the date of establishment of the contract.

For contracts that include lease and non-lease components, the Group allocates the consideration in the contracts based on the relative stand-alone prices and treats them separately.

With the Group as the lessor, when the lease terms do not transfer the risks and rewards attached to the ownership of assets to the lessee, the leases are classified as operating leases.

Under operating leases, lease payments are recognized as income on a straight-line basis over the lease terms. The initial direct cost incurred in obtaining an operating lease is added to the carrying amount of the underlying asset and recognized as expenses on a straight-line basis over the lease term.

With the Group as the lessee, except for low-value asset leases and short-term leases to which a recognition exemption applies, where lease payments are recognized as expenses on a straight-line basis over the lease terms, all leases are recognized with a right-of-use asset and a lease liability on the lease commencement date.

Right-of-use assets are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated on a straight-line basis over the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. If the lease implied interest rate can be easily determined, the lease payment is discounted at the said interest rate. If such interest rate cannot be easily determined, the lessee's incremental borrowing interest rate shall apply.

Subsequently, the lease liability is measured at the amortized cost using the effective interest method, and the interest expense is amortized over the lease term. If there are changes in future lease payments during the lease period or in the index or rate used to determine lease payments, the Group will remeasure the lease liabilities and adjust the right-of-use assets accordingly. The remaining remeasurement amount is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

(XVI) Borrowing costs

Borrowing costs directly attributable to an acquisition, construction, or production of qualifying assets are added to the cost of said assets, until such time as the assets are substantially ready for their intended use or sale.

For specific borrowings, if the investment income earned by making a temporary investment before the capital expenditure that meets the requirements is incurred, it is deducted from the borrowing costs that meet the capitalization conditions.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(XVII) Employee benefits

1. Short-term employee benefits

Relevant liabilities for short-term employee benefits are measured by the non-discounted amount expected to be paid in exchange for employee services.

2. Post-employment benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

(XVIII) Income tax

Income tax expense represents the sum of current income tax and deferred income tax.

1. Tax currently payable

The Group determines the current revenue (loss) in accordance with the laws and regulations of the jurisdiction where the income tax returns are filed and, with this as a basis, calculates the income tax payable (receivable).

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2. Deferred tax

Deferred income tax is calculated based on the temporary differences between the carrying amount of assets and liabilities and the corresponding tax bases used in the computation of taxable income.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for the extent that it is probable that taxable profits will be available against which to deduct the temporary differences and losses.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period, and its carrying amount will be increased as it has become probable that future taxable income will allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates in the period in which the liabilities are expected to be settled or assets realized, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. Current and deferred tax

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income

V. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions about the relevant information that is not readily accessible from other sources based on historical experience and other relevant factors. Actual results may differ from these estimates.

When the Group develops significant accounting estimates, it will be included in the consideration of cash flow estimates, growth rates, discount rates, profitability, and

other relevant major estimates. Management will continue to review the estimates and basic assumptions.

(I) Estimation of impairment of goodwill

When determining whether goodwill is impaired, the value in use of the cash-generating unit to which the goodwill is allocated shall be estimated. To calculate the value in use, management shall estimate the future cash flow expected to be generated from the CGU and determine an appropriate discount rate to be used in calculating the present value. If the actual cash flow is less than expected, or the facts and circumstances change resulting in a downward revision of the future cash flow or an upward revision of the discount rate, a significant impairment loss may be incurred.

(II) Construction contract

The profit or loss of a construction contract project is recognized as revenue and cost with reference to the degree of completion of the contract activities, and the degree of completion is measured based on the proportion of contract costs incurred for the completion of construction to date to the estimated total contract costs. Since the estimated total cost and contract items are based on the evaluation and judgment of the management based on the nature, expected contract amount, construction duration, engineering implementation and construction methods of different projects, they may affect the calculation of the percentage of completion and project profit and loss.

VI. Cash

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash	\$ 3,089	\$ 2,185
Checks and demand deposits	<u>790,317</u>	<u>251,464</u>
	<u>\$793,406</u>	<u>\$253,649</u>

The credit quality of the financial institutions with which the Group has business dealings is good. The Group has a number of financial institutions to diversify credit risks, so there is no expected credit loss.

VII. Financial instruments measured at fair value through profit or loss – only as at December 31, 2022

	<u>December 31, 2022</u>
<u>Financial liabilities – non-current</u>	
Non-derivative financial liabilities	
Contingent consideration	
(Note 12)	<u>\$232,725</u>

VIII. Financial assets measured at fair value through other comprehensive income – non-current – only as at December 31, 2022

	<u>December 31, 2022</u>
Financial assets measured at fair value through other comprehensive income	
Measured investment in equity instruments	
<u>Domestic listed stocks</u>	<u>\$ 31,500</u>

The common shares mentioned above are designated to be measured at FVTOCI as they are investments for medium- and long-term strategic purposes.

IX. Other financial assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Repurchase agreements	\$300,000	\$ -
Restricted bank deposits	323,421	596,582
Refundable deposits	<u>\$ 98,140</u>	<u>\$135,800</u>
	721,561	732,382
Less: Other financial assets – current	(<u>705,121</u>)	(<u>724,266</u>)
Other financial assets – non-current	<u>\$ 16,440</u>	<u>\$ 8,116</u>

The annual interest rate for the bonds with repurchase agreement and restricted bank deposits as at December 31, 2023 and 2022 is 0.51% to 1.57% and 0.40% to 1.44%, respectively.

The counterparties of the Group and the counterparties in contract performance are financial institutions with good credit ratings, and there is no major concern about performance of the contract. Therefore, it is expected that there is no significant credit risk.

For information on the pledge of other financial assets of the Group, please refer to Note 33.

X. Accounts receivable – only as at December 31, 2022

	<u>December 31, 2023</u>
Accounts receivable – arising from operations	
<u>Measurement of total carrying amount at amortized cost</u>	\$ 72,595
Less: Loss allowance	<u>-</u>
	<u>\$ 72,595</u>

To mitigate credit risk, management of the Group has assigned a dedicated team to be responsible for credit limit determination, credit approval and other monitoring procedures to ensure that appropriate actions are taken in the recovery of overdue receivables. In addition, the Group reviews the recoverable amounts of accounts receivable on a case-by-case basis on the balance sheet date to ensure that appropriate impairment losses have been recorded for uncollectible accounts receivable. Accordingly, the Group’s management believes that the Group’s credit risk has been significantly reduced.

The Group adopts individual evaluation and a simplified approach as in IFRS 9 to recognize loss allowance for trade receivables based on the lifetime ECLs. The lifetime ECLs are calculated using a provision matrix that takes into account customers’ past default history and current financial position, as well as GDP forecasts. The Group’s receivables are mainly from construction projects of government agencies, and there is no possibility of expected credit impairment. As the Group’s historical credit loss experience shows that there is no significant difference in the loss patterns of different customer groups, the provision matrix does not further differentiate between customer segments, and only uses the number of days past due for receivables to set the expected credit loss rate.

If there is evidence that a counterparty is facing serious financial difficulties and the Group cannot reasonably expect to recover the amount, the Group will directly write off the relevant trade receivables, but will continue to try to collect the receivable. The recovered amount is recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group’s provision matrix:

December 31, 2023

	Not past due	1 to 90 days past due	91 to 180 days past due	Total
Expected credit loss rate (%)	-	-	100	
Gross carrying amount	\$ 72,595	\$ -	\$ -	\$ 72,595
Loss allowance (lifetime expected credit losses)	-	-	-	-
Amortized cost	<u>\$ 72,595</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,595</u>

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

	2022
Opening balance	\$ 159
Gains on reversal for the year	(159)
Closing balance	<u>\$ -</u>

XI. Disposal group held for sale – only as at December 31, 2022

On December 26, 2022, the Group's Board of Directors resolved to sell 100% of the equity of its subsidiary, Shanghai Laishida Co., Ltd., to a non-related party and subsidiary, and sell 100% of the equity of its subsidiary, Zhao-Ting Property Co., Ltd. to the related party Hong-Ting Co., Ltd., respectively. The transactions were completed in February 2023.

As at December 31, 2022, the Group had reclassified the assets and liabilities of the subsidiaries to be held for sale and presented them separately in the consolidated balance sheet. The main categories of the assets and liabilities of the subsidiaries held for sale are as follows:

	December 31, 2022		
	Zhao-Ting Property	Shanghai Laishida	Total
Cash	\$ 1,765	\$ 3,161	\$ 4,926
Financial assets at fair value through profit or loss – current	24,495	-	24,495
Other assets	-	225	225
Total amount of disposal groups to be sold	<u>\$ 26,260</u>	<u>\$ 3,386</u>	<u>\$ 29,646</u>
Liabilities directly related to the disposal group to be sold	<u>\$ 120</u>	<u>\$ 994</u>	<u>\$ 1,114</u>

XII. Subsidiaries

The entities in the consolidated financial statements are as follows:

Name of investment company	Name of subsidiary	Nature of business	Percentage of equity held (%)		Description
			December 31, 2023	December 31, 2022	
The Company	San-Long Investment Co., Ltd. (“San-Long”)	General investment	-	-	Note 1
	Tri Ocean Textile (Thailand) Co., Ltd.	Manufacturing, processing and trading of fibrous fabrics	100	100	
	Zhao-Ting Property Co., Ltd. (“Zhao-Ting” formerly known as Triocean Meng-Gong-Chang Co., Ltd.)	Wholesale and trading of building materials	-	100	Note 2
	Shanghai Laishida Furnishings Co., Ltd. (Shanghai Laishida)	Furniture trading	-	100	Note 3
	Shang-Ting Construction Co., Ltd. (Shang-Ting Construction)	Trading of integrated construction and building materials	100	100	Note 4
	Triocean Energy Co., Ltd. (Triocean Energy)	Manufacturing of power generation, transmission and distribution machinery	-	-	Note 5

Note 1: Based on the purpose of integrating group resources and streamlining organizational structure, the Board of Directors resolved on April 22, 2022 to set May 1, 2022 as the based date for the short-form merger between the Company and San-Long. After the merger, the Company became the surviving company, with San-Long being extinguished. The assets and liabilities of San-Long were generally assumed by the Company.

Note 2: In order to improve the management efficiency of the Group and reduce the operating costs of the Group, on December 26, 2022, the Company’s Board of Directors resolved to sell 100% of the equity of the subsidiary, Zhao-Ting Property Co., Ltd., to the related party, Hong-Ting Co., Ltd. The disposal price was determined with reference to the net equity value of the subsidiary, and the transaction was completed in February of 2023. For information on the disposal of the subsidiary, please refer to Note 29.

Note 3: In January 2022, Shanghai Laishida returned RMB2,800,000 from the capital reduction and completed company change registration. In order to improve the management efficiency of the Group and reduce the operating costs of the Group, on December 26, 2022, the Company’s Board of Directors resolved to sell 100% of the equity of the subsidiary, Shanghai Laishida, to a non-related party. The transaction was completed in February of 2023. For information on the disposal of the subsidiary, please refer to Note 29.

Note 4: In December 2020, the Company acquired 100% equity of Shang-Ting Construction Company from Hung Hung-Chang and Chiang Yu-Lian for a total consideration of NTD 775,750 thousand, of which the remaining amount at the end of 2022 was NTD 445,750 thousand (recorded in other payables – related parties and financial liabilities measured at FVTPL, respectively) were paid in July 2023.

The Company increased its cash capital by NTD 700,000 thousand and NTD 150,000 thousand in 2023 and 2022, respectively, and the change of company registration has been completed.

Note 5: In order to improve the management efficiency of the Group and reduce the operating costs of the Group, on April 22, 2022, the Company's Board of Directors resolved to sell 100% of the equity of the subsidiary, Tri Ocean Energy, to a non-related party. The transaction was completed in April of 2022. For information on the disposal of the subsidiary, please refer to Note 29.

XIII. Property, plant and equipment

(I) Property, plant, and equipment are listed as follows:

2023

Cost	Self-owned land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Total
Balance on January 1, 2023	\$ 32,295	\$ 190,234	\$ 448,638	\$ 4,607	\$ 8,492	\$ 15,381	\$ 699,647
Addition	-	-	-	-	447	12,613	13,060
Disposal	-	-	(189)	(3,591)	(139)	-	(3,919)
Exchange difference, net	266	1,617	3,565	1	40	111	5,600
Balance as at December 31, 2023	<u>32,561</u>	<u>191,851</u>	<u>452,014</u>	<u>1,017</u>	<u>8,840</u>	<u>28,105</u>	<u>714,388</u>
Accumulated depreciation and impairment							
Balance on January 1, 2023	6,942	170,550	399,774	4,114	5,373	12,382	599,135
Depreciation expense	-	7,418	4,020	196	1,234	1,608	14,476
Disposal	-	-	(3)	(3,591)	(139)	-	(3,733)
Exchange difference, net	59	1,460	3,146	1	40	103	4,809
Balance as at December 31, 2023	<u>7,001</u>	<u>179,428</u>	<u>406,937</u>	<u>720</u>	<u>6,508</u>	<u>14,093</u>	<u>614,687</u>
Net as at December 31, 2023	<u>\$ 25,560</u>	<u>\$ 12,423</u>	<u>\$ 45,077</u>	<u>\$ 297</u>	<u>\$ 2,332</u>	<u>\$ 14,012</u>	<u>\$ 99,701</u>

2022

	Self-owned land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Total
<u>Cost</u>							
Balance on January 1, 2022	\$ 30,215	\$ 177,596	\$ 420,483	\$ 5,316	\$ 5,167	\$ 13,366	\$ 652,143
Addition	-	-	289	1,874	3,244	2,445	7,852
Disposal	-	-	-	(2,592)	(209)	(1,291)	(4,092)
Reclassified to the disposal group held for sale	-	-	-	-	(21)	-	(21)
Exchange difference, net	<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 as at December 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 January 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)
Reclassified to the disposal group held for sale	-	-	-	-	(16)	-	(16)
Exchange difference, net	<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 as at December 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>
Net as at December 31, 2022	<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>

- (II) The Group's property, plant and equipment is depreciated on a straight-line basis over the following useful lives:

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

- (III) In order to revitalize assets, improve financial structure, and enrich working capital, in January 2024, the Board of Directors resolved to sign a transaction agreement with a non-related party for the sale of land, buildings and equipment in Thailand for the price of THB 165,000 thousand.

XIV. Lease agreement

(I) Right-of-use assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Carrying amount of right-of-use assets		
Land and buildings	\$ 33,088	\$ 29,604
Transportation equipment	<u>7,869</u>	<u>7,811</u>
	<u>\$ 40,957</u>	<u>\$ 37,415</u>
	<u>2023</u>	<u>2022</u>
Addition of right-of-use assets	<u>\$ 15,469</u>	<u>\$ 38,938</u>
Disposal of right-of-use assets	<u>\$ 250</u>	<u>\$ 20,493</u>
Depreciation expense of right-of-use assets		
Land and buildings	\$ 7,249	\$ 2,465
Transportation equipment	<u>4,428</u>	<u>4,076</u>
	<u>\$ 11,677</u>	<u>\$ 6,541</u>

(II) Lease liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Carrying amount of lease liabilities		
Current	<u>\$ 11,000</u>	<u>\$ 10,314</u>
Non-current	<u>\$ 30,037</u>	<u>\$ 27,235</u>

Discount rate interval (%) of lease liabilities is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Land and buildings	1.75~2.24	1.08~1.98
Transportation equipment	0.87~2.56	0.87~2.10

(III) Important leasing activities and terms and conditions

The Group leases land, buildings and transportation equipment for offices and business vehicles, and the lease terms are 2 to 5 years. Upon termination of the lease term, the Group has no preferential rights to acquire the land, buildings and transportation equipment leased, and leases an office building with a substantive related party for office use. Please refer to Note 32.

(IV) Other lease information

	<u>2023</u>	<u>2022</u>
Total cash outflow for leases		
Short-term lease expense	<u>\$ 2,946</u>	<u>\$ 3,369</u>
Low-value asset lease expense	<u>\$ 1,253</u>	<u>\$ 2,225</u>
Total cash outflow for leases	<u>(\$ 16,307)</u>	<u>(\$ 12,140)</u>

XV. Investment property – only as at December 31, 2022

	<u>December 31, 2022</u>
Measured at fair value	
Land	\$499,749
Buildings and structures	<u>221,261</u>
Total	<u>\$721,010</u>

In order to revitalize assets, improve financial structure, and enrich working capital, the Company entered into a business agreement with a non-related party by resolution of the Board of Directors in May 2023 for NTD 755,000 thousand (before tax). The transaction was completed in July 2023. The necessary costs after expenses amounted to NTD 738,986 thousand, and the gain on disposal of the investment property amounted to NTD 17,976 thousand.

The original lease term of the investment property before disposal is 5 years, and the lessee is granted the option to extend the lease term. When the lessee exercises the right to renew the lease, it is agreed that the rent will be adjusted according to the market price. The lessee does not have the preferential right to acquire the investment property at the end of the lease term.

Investment property measured at fair value

	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
Balance on January 1, 2023	\$ 499,749	\$ 221,261	\$ 721,010
Disposal	<u>499,749</u>	<u>(221,261)</u>	<u>(721,010)</u>
Balance as at December 31, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Balance on January 1, 2022	\$ 497,204	\$ 233,676	\$ 730,880
Addition	-	4,800	4,800
Gains (losses) on changes in fair value	<u>2,545</u>	<u>(17,215)</u>	<u>(14,670)</u>
Balance as at December 31, 2022	<u>\$ 499,749</u>	<u>\$ 221,261</u>	<u>\$ 721,010</u>

The investment property is measured at fair value on a recurring basis. The fair value of the investment property was appraised in December 2022 by qualified appraisers Wang Fu-Sheng and Chen Ming-Chuan Jing Rui Real Estate Appraisal of Grand Elite Property Appraisal Co., Ltd. The fair value of the income derived from the land and buildings as at December 31, 2022 and 2021 were NTD 721,010 thousand and NTD 730,880 thousand, respectively. Based on the evaluation by the Group's management, there was no significant change in the fair value of the investment property before the disposal date from December 31, 2022 and 2021.

The above fair value measurement has taken into account the uncertainty of the impact of subsequent developments of COVID-19 on market fluctuations.

The fair value of investment property is valued under the income approach, and the important assumptions are as follows. When the estimated future net cash inflow increases or the discount rate decreases, the fair value will increase.

	<u>December 31, 2022</u>
Estimated future cash inflow	\$990,626
Estimated future cash outflow	<u>71,842</u>
Estimated future net cash inflow	<u>\$918,784</u>
Discount rate (%)	2.71

The rents in the area where the investment properties are located are about NTD 430 to NTD 530 per ping, and the rents of similar objects in the market are about NTD 433 to NTD 522 per ping.

The investment property was leased out under operating leases before it was disposed of. The rent incomes generated in 2023 and 2022 were NTD 14,225 thousand and NTD 26,236 thousand, respectively. Future cash inflow expected to be generated from the investment property includes rental income, interest income of deposits and the value of disposals at the end of the period. The rental income is estimated based on the Group's current lease contract and considering the future annual rental growth rate. The income analysis period is estimated to be 10 years; interest income from deposits was estimated based on the average of one-year time deposit rates of the five major banks; and the ending value of dispositions was estimated using the direct capitalization method of the income approach. Future cash outflows expected to be generated from investment properties include expenditures for land value taxes, housing taxes, insurance premiums, maintenance fees and management fees. These expenditures are

estimated based on the current level of expenditures and take into consideration future adjustments to the announced land value and the tax rates set out in the House Tax Act.

The discount rate was determined by taking into account the 2-year postal time deposits plus 3-digit amount declared by Chunghwa Post Co., Ltd. and adding the risk premium related to the investment property.

For the amount of investment property pledged by the Group as collateral for loans, please refer to Note 33.

XVI. Goodwill

	2023	2022
<u>Cost</u>		
Opening balance	\$428,702	\$480,157
Reclassified to the disposal group held for sale	<u>-</u>	<u>(51,455)</u>
Closing balance	<u>\$428,702</u>	<u>\$428,702</u>
<u>Accumulated impairment loss</u>		
Opening balance	\$ -	\$ 51,455
Reclassified to the disposal group held for sale	<u>-</u>	<u>(51,455)</u>
Closing balance	<u>\$ -</u>	<u>\$ -</u>
Closing net amount	<u>\$428,702</u>	<u>\$428,702</u>

The adjusted increase (decrease) of relevant items in the balance sheet is as follows:

The Group conducts impairment assessment on the recoverable amount of goodwill at the end of the annual financial reporting period, and uses the value in use as the calculation basis for the recoverable amount. The calculation of the value in use for 2023 and 2022 is based on the cash flow of the financial forecast of the cash-generating unit in the next 5 years as the basis of estimation, and uses an annual discount rate of 14% and 10%, respectively, to reflect the specific risks of the relevant CGU. The recoverable amount for 2023 and 2022 was still greater than the carrying amount and no impairment loss was recognized.

XVII. Other intangible assets

2023

<u>Cost</u>	<u>Contract value</u>	<u>Construction permit</u>	<u>Computer software</u>	<u>Trademark rights</u>	<u>Total</u>
Balance on January 1, 2023	\$ 63,000	\$ 11,000	\$ 3,840	\$ 50,460	\$ 128,300
Addition	-	-	384	-	384
De-booking	(63,000)	-	(3,585)	(38,710)	(105,295)
Balance as at December 31, 2023	<u>\$ -</u>	<u>\$ 11,000</u>	<u>\$ 639</u>	<u>\$ 11,750</u>	<u>\$ 23,389</u>
<u>Accumulated amortization and impairment</u>					
Balance on January 1, 2023	\$ 63,000	\$ -	\$ 3,645	\$ 50,460	\$ 117,105
De-booking	(63,000)	-	(3,585)	(38,710)	(105,295)
Amortization expense	-	-	104	-	104
Balance as at December 31, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 164</u>	<u>\$ 11,750</u>	<u>\$ 11,914</u>
Net as at December 31, 2023	<u>\$ -</u>	<u>\$ 11,000</u>	<u>\$ 475</u>	<u>\$ -</u>	<u>\$ 11,475</u>

2022

<u>Cost</u>	<u>Contract value</u>	<u>Construction permit</u>	<u>Computer software</u>	<u>Trademark rights</u>	<u>Patent right</u>	<u>Total</u>
Balance on January 1, 2022	\$ 63,000	\$ 11,000	\$ 5,080	\$ 73,979	\$ 12	\$153,071
Addition	-	-	155	-	-	155
De-booking	-	-	(1,395)	-	(12)	(1,407)
Reclassified to the disposal group held for sale	-	-	-	(23,519)	-	(23,519)
Balance as at December 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 amortization</u>						
Balance on January 1, 2022	\$ 25,200	\$ -	\$ 4,330	\$ 73,979	\$ 12	\$103,521
De-booking	-	-	(805)	-	(12)	(817)
Amortization expense	37,800	-	120	-	-	37,920
Reclassified to the disposal group held for sale	-	-	-	(23,519)	-	(23,519)
Balance as at December 31, 2022	<u>\$ 63,000</u>	<u>\$ -</u>	<u>\$ 3,645</u>	<u>\$ 50,460</u>	<u>\$ -</u>	<u>\$117,105</u>
Net as at December 31, 2022	<u>\$ -</u>	<u>\$ 11,000</u>	<u>\$ 195</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,195</u>

The contract value of the Group's acquisition of Shang-Ting is amortized in accordance with the expected benefits, and the construction permit is not amortized with indefinite useful life.

Other intangible assets are amortized on a straight-line basis over the following useful lives:

Computer software 3 to 5 years

XVIII. Prepayments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Prepayment for construction	\$100,585	\$ 69,448
Prepayment	36,111	28,756
Residual tax credit	1,719	1,537
Others	<u>101</u>	<u>182</u>
	<u>\$138,516</u>	<u>\$ 99,923</u>

XIX. Loans

(I) Short-term loans

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Secured bank loans	<u>\$ 70,000</u>	<u>\$456,340</u>

As at December 31, 2023 and 2022, the annual interest rate was 2.18% and 1.86% to 2.75%, respectively.

In December 2023, the Group applied to the bank for a short-term financing loan amount of NTD 297,500 thousand, and the substantive related party Hung Hung-Chang provided TWSE/TPEX listed stocks as collateral. If the value of the shares fell to 125% of the guarantee amount, the Group must use pledged deposits to make up the difference. As of December 31, 2023, the Group had not provided pledged deposits to make up for the difference.

(II) Short-term bills payable – only as at December 31, 2022

	<u>December 31, 2023</u>
Commercial paper payable	\$300,000
Less: Discounts on short-term bills payable	(<u>1,388</u>)
	<u>\$298,612</u>

Interest rate per annum (%) 1.4

The abovementioned short-term bills payable were guaranteed by a subsidiary in an amount equivalent to NTD 300,000 thousand with repurchase bonds. For details, please refer to Note 9.

(III) Long-term loans

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Credit guarantee fund		
guarantees bank loans	\$ 76,294	\$ 27,996
Secured bank loans	164,271	600,634
Less: Long-term loans		
due within one		
business cycle	(240,565)	(218,490)
Long-term		
borrowings	<u>\$ -</u>	<u>\$410,140</u>
Credit guarantee fund		
guarantees bank loans		
Interest rate per	2.00~2.75	2.34~3.18
annum (%)		
Maturity period	August 2024–July	July
	2026	2024–November
		2026
Secured bank loans		
Interest rate per	2.48~2.95	2.00~2.89
annum (%)		
Maturity period	July 2024–April	December
	2028	2023–August 2025

XX. Notes payable and accounts payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes payable		
From operations	\$101,729	\$ 56,730
Accounts payable (including		
related parties, Note 32)		
From operations	100,479	98,747

In the accounts payable, the amounts of construction retention payable under construction contracts as at December 31, 2023 and 2022 were NTD 89,325 thousand and NTD 38,974 thousand, respectively. Construction retentions are non-interest bearing and will be paid at the end of the retention period of each construction contract. The retention period is the normal operating cycle of the Group, which is usually more than one year. For the description of the construction contract, please refer to Note 25.

XXI. Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Payables for salaries, bonuses and unused leave of absence	\$ 46,080	\$ 12,822
Business tax payable	10,641	5,710
Remuneration payable to directors and employees	3,728	-
Labor service payable	2,600	2,297
Payables for equipment	1,100	-
Others	<u>5,630</u>	<u>6,143</u>
	<u>\$ 69,779</u>	<u>\$ 26,972</u>

XXII. Provision

	<u>2023</u>	<u>2022</u>
Opening balance	\$ 39,867	\$ 17,037
New additions in the current year	40,492	22,923
Used in the current year	<u>-</u>	<u>(93)</u>
Closing balance	80,359	39,867
Less: Provision – current	<u>(7,192)</u>	<u>(1,701)</u>
Provision – non-current	<u>\$ 73,167</u>	<u>\$ 38,166</u>

XXIII. Maturity analysis of assets and liabilities

The Group's assets and liabilities related to the construction business are classified as current or non-current according to the operating cycle, and the relevant amounts recognized are based on the amounts expected to be recovered or settled over one year and more than one year after the balance sheet date as listed below:

<u>December 31, 2023</u>	<u>Within 1 year</u>	<u>After 1 year</u>	<u>Total</u>
Assets			
Contract assets	\$ 289,214	\$ -	\$ 289,214
Accounts receivable	72,595	-	72,595
Other financial assets – current	<u>374,185</u>	<u>30,880</u>	<u>405,065</u>
	<u>\$ 735,994</u>	<u>\$ 30,880</u>	<u>\$ 766,874</u>
Liabilities			
Contract liabilities	\$ 214,208	\$ -	\$ 214,208
Notes payable and accounts payable	188,048	14,160	202,208
Long-term borrowings	<u>60,723</u>	<u>179,842</u>	<u>240,565</u>
	<u>\$ 462,979</u>	<u>\$ 194,002</u>	<u>\$ 656,981</u>

<u>December 31, 2022</u>			
Assets			
Contract assets	\$ 297,706	\$ -	\$ 297,706
Other financial assets – current	<u>463,955</u>	<u>-</u>	<u>463,955</u>
	<u>\$ 761,661</u>	<u>\$ -</u>	<u>\$ 761,661</u>
Liabilities			
Contract liabilities	\$ 132,450	\$ -	\$ 132,450
Accounts payable	150,451	5,026	155,477
Long-term borrowings	<u>16,766</u>	<u>201,724</u>	<u>218,490</u>
	<u>\$ 299,667</u>	<u>\$ 206,750</u>	<u>\$ 506,417</u>

XXIV. Equity

(I) Share capital

Common shares

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Rated number of shares (thousand shares)	<u>99,000</u>	<u>99,000</u>
Authorized share capital	<u>\$990,000</u>	<u>\$990,000</u>
Number of shares issued and fully paid (thousand shares)	<u>42,488</u>	<u>24,988</u>
Share capital issued	<u>\$424,881</u>	<u>\$249,881</u>

Common shares issued have a par value of NTD 10 and each share is entitled to one voting right and the right to receive dividends.

As of December 31, 2023 and 2022, the abovementioned number of issued shares, including the number of commons stocks privately placed, was 31,853 thousand shares and 14,353 thousand shares, respectively, and the public offering procedures have not yet been processed. Information on previous private placements of common shares is as follows:

<u>Date of private placement</u>	<u>Number of private placement (capital reduction) shares (thousand shares)</u>	<u>Amount of private placement</u>
July 20, 2012	5,000	\$ 40,000
December 5, 2012	2,150	28,595
September 30, 2013	5,000	75,500
December 28, 2015	2,500	29,750
March 31, 2017	2,223	20,007
September 1, 2017	(7,445)	-
December 4, 2020	40,000	226,400
August 25, 2021	(35,075)	-
July 13, 2023	<u>17,500</u>	<u>506,100</u>
Total	<u>31,853</u>	<u>\$926,352</u>

On June 28, 2023, the Board of Directors of the Company resolved to increase capital by NTD 175,000 thousand through private placement of 17,500 thousand common shares at a premium price of NTD 28.92 per share with July 13, 2023 as the base date, obtaining NTD 506,100 thousand of additional paid-in capital, and capital surplus was increased by NTD 331,100 thousand. The paid-in capital was NTD 424,881 thousand after the capital increase, and the registration of change was completed.

A cash capital increase of the Company was approved by the Board of Directors on March 12, 2024. A total of 10 million shares with par value of \$10 per share will be issued at a tentative price of \$55 per share (to be adjusted depending on the situation). This cash capital increase will be proceeded after the effective registration with the Securities and Futures Bureau, Financial Supervisory Commission.

(II) Capital reserve

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
May be used to offset losses, distribute cash or capitalize on share capital (Note)		
Stock options for expired convertible corporate bonds	\$ 7,340	\$ 7,340
Premium from stock issuance	<u>331,100</u>	<u>-</u>
	<u>\$338,440</u>	<u>\$ 7,340</u>

Note: Such capital reserves may be used to make up for losses, and may be used to distribute cash or capitalize on share capital when the Company has no losses. However, the capital reserves shall be limited to a certain percentage of the Company's paid-in capital each year.

(III) Retained earnings and dividend policy

If there are earnings in the annual final accounting, the Company shall pay tax and make up for the accumulated losses, and then set aside 10% as the legal reserve, and the rest shall be set aside or reversed as special reserve in accordance with the laws and regulations. For the remaining earnings, the Board of Directors shall prepare a proposal for the distribution of earnings to be submitted to the shareholders' meeting for resolution on the distribution of dividends to shareholders. For the distribution policy of the remuneration to employees and director, please refer to Note 26(6) Remuneration to employees and directors.

In addition, in accordance with the Company's Articles of Incorporation, earnings may be distributed in the form of cash dividends or stock dividends. Cash dividends are preferred for the distribution of earnings, or may be distributed in the form of stock dividends. However, the percentage of stock dividends may not be distributed at a rate of no more than 50% of the total dividends as a principle. Where the Company has no earnings to distribute for the year, or the Company has earnings but the amount of earnings is far less than the actual earnings distributed by the Company in the previous year, or based on the Company's finance, business, and operating conditions, all or a portion of the Company's reserves may be distributed in accordance with the laws and regulations of the competent authorities.

The loss appropriation proposals for 2022 and 2021 were approved by the Company's general shareholders' meetings held on June 19, 2023 and June 8, 2022, respectively.

The 2023 earnings distribution was proposed by the Board of Directors on March 12, 2024 as follows:

	<u>2023</u>
Legal reserve	<u>\$ 66,711</u>
Special reserves	<u>\$ 6,916</u>
Cash dividends	<u>\$ 84,976</u>
Cash dividend per share (NTD)	\$ 2

The 2023 earnings distribution is pending resolution by the shareholders' meeting in May 2024.

(IV) Other equity items

1. Exchange differences on translation of financial statements of foreign operations

	<u>2023</u>	<u>2022</u>
Opening balance	(\$ 7,062)	(\$ 12,306)
Occurred in the current year		
Exchange differences on foreign operations	770	6,555
Income tax on translation of foreign operations	(154)	(1,311)
Disposal of foreign operations (Note 28)	(588)	-
Income tax on disposal of foreign operations	<u>118</u>	<u>-</u>
Closing balance	<u>(\$ 6,916)</u>	<u>(\$ 7,062)</u>

2. Unrealized gain or loss on financial assets at fair value through other comprehensive income

	<u>2023</u>	<u>2022</u>
Opening balance	(\$ 6,018)	(\$ 4,659)
Occurred in the current year		
Unrealized profit or loss	(1,478)	(1,359)
Accumulated gains and losses on disposal of equity instruments transferred to retained earnings	<u>7,496</u>	<u>-</u>
Closing balance	<u>\$ -</u>	<u>(\$ 6,018)</u>

3. Revaluation gains of property

	<u>2023</u>	<u>2022</u>
Opening balance	\$556,397	\$556,397
Reclassified to retained earnings	(556,397)	<u>-</u>
Closing balance	<u>\$ -</u>	<u>\$556,397</u>

XXV. Revenue

	<u>2023</u>	<u>2022</u>
Revenue from contracts with customers		
Construction revenue	<u>\$1,947,532</u>	<u>\$1,169,012</u>

(I) Contract balance

	<u>2023</u>	<u>2022</u>	<u>2022</u>
	<u>December 31</u>	<u>December 31</u>	<u>January 1</u>
Notes receivable (Note 10)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,706</u>
Accounts receivable (Note 10)	<u>\$ 72,595</u>	<u>\$ -</u>	<u>\$ 17,000</u>
Contract assets			
Engineering construction	\$ 289,214	\$ 277,250	\$ 174,252
Construction retention receivable	<u>-</u>	<u>20,456</u>	<u>9,938</u>
	<u>\$ 289,214</u>	<u>\$ 297,706</u>	<u>\$ 184,190</u>
Contract liabilities			
Engineering construction	<u>\$ 214,208</u>	<u>\$ 132,450</u>	<u>\$ 9,304</u>

The change in contract assets and liabilities is mainly due to the difference between the point of meeting the performance obligation and the time of payment by the customer.

The credit risk management of contract assets adopted by the Group is the same as that of accounts receivable. Please refer to Note 10 for details.

(II) Breakdown of revenue from contracts with customers

Please refer to Note 36 for the breakdown of revenue.

(III) Contracts with customers not yet completed

As of December 31, 2023 and 2022, the transaction prices allocated to the unsatisfied performance obligations of the Consolidated Company were \$6,306,832 thousand and \$3,747,582 thousand, respectively. The Consolidated Company expects to satisfy these performance obligation by the end of 2027 and 2026 and recognize the revenue over time.

XXVI. Net profit before tax

(I) Other income

	<u>2023</u>	<u>2022</u>
Dividend income	\$ -	\$ 2,584
Rental income	14,225	26,236
Others	<u>1,803</u>	<u>3,571</u>
	16,028	32,391
Less: Other income from discontinued operations	<u>-</u>	<u>(275)</u>
	<u>\$ 16,028</u>	<u>\$ 32,116</u>

(II) Other gains and losses

	<u>2023</u>	<u>2022</u>
Gains on disposal of investment property	\$ 17,976	\$ -
Gain on disposal of equity-method subsidiaries (Note 29)	1,416	2,730
Disposal of property, plant and equipment losses (gains)	(186)	722
Losses on financial instruments at fair value through profit or loss	-	(14,316)
Net foreign exchange gain or loss	262	12,856
Adjusted income on investment property at fair value (Note 15)	-	(14,670)
Other expenses	<u>(177)</u>	<u>(1,035)</u>
	<u>\$ 19,291</u>	<u>(\$ 13,713)</u>

(III) Financial cost

	<u>2023</u>	<u>2022</u>
Borrowing interest	\$ 17,312	\$ 15,874
Interest on convertible corporate bonds	-	507
Interest on lease liabilities	618	355
Others	<u>30</u>	<u>37</u>
	<u>\$ 17,960</u>	<u>\$ 16,773</u>

(IV) Depreciation and amortization

	<u>2023</u>	<u>2022</u>
Property, plant and equipment	\$ 14,476	\$ 12,695
Right-of-use assets	11,677	6,541
Intangible assets	<u>104</u>	<u>37,920</u>
	<u>\$ 26,257</u>	<u>\$ 57,156</u>
Depreciation expenses by function		
Operating cost	\$ 2,932	\$ 1,564
Operating expenses	<u>23,221</u>	<u>17,672</u>
	<u>\$ 26,153</u>	<u>\$ 19,236</u>
Amortization expenses by function		
Operating expenses	<u>\$ 104</u>	<u>\$ 37,920</u>

(V) Employee benefits expense

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$181,556	\$ 85,567
Post-employment benefits Defined contribution plan	<u>5,755</u> <u>\$187,311</u>	<u>3,962</u> <u>\$ 89,529</u>
Summary by function		
Operating cost	\$109,866	\$ 54,817
Operating expenses	<u>77,445</u> <u>\$187,311</u>	<u>34,712</u> <u>\$ 89,529</u>

(VI) Remuneration to employees and directors

The Company appropriates no less than 1% and no more than 1% of the Company's earnings before income tax for the year as remuneration to employees and directors, respectively. However, where the Company has accumulated losses, an amount to offset the losses shall be retained in advance and then remuneration to employees and directors shall be appropriated in accordance with the aforementioned percentages.

As there was still losses to be offset for 2022, remuneration of employees and directors was not estimated. The estimated remuneration of employees and directors for 2023 is as follows:

	<u>2023</u>
<u>Estimated percentage (%)</u>	
Remuneration to employees	1.68
Remuneration to directors	0.84
<u>Amount</u>	
Remuneration to employees	\$ 2,485
Remuneration to directors	1,243

If there is a change in the amount of the annual consolidated financial statements after the publication date, it will be treated as a change in the accounting estimate and will be adjusted and accounted for in the following year.

It was resolved by the Board of Directors not to distribute employees' remuneration and directors' remuneration in 2022 and 2021.

For information on the remuneration of employees and directors resolved by the Board of Directors in 2023 and 2022, please visit the Market Observation Post System of the Taiwan Stock Exchange.

(VII) Gain (loss) on foreign currency exchange

	<u>2023</u>	<u>2022</u>
Total foreign currency exchange gains	\$ 980	\$ 20,949
Total foreign currency exchange losses	(<u>718</u>)	(<u>8,093</u>)
Net foreign exchange gain or loss	<u>\$ 262</u>	<u>\$ 12,856</u>

XXVII. Income tax

(I) Income tax recognized in profit or loss

Major components of income tax expenses (benefit) are as follows:

	<u>2023</u>	<u>2022</u>
Current income tax		
Incurred in the current year	\$ 15,381	\$ 8,228
Adjusted in prior years	58	-
Deferred income tax		
Incurred in the current year	(5,145)	(13,948)
Adjusted in prior years	(<u>406</u>)	<u>-</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ 9,888</u>	(<u>\$ 5,720</u>)

Reconciliation of accounting income and income tax expense (profit) is as follows:

	<u>2023</u>	<u>2022</u>
Profit (loss) before tax	<u>\$151,868</u>	<u>(\$ 2,003)</u>
Net loss before tax at income tax calculated at statutory tax rate	\$ 30,374	(\$ 401)
Non-deductible loss and deductible income	(2,060)	(1,907)
Unrecognized deductible temporary differences	3,011	5,953
Recognizable loss carryforwards	(21,089)	(9,365)
Adjustments in prior years	(<u>348</u>)	<u>-</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ 9,888</u>	<u>(\$ 5,720)</u>
 (II) Income tax recognized in other comprehensive income		
	<u>2023</u>	<u>2022</u>
Deferred income tax Incurred in the current period		
Translation of the financial statements of foreign operations	(<u>\$ 36</u>)	(<u>\$ 1,311</u>)
 (III) Current income tax assets and liabilities		
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current income tax assets		
Tax refund receivable	<u>\$ 332</u>	<u>\$ 190</u>
Current income tax liabilities		
Income tax payable	<u>\$ 21,323</u>	<u>\$ 18,597</u>

(IV) Deferred income tax assets and liabilities

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

2023

	<u>Opening balance</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehensi ve income</u>	<u>Closing balance</u>
<u>Deferred income tax assets</u>				
Temporary difference				
Unrealized gains of subsidiaries	\$ 157	(\$ 19)	\$ -	\$ 138
Warranty liabilities	7,974	8,098	-	16,072
Translation of the financial statements of foreign operations	\$ 1,766	\$ -	(\$ 36)	\$ 1730
Unrealized valuation loss of investment property	<u>2,934</u>	<u>(2,934)</u>	<u>-</u>	<u>-</u>
	<u>\$12,831</u>	<u>\$ 5,145</u>	<u>(\$ 36)</u>	<u>\$17,940</u>
	<u>Opening balance</u>	<u>Recognized in profit or loss</u>	<u>Actual payment</u>	<u>Closing balance</u>
<u>Deferred income tax liabilities</u>				
Temporary difference				
Reserve for land increment tax	<u>\$33,899</u>	<u>\$ 406</u>	<u>(\$34,305)</u>	<u>\$ -</u>

2022

	Opening balance	Recognized in profit or loss	Recognized in other comprehensi ve income	Closing balance
<u>Deferred income tax assets</u>				
Temporary difference				
Unrealized exchange losses	\$ 681	(\$ 681)	\$ -	\$ -
Unrealized gains of subsidiaries	176	(19)	-	157
Warranty liabilities	3,799	4,175	-	7,974
Translation of the financial statements of foreign operations	3,077	-	(1,311)	1,766
Unrealized valuation loss of investment property	-	2,934	-	2,934
Others	21	(21)	-	-
	<u>\$ 7,754</u>	<u>\$ 6,388</u>	<u>(\$ 1,311)</u>	<u>\$ 12,831</u>
<u>Deferred income tax liabilities</u>				
Temporary difference				
Reserve for land increment tax	\$ 33,899	\$ -	\$ -	\$ 33,899
Unrealized gains	7,560	(7,560)	-	-
	<u>\$ 41,459</u>	<u>(\$ 7,560)</u>	<u>\$ -</u>	<u>\$ 33,899</u>

- (V) Deductible temporary differences of deferred income tax assets not recognized in the consolidated balance sheet and tax credits of unused loss carryforwards

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Loss carryforwards	<u>\$123,717</u>	<u>\$144,806</u>

- (VI) Information on tax credits of unused loss carryforwards

As of December 31, 2023, information on loss carryforwards is as follows:

<u>Outstanding tax credits</u>	<u>Last year of credit</u>
\$ 4,629	2025
46,186	2026
7,936	2027
9,083	2028
14,115	2029
30,816	2030
<u>10,952</u>	2031
<u>\$123,717</u>	

(VII) Assessment of income tax

The profit-seeking enterprise income tax returns of the Company and its domestic subsidiaries have been assessed by the tax authorities up to 2021. There was no significant difference between the audit results and the declared amount.

XXVIII. Earnings per share

The net profit and the weighted average number of ordinary shares used to calculate the earnings per share of continuing operations are as follows:

Net income for the year

	<u>2023</u>	<u>2022</u>
Net income attributable to owners of the Company for the year	\$141,980	\$ 3,717
Less: Net profit of discontinued operations for the year used to calculate basic earnings per share of discontinued operations	<u>-</u>	<u>434</u>
Net income for the year used to calculate the basic and diluted earnings per share of continuing operations	<u>\$141,980</u>	<u>\$ 3,283</u>

Number of shares

	<u>2023</u>	<u>2022</u>
Weighted average number of common shares used to calculate basic earnings per share	33,235	24,988
Employee remuneration due to dilutive effect of potential ordinary shares	<u>60</u>	<u>-</u>
Weighted average number of common shares used to calculate diluted earnings per share	<u>33,295</u>	<u>24,988</u>

Unit: Thousand shares

If the Group can settle the compensation to employees in cash or shares, the Group assumes the entire amount of the compensation would be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share if the effect is dilutive. Such a dilutive effect of the potential shares is included in the computation of diluted

earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

XXIX. Disposal of subsidiaries

In addition to as stated in Note 12, the Group's disposal of Tri Ocean Energy, Zhao-Ting Property and Shanghai Laishida, is as follows:

(I) Consideration received

	<u>Tri Ocean Energy</u>	<u>Zhao-Ting Property</u>	<u>Shanghai Laishida</u>
Cash	\$ 6,230	\$ 26,414	\$ 2,063
Other receivables	-	-	883
Total consideration received	<u>\$ 6,230</u>	<u>\$ 26,414</u>	<u>\$ 2,946</u>

(II) Analysis of assets and liabilities over which control is lost

	<u>Tri Ocean Energy</u>	<u>Zhao-Ting Property</u>	<u>Shanghai Laishida</u>
Current assets			
Cash	\$ 4,156	\$ 1,765	\$ 3,161
Financial assets measured at fair value through profit or loss	-	24,495	-
Other current assets	135	-	220
Non-current assets			
Property, plant and equipment	-	-	5
Right-of-use assets	20,427	-	-
Current liabilities			
Other current liabilities	(85)	(120)	(994)
Non-current liabilities			
Lease liabilities	(21,133)	-	-
Net assets disposed of	<u>\$ 3,500</u>	<u>\$ 26,140</u>	<u>\$ 2,392</u>

(III) Gains from disposal of subsidiary

	<u>Tri Ocean Energy</u>	<u>Zhao-Ting Property</u>	<u>Shanghai Laishida</u>
Consideration received	\$ 6,230	\$ 26,414	\$ 2,946
Net assets of disposal subsidiary	(3,500)	(26,140)	(2,392)
Accumulated exchange differences on the subsidiary's net assets reclassified from equity to profit or loss due to loss of control over the subsidiary	\$ -	\$ -	\$ 588
Gains on disposal	<u>\$ 2,730</u>	<u>\$ 274</u>	<u>\$ 1,142</u>

(IV) Net cash inflow (outflow) from disposal of subsidiary

	<u>Tri Ocean Energy</u>	<u>Zhao-Ting Property</u>	<u>Shanghai Laishida</u>
Consideration received in cash	\$ 6,230	\$ 26,414	\$ 2,063
Less: Cash balance from disposals	(4,156)	(1,765)	(3,161)
	<u>\$ 2,074</u>	<u>\$ 24,649</u>	<u>(\$ 1,098)</u>

XXX. Capital risk management

The Group performs capital management to ensure that each enterprise within the Group can maximize shareholders' equity by optimizing the amount of debt and equity under the premise of continuing to operate.

The Group's key management reviews the Group's capital structure from time to time in accordance with the economic environment and business considerations. Based on the recommendations of the key management personnel and in accordance with the laws and regulations, the Group will balance its overall capital structure through fund-raising in the capital market and bank financing.

XXXI. Financial instruments

(I) Fair value information – financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value through other comprehensive income				
<u>Investment in equity instruments</u>				
Domestic listed stocks	<u>\$ 31,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,500</u>
Financial liabilities measured at fair value through profit or loss				
<u>Contingent consideration</u> (Note 12)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 232,725</u>	<u>\$ 232,725</u>

There were no transfers between Level 1 and Level 2 fair value measurements in 2023 and 2022.

2. Reconciliation of Level 3 fair value measurement of financial instruments

The Groups only financial liability that adopts Level 3 fair value for subsequent measurement is the contingent consideration related to the acquisition of Shang-Ting Construction. The contingent consideration-related valuation loss recognized in 2022 was NTD 12,975 thousand.

3. Valuation techniques and inputs for Level 3 fair value measurement

Type of financial instrument	Valuation technique and inputs
Agreement with contingent consideration	Discount the estimated fair value based on the payment risk interest rate and credit risk discount rate in accordance with the negotiated conditions.

(III) Types of financial instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets measured at fair value through other comprehensive income		
Investment in equity instruments	\$ -	\$ 31,500
Financial assets measured at amortized cost (Note 1)	1,630,198	986,233
<u>Financial liabilities</u>		
Financial liabilities measured at fair value through profit or loss	-	232,725
Measured at amortized cost (Note 2)	832,884	1,473,188

Note 1: The balances include financial assets measured at amortized cost, including cash, accounts receivable, other receivables, and other financial assets.

Note 2: The balance includes short-term borrowings, short-term bills payable, notes payable, accounts payable, other payables (including related parties), long-term liabilities due within one operating cycle,

long-term borrowings and refundable deposits (including current recognized in other current liabilities) (under) and other financial liabilities measured at amortized cost, but excluding the amount of short-term employee benefits payable.

(IV) Financial risk management objectives and policies

The Group's major financial instruments include accounts receivable, accounts payable, lease liabilities and borrowings. The Group's financial management department monitors and manages the financial risks related to the Group's operations through the internal risk report that analyzes exposures based on the level and breadth of risks. Such risks include market risk (including interest rate risk and other price risk), credit risk and liquidity risk.

1. Market risk

The main market risk assumed by the Group's operating activities is the risk of changes in foreign currency exchange rates and the risk of changes in interest rates.

There has been no change to the Group's exposure to market risks and the management and measurement of such exposures.

(1) Exchange rate risk

The Group is not material to the fluctuations in the exchange rate of USD in 2023 and 2022.

(2) Interest rate risk

The carrying amounts of the Group's financial assets and financial liabilities with exposure to the interest rate risk on the balance sheet date are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fair value interest rate risk		
Financial assets	\$ 300,000	\$ -
Financial liabilities	369,475	176,416
Cash flow interest rate risk		
Financial assets	1,113,735	852,969
Financial liabilities	280,739	946,103

Sensitivity analysis

For assets and liabilities with floating interest rates, the change rate used in the Groups internal reporting of interest rate risk to key management personnel is 100 basis points. If the interest rate increased by 100 basis points (1%) on the balance sheet date, all other variables remained unchanged under such circumstances, the Group's net profit before tax for 2023 and 2022 would have increased (decreased) by NTD 8,330 and (931) thousand, respectively. Mainly due to the Group's bank borrowings and deposits at variable interest rates.

(3) Other price risk – 2022 only

The Group is exposed to the equity price risk due to its investment in the listed equity securities. The Group's management manages risks by holding different risk portfolios.

Sensitivity analysis

The following sensitivity analysis is based on the equity price exposure on the balance sheet date.

If the equity price had increased/decreased by 5%, other comprehensive income would have increased/decreased by NTD 1,575 thousand in 2022 due to the increase/decrease in fair value of financial assets measured at FVTOCI.

2. Credit risk

The financial assets are potentially affected by the Group's counterparty or other party's failure to fulfill a contract. The impact includes the credit risk concentration, components and contract value of the Group's financial instruments. The credit risk of each financial asset of the Group is based on the contract with a positive fair value on the balance sheet date. The credit risk amount of the financial assets held by the Group is approximately equivalent to the book value.

The credit risk of the public construction projects undertaken by the Group is mainly concentrated in the government agencies, and the credit risk is expected to be insignificant.

3. Liquidity risk

The Group manages and maintains sufficient cash to cover its operating expenses and mitigate the impact of cash flow fluctuations. The Group's management monitors the use of the bank's financing facilities and ensures that they are sufficient. Therefore, there is no liquidity risk due to the inability to raise funds to fulfill contractual obligations.

The following table shows the Group's agreed repayment period of the remaining contractual maturity of its non-derivative financial liabilities. The table was based on the earliest date on which the Group may be required to make repayments, and prepared using the undiscounted cash flows of the financial liabilities, consisting of cash flows of interest and principal.

December 31, 2023

	Pay on demand or in less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years
<u>Non-derivative financial liabilities</u>				
Non-interest-bearing liabilities	<u>\$144,760</u>	<u>\$ 31,344</u>	<u>\$ 81,767</u>	<u>\$ 15,644</u>
Fixed interest rate liabilities	<u>\$ 58</u>	<u>\$300,053</u>	<u>\$ 13,223</u>	<u>\$ 17,124</u>
Liabilities at floating interest rates	<u>\$ 70,641</u>	<u>\$ 460</u>	<u>\$ 60,189</u>	<u>\$170,481</u>
Lease liabilities	<u>\$ 1,037</u>	<u>\$ 2,442</u>	<u>\$ 9,016</u>	<u>\$ 30,955</u>

December 31, 2022

	Pay on demand or in less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years
<u>Non-derivative financial liabilities</u>				
Non-interest-bearing liabilities	<u>\$106,457</u>	<u>\$246,859</u>	<u>\$ 37,131</u>	<u>\$243,318</u>
Fixed interest rate liabilities	<u>\$ 307</u>	<u>\$ 614</u>	<u>\$ 3,068</u>	<u>\$140,631</u>
Liabilities at floating interest rates	<u>\$ 1,780</u>	<u>\$ 3,563</u>	<u>\$482,276</u>	<u>\$488,058</u>
Lease liabilities	<u>\$ 983</u>	<u>\$ 1,968</u>	<u>\$ 7,881</u>	<u>\$ 27,978</u>

XXXII. Transactions with related parties

Intercompany transactions, account balances, income, and expenses have been eliminated upon consolidation and are not disclosed in this note. Except as stated in other notes, the transactions between the Group and other related parties are as follows:

The transactions between the Group and other related parties are as follows:

(I) Names of related parties and their relationships

<u>Name of related party</u>	<u>Relationship with the Group</u>
Hung Hung-Chang	Substantive related party
Chiang Yu-Lien	Chairman of the Company (since June 2023)
Hsu Cheng-Che	General Manager of the Company (from June 2023)
Lian-Chuang Enterprise Co., Ltd. (Lian-Chuang)	Substantive related party
Lung-Ting Cement Co., Ltd.	Substantive related party
Hong-Ting Co., Ltd.	Substantive related party
Jia Jie Biomedical Co., Ltd.	Substantive related party (not a substantive related party since February 2023)

(II) Operating revenue

Construction contracting

1. 2023

<u>Name of related party</u>	<u>Total contract price</u>	<u>Recognized construction revenue for the year</u>	<u>Accumulated construction revenue recognized</u>	<u>Prepayment for construction</u>
Lian-Chuang	\$ 85,424	\$ 1,929	\$ 85,424	\$ 85,424

2. 2022

<u>Name of related party</u>	<u>Total contract price</u>	<u>Recognized construction revenue for the year</u>	<u>Accumulated construction revenue recognized</u>	<u>Prepayment for construction</u>
Lian-Chuang	\$ 85,424	\$ 42,065	\$ 83,495	\$ 85,424

The total price of the construction contract with the related party is based on the negotiation between the two parties, and the payment is collected according to the construction progress, and the payment terms are equivalent to those of non-related parties.

(III) Purchase – 2023 only

Name/category of related party	2023
Substantive related party	<u>\$ 371</u>

The trading terms of the Group's purchase from the related party are equivalent to those of a general manufacturer.

(IV) Contractual liabilities – only as at December 31, 2022

Presentation item	Category of related party	December 31, 2022
Contract liabilities	Lian-Chuang	<u>\$ 1,929</u>

(V) Accounts payable to related parties

Presentation item	Name/category of related party	December 31, 2023	December 31, 2022
Accounts payable	Substantive related party	<u>\$ -</u>	<u>\$ 40</u>
Notes payable	Substantive related party	<u>\$ 16</u>	<u>\$ -</u>
Other payables	Hung Hung-Chang Chiang Yu-Lien	\$ - <u>-</u>	\$ 255,450 <u>190,300</u>
Included in other payables		<u>-</u>	<u>(213,025)</u>
Included in financial liabilities measured at fair value through profit or loss – non-current		<u>\$ -</u>	<u>\$ 232,725</u>

Other payables – related parties are mainly payments due to acquisition of shares of subsidiaries. Including the contingent consideration is recognized at fair value on the date of acquisition, recognized as financial liabilities measured at fair value through profit or loss – non-current.

The abovementioned other payables and contingent consideration agreements have been paid in full. Please refer to Note 12 for details.

(VI) Lease agreements

<u>Presentation item</u>	<u>Category/Name of related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Right-of-use assets	Substantive related party Lian-Chuang	<u>\$ 33,088</u>	<u>\$ 29,604</u>
Lease liabilities – current	Substantive related party Lian-Chuang	\$ 6,355	\$ 6,178
Lease liabilities – non-current	Substantive related party Lian-Chuang	<u>26,733</u>	<u>23,502</u>
		<u>\$ 33,088</u>	<u>\$ 29,680</u>

<u>Presentation item</u>	<u>Category/Name of related party</u>	<u>2023</u>	<u>2022</u>
Interest on lease liabilities	Substantive related party Lian-Chuang	<u>\$ 454</u>	<u>\$ 162</u>

<u>Presentation item</u>	<u>Category/Name of related party</u>	<u>2023 December 31</u>	<u>2022 December 31</u>
Refundable deposits (included in other financial assets – non-current)	Substantive related party Lian-Chuang	<u>\$ 1,100</u>	<u>\$ 1,100</u>

The Group leased the Lian-Chuang Building from its substantive related party, Lian-Chuang, for use as offices in September 2022. The rent was based on the rent level of similar assets, with fixed monthly payment in accordance with the lease agreement. In December 2023, the Group renegotiated the lease agreement to extend the lease contract period to December 2028. Therefore, the lease liabilities were re-measured and the right-of-use assets were adjusted accordingly.

(VII) Endorsements/guarantees

Chairman Chiang Yu-Lian, General Manager Hsu Cheng-Che, and substantive related party Hung Hung-Chang, provided endorsements and guarantees for the Group's loans.

(VIII) Other related party transactions – 2022 only

Presentation item	Category/Name of related party	2022
Other expenses	Substantive related party	<u>\$236</u>

(IX) Remuneration of key management personnel

	2023	2022
Salaries, bonuses, allowances and bonuses	<u>\$ 19,667</u>	<u>\$ 13,685</u>

The remuneration of directors and other key management personnel is determined by the Remuneration Committee in accordance with individual performance and market trends.

XXXIII. Assets pledged as collateral

The following assets of the Group have been provided as performance bonds, warranty deposits and financial guarantees:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other financial assets	\$ 607,977	\$ 653,464
Investment property	-	721,010
	<u>\$ 607,977</u>	<u>\$ 1,374,474</u>

XXXIV. Significant contingent liabilities and unrecognized contractual commitments

Except as described in other notes, the significant commitments and contingencies of the Group as of the balance sheet date are as follows:

As at December 31, 2023 and 2022, the amount of the performance guarantee provided by the bank for the contracted projects was NTD 1,008,064 thousand and NTD 834,458 thousand.

XXXV. Additional Disclosures

- (I) Information on major transactions and (2) Information on investees
1. Loaning of funds to others: Table 1.
 2. Endorsements/guarantees for others: Table 2.
 3. Marketable securities held at the end of the period: None.
 4. Marketable securities acquired or disposed of at costs or prices at least NTD 300 million or 20% of the paid-in capital: Table 3.
 5. Acquisition of individual real estate at costs of at least NTD 300 million or 20% of the paid-in capital: None.

6. Disposal of individual real estate at costs of at least NTD 300 million or 20% of the paid-in capital: Table 4.
 7. Total purchases from or sales to related parties amounting to at least NTD 100 million or 20% of the paid-in capital: Table 5.
 8. Receivables from related parties amounting to at least NTD 100 million or 20% of the paid-in capital: None.
 9. Trading in derivative instruments: None.
 10. Others: Business relationships and significant transactions between parent company and subsidiaries and among subsidiaries: Table 6.
- (II) Information on investees: Table 7.
- (III) Investment information in Mainland China
1. Information on any investee in Mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, current income or loss and investment income or loss recognized, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the Mainland China area: None; as stated in Note 12, the disposal of subsidiary – Shanghai Laishida has been completed, and the relevant change of the investment amount in Mainland China has been submitted to the Investment Commission of the Ministry of Economic Affairs.
 2. Any of the following significant transactions with investees in Mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None.
 - (1) Amount and percentage of purchases and related payables at the end of the period.
 - (2) Amount and percentage of sales and related receivables at the end of the period.
 - (3) Amount of property transactions and the amount of gain or loss arising therefrom.
 - (4) Ending balance of negotiable instruments endorsed or provided as collateral and the purpose thereof.
 - (5) Maximum balance, ending balance, interest rate range, and total interest for the current period of the financing.

(6) Other transactions that have a significant impact on the current profit or loss or financial position, such as the provision or receipt of services.

(IV) Information on major shareholders: Names of shareholders with a shareholding ratio of more than 5%, number of shares held, and percentage: Table 8.

XXXVI. Segment Information

- The Company and Shang-Ting Construction mainly operate in Taiwan and the source of revenue is the public construction projects undertaken by government agencies.

(I) Segment revenue and operating results

The following is an analysis of the Group's revenue and operating results by the reporting segment:

2023

	<u>Triocean</u>	<u>Shang-Ting Construction</u>	<u>Other companies</u>	<u>Adjustments and write-offs</u>	<u>Total</u>
Revenue from external customers	\$ 62,424	\$ 1,885,108	\$ -	\$ -	\$ 1,947,532
Inter-segment revenue	<u>221,193</u>	<u>-</u>	<u>-</u>	<u>(221,193)</u>	<u>-</u>
Consolidated revenue	<u>\$ 283,617</u>	<u>\$ 1,885,108</u>	<u>\$ -</u>	<u>(\$ 221,193)</u>	<u>\$ 1,947,532</u>
Profit or loss before tax from continuing operations	<u>\$ 128,829</u>	<u>\$ 38,095</u>	<u>(\$ 15,056)</u>	<u>\$ -</u>	<u>\$ 151,868</u>

2022

	<u>Triocean</u>	<u>Shang-Ting Construction</u>	<u>Other companies</u>	<u>Adjustments and write-offs</u>	<u>Total</u>
Revenue from external customers	\$ 37,506	\$ 1,131,506	\$ -	\$ -	\$ 1,169,012
Inter-segment 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>\$ 1,169,012</u>
Profit or loss before tax from continuing operations	<u>(\$ 4,571)</u>	<u>\$ 17,589</u>	<u>(\$ 15,455)</u>	<u>\$ -</u>	<u>(\$ 2,437)</u>

(II) Departmental total assets and liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Segment assets</u>		
Triocean	\$ 782,404	\$ 1,569,263
Shang-Ting Construction	1,799,272	1,107,745
Other companies	<u>84,147</u>	<u>84,072</u>
Consolidated total assets	<u>\$2,665,823</u>	<u>\$2,761,080</u>
<u>Segment liabilities</u>		
Triocean	\$ 611,359	\$ 1,341,643
Shang-Ting Construction	630,796	642,477
Other companies	<u>156</u>	<u>196</u>
Consolidated total liabilities	<u>\$1,242,311</u>	<u>\$1,984,316</u>

Triocean Industrial Corporation Co., Ltd. and Subsidiaries
Loaning of funds to others

For the year ended December 31, 2023

(Unit: Thousand NTD, unless Stated Otherwise)

Table 1

No. (Note 1)	Lending company	Borrower	Financial statement account	Related party	Highest balance in the current year (Note 2)	Balance at the end of the year	Actual amount borrowed at the end of the year (Note 3)	Interest rate range (%)	Nature of loan	Business transaction amount	Reasons for short-term financing	Allowance for impairment loss	Collateral		Financing limit for each borrower	Aggregate amount of loan	Notes
													Name	Value			
1	Shang-Ting Construction Co., Ltd.	Tri Ocean Textile (Thailand) Co., Ltd	Other receivables Related parties	Yes	\$ 18,452	\$ 9,017	\$ 5,410	4	Short-term loan	\$ -	Operating turnover	\$ -	\$ -	\$ 494,812			

Note 1: The amount lent by a subsidiary to an individual shall not exceed 40% of the net worth of the company to which the funds are lent.

Note 2: The total amount of loans to others by the Company and its subsidiaries is limited to 40% of the net worth of the company to which the funds are lent.

Note 3: Eliminated upon the preparation of the consolidated financial statements.

Triocean Industrial Corporation Co., Ltd. and Subsidiaries
 Endorsements/Guarantees for Others
 For the year ended December 31, 2023

Unit: NTD thousand
 (unless otherwise stated)

No.	Name of endorser/guarantor	Endorsee/Guaranteee		Limit on endorsement/ Guarantee given on behalf of each party (Note 1)	Outstanding endorsement/ Guarantee during the year	Outstanding endorsement/ Guarantee at the end of the period	Actual amount borrowed	Amount endorsed/ guaranteed by collateral	Ratio of accumulated endorsement/Guarant ee to net equity in latest financial statements (%)	Aggregate endorsement/guarantee limit (Note 2)	Endorsement/ Guarantee given by parent on behalf of subsidiaries	Endorsement/ Guarantee given by subsidiaries on behalf of parent	Endorsement/ Guarantee given on behalf of companies in Mainland China	Notes
		Name of company	Relationship											
1	Shang-Ling Construction Co., Ltd.	Triocean Industrial Corporation Co., Ltd.	Parent company	\$ 618,516	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	24	\$ 2,474,062	N	Y	N	

Note 1: The limit of the endorsement/guarantee provided by a subsidiary as a whole to a single enterprise shall not exceed 50% of the net worth of the subsidiary.

Note 2: The total amount of endorsements/guarantees accumulated by the subsidiary as a whole shall not exceed twice the net worth of the subsidiary.

Triocean Industrial Corporation Co., Ltd. and Subsidiaries

Marketable securities acquired or disposed of at costs or prices at least NTD 300 million or 20% of the paid-in capital

For the year ended December 31, 2023

Table 3

(Unit: Thousand NTD, unless Stated Otherwise)

Buying/selling company	Type and name of marketable securities	Financial statement account	Counterparty	Relationship	Beginning of the year		Buying in		Selling			End of the year		
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Carrying cost	Disposal gains (losses)	Number of shares	Amount
Triocean Industrial Corporation Co., Ltd.	Common stock Shang-Ting Construction Co., Ltd.	Investment under the equity method	Note 2	Subsidiary	50,000,000	\$ 965,598	70,000,000	\$ 700,000	-	\$ -	\$ -	-	120,000,000	\$ 1,695,327

Note 1: The amount of investment under the equity method includes investment gains and losses recognized under the equity method and related adjustments of investment under the equity method, which were eliminated upon the preparation of the consolidated financial statements.

Note 2: For cash capital increase.

Triocean Industrial Corporation Co., Ltd. and Subsidiaries

Disposal of individual real estate at costs of at least NTD 300 million or 20% of the paid-in capital

For the year ended December 31, 2023

Table 4

(Unit: Thousand NTD, unless Stated Otherwise)

Disposal of property	Property name	Date of occurrence	Original acquisition date	Carrying amount	Transaction amount (Note)	Collection of payment	Disposal gain or loss	Counterparty	Relationship	Purpose of disposal	References for price determination	Others Covenants
The Company	Investment property – land and buildings	2023.05.09	1990.12.15 and 2000.10.01	\$ 721,010	\$ 738,986	Note 15	\$ 17,976	Pegatron Corporation	None	Revitalize assets, improve financial structure, and replenish working capital	Appraisal report	-

Note: Necessary costs have been deducted.

Triocean Industrial Corporation Co., Ltd. and Subsidiaries

Amount of significant purchases from or sales to related parties amounting to at least NTD 100 million or 20% of the paid-in capital
For the year ended December 31, 2023

Table 5

Unit: Thousand NTD, unless Stated Otherwise

Purchase (sale) company	Counterparty	Relationship	Transaction status			Circumstances and reasons for the difference between the transaction conditions and general transactions	Notes and accounts receivable (payable)		Notes
			Purchase (sale)	Amount	As a percentage to total purchase (sales) (%)		As a percentage to total notes and accounts receivable (payable) (%)		
					Unit price	Credit period	Balance		
The Company	Shang Ting Construction	Subsidiary company	Operating revenue	(\$221,193)	(11)	Monthly settlement 30-60 days	\$ 368	0.51	Notes 2 and 3

Note 1: The Company acts as an agency of Shang Ting Construction for purchasing and subcontracting, and the transaction price is set as the sum of cost and markup. Because there are not any similar transactions for comparison, the Company's revenue is recognized in net using the percentage-of-completion method.

Note 2: Receivables (payable) arising from non-sales and purchases have been excluded.

Note 3: Eliminated upon the preparation of the consolidated financial statements.

Triocean Industrial Corporation Co., Ltd. and Subsidiaries
Business relationships and significant transactions between parent company and subsidiaries and among subsidiaries
For the year ended December 31, 2023

Unit: NTD thousand

Table 6

No.	Name of counterparty	Counterparty	Relationship with the counterparty	Transactions with each other			As a percentage of consolidated total revenue or total assets (%)
				Item	Amount	Payment terms	
0	The Company	Shang-Ting	Parent company to subsidiary	Operating revenue	\$ 221,193	Note 1	11
0	The Company	Shang-Ting	Parent company to subsidiary	Accounts receivable	368	Note 2	-
0	The Company	Shang Ting Construction	Parent company to subsidiary	Contract assets	6,325	Note 2	-
0	The Company	Shang-Ting	Parent company to subsidiary	Management service income	36,656	Note 3	2
0	The Company	Shang-Ting	Parent company to subsidiary	Other receivables	5,462	Note 3	-
1	Shang-Ting	The Company	Subsidiary to parent company	Prepayment for construction	60,810	Note 2	2
1	Shang-Ting	Tri Ocean Textile (Thailand) Co., Ltd	Subsidiary to subsidiary	Other receivables	5,547	Note 4	-

Note 1: The purchases and subcontracted projects of the Shang-Ting on behalf of others through the Company are measured at cost-plus pricing with elasticity considerations. Since there are no other similar transactions, the comparison cannot be made, a portion of the Company's revenues was recorded on a net basis.

Note 2: There is no significant difference between the payment terms and the general customers.

Note 3: The parent company calculates the price based on a at cost-plus pricing with elasticity considerations at actual occurrence.

Note 4: Principal and interest on loans between subsidiaries.

Note 5: Transactions between parent and subsidiary were eliminated upon the preparation of the consolidated financial statements.

Triocean Industrial Corporation Co., Ltd. and Subsidiaries
Information on investees

For the year ended December 31, 2023

Table 7

Unit: NTD thousand

Name of investment company	Name of investment company	Location	Main business items	Initial investment amount		Held at the end of the year			Investee profit (loss) for the year	Investment income (loss) recognized in the current year (Note 1 and Note 2)	Notes
				End of the year	End of last year	Number of shares	Percentage (%)	Carrying amount (Note 1)			
Triocean Industrial Corporation Co., Ltd.	Tri Ocean Textile (Thailand) Co., Ltd. Shang-Ting Construction Co., Ltd.	Thailand Kaohsiung City	Main business items Manufacturing, processing and trading of fibrous fabrics Integrated Construction	\$ 390,478 1,701,025	\$ 390,478 1,001,025	9,372,500 120,000,000	100 100	\$ 78,444 1,695,327	(\$ 15,056) 30,532	(\$ 15,056) 52,041	

Note 1: Eliminated upon the preparation of the consolidated financial statements.

Note 2: The investment gains and losses recognized in the current year include the adjustment of unrealized gains and losses.

Triocean Industrial Corporation Co., Ltd. and Subsidiaries
Information of major shareholders
December 31, 2023

Table 8

Name of major shareholder	Shares	
	Number of shares held	Shareholding ratio (%)
Hong-Ting Co., Ltd.	16,238,000	38.21
Shun-Mei Enterprise Co., Ltd.	11,324,859	26.65

Note: This table states the shareholders who hold 5% or more of the Company's common shares and preferred shares (including treasury shares) that have been registered and delivered as dematerialized securities in total on the last business day of the year according to the record of Taiwan Depository & Clearing Corporation. The share capital recorded in the Company's consolidated financial statements and the number of shares actually delivered by the Company with the dematerialized registration completed may differ due to different calculation bases.

Attachment 3: Parent Company Only Financial Statement for the Most Recent Fiscal Year, Audited and Certified by CPAs

Auditors' Review Report

To: Triocean Industrial Corporation Co., Ltd.:

Audit Opinions

We have audited the accompanying parent company only balance sheets of Triocean Industrial Corporation Co., Ltd. (the "Company") as of December 31, 2023 and 2022 and the relevant parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and relevant notes to the parent company only financial statements (including a summary of significant accounting policies).

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

Basis for opinion

We have conducted our audits in accordance with Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards. Our responsibilities as an auditor for the parent company only financial statements under the abovementioned standards are explained in the Responsibilities paragraph. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended

December 31, 2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the parent company only financial statements for the year ended December 31, 2023 are stated as follows:

Accuracy of revenue recognition of construction projects

Subsidiary Shang-Ting Construction Co., Ltd., is an investment accounted for using the equity method after the acquisition by Triocean Industrial Corporation Co., Ltd. As indicated in Note 12 to the parent company only financial statements, the investment amount in the investee company as at December 31, 2023 and 2022 was NTD 1,695,327 thousand and NTD 965,598 thousand, respectively. The operating results of Shang-Ting will have a significant impact on the amount of investment recognized by Triocean Industrial Corporation Co., Ltd. using the equity method.

Shang Ting Construction Co., Ltd. is principally engaged in construction projects. The construction revenue is recognized using the cost-based input method to measure the construction revenue recognized. The degree of completion of the performance obligation is the ratio of the actual input cost to the expected total cost.

Since the accounting treatment of construction engineering contracts involves significant accounting estimates and judgments made by management, the correctness of the construction engineering revenue recognized is a key audit matter.

The main audit procedures that we have performed are as follows:

1. Assess the completeness and accuracy of management's estimate of the total cost of the construction contract.
2. Check the outsourced contracts and costs, and check the degree of completion of the performance obligation and whether the revenue recognition of the construction project is correct.

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

Responsibilities of the management were to prepare and ensure fair presentation of parent company only financial statements in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and to exercise proper internal control practices that are relevant to the preparation of parent company only financial statements so that the parent company only financial statements are free of material misstatements, whether caused by fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high-level assurance but is not a guarantee that an audit conducted in accordance with the auditing standards will always detect a material misstatement when it exists. The misstatements might be due to fraud or error. If an individual or total amount misstated was reasonably expected to have an impact on the economic decision-making of users of the parent company only financial statements, the misstatement was deemed as material.

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, and whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material

uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of parent company only financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulations precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China
March 12, 2024

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.

PARENT COMPANY ONLY BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
Current assets				
Cash (Notes 4 and 6)	\$ 107,931	5	\$ 30,225	2
Contract assets (Notes 4, 20, 22, and 28)	46,219	2	-	-
Accounts receivable (Notes 4, 10, 20, 22, and 28)	368	-	4,946	-
Other receivables (Note 28)	48,098	3	2,520	-
Current income tax assets (Note 4 and 24)	332	-	190	-
Prepayments	47,050	2	17,494	1
Non-current assets held for sale – net (Note 4 and 11)	-	-	28,532	1
Other financial assets – current (Notes 4, 9, 20, and 29)	69,101	3	270,061	12
Other current assets	<u>1,721</u>	<u>-</u>	<u>145</u>	<u>-</u>
Total current assets	<u>320,820</u>	<u>15</u>	<u>354,113</u>	<u>16</u>
Non-current assets				
Financial assets at fair value through other comprehensive income (Notes 4 and 8)	-	-	31,500	2
Investments accounted for using the equity method (Notes 4 and 12)	1,773,771	83	1,058,235	48
Property, plant and equipment (Notes 4 and 13)	10,619	1	1,162	-
Investment property, net (Notes 4, 15 and 29)	-	-	721,010	33
Right-of-use assets (Notes 4, 14, and 28)	18,838	1	14,535	1
Other intangible assets (Note 4)	475	-	195	-
Deferred income tax assets (Note 4 and 24)	2,141	-	4,908	-
Other financial assets – non-current (Notes 4, 9, 20, 28, and 29)	1,949	-	1,331	-
Other non-current assets	<u>14</u>	<u>-</u>	<u>14</u>	<u>-</u>
Total non-current assets	<u>1,807,807</u>	<u>85</u>	<u>1,832,890</u>	<u>84</u>
Total assets	<u>\$ 2,128,627</u>	<u>100</u>	<u>\$ 2,187,003</u>	<u>100</u>
LIABILITIES AND EQUITY				
Current liabilities				
Short-term borrowings (Notes 16 and 29)	\$ 70,000	3	\$ 417,900	19
Short-term notes payable (Notes 16 and 29)	298,612	14	-	-
Contract liabilities – current (Notes 4, 20, 22, and 28)	184,994	9	71,141	3
Notes payable (Notes 17 and 20)	34,366	2	5,217	-
Accounts payable (Notes 17 and 20)	8,295	-	3,533	-
Other payables (Note 18)	25,384	1	11,841	1
Other payables – Related parties (Note 28)	-	-	213,025	10
Provision – current (Note 4 and 19)	260	-	-	-
Lease liabilities – current (Notes 4, 14, and 28)	4,386	-	3,398	-
Long-term loans due within one business cycle (Notes 16, 20, and 29)	60,520	3	-	-
Other current liabilities	<u>2,563</u>	<u>-</u>	<u>1,579</u>	<u>-</u>
Total current liabilities	<u>689,380</u>	<u>32</u>	<u>727,634</u>	<u>33</u>
Non-current liabilities				
Financial liabilities at fair value through profit or loss (Notes 4, 7, 12 and 28)	-	-	232,725	11
Long-term borrowings (Notes 16 and 29)	-	-	400,000	18
Provision – non-current (Notes 4 and 19)	1,102	-	253	-
Deferred income tax liabilities (Note 4 and 24)	-	-	33,899	2
Lease liabilities – non-current (Notes 4, 14 and 28)	14,468	1	11,164	-
Guarantee deposits received	<u>165</u>	<u>-</u>	<u>4,564</u>	<u>-</u>
Total non-current liabilities	<u>15,735</u>	<u>1</u>	<u>682,605</u>	<u>31</u>
Total liabilities	<u>705,115</u>	<u>33</u>	<u>1,410,239</u>	<u>64</u>
Equity (Note 21)				
Ordinary share capital	424,881	20	249,881	12
Capital surplus	338,440	16	7,340	-
Unappropriated retained earnings (accumulated deficit)	667,107	31	(23,774)	(1)
Other equity	<u>(6,916)</u>	<u>-</u>	<u>543,317</u>	<u>25</u>
Total equity	<u>1,423,512</u>	<u>67</u>	<u>776,764</u>	<u>36</u>
Total liabilities and equity	<u>\$ 2,128,627</u>	<u>100</u>	<u>\$ 2,187,003</u>	<u>100</u>

The accompanying notes are an integral part of the parent company only financial statements.

Triocean Industrial Corporation Co., Ltd.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
Operating revenues (Notes 4, 22, and 28)				
Construction engineering revenue	\$ 283,221	100	\$ 81,242	96
Net service revenue	<u>396</u>	<u>-</u>	<u>3,814</u>	<u>4</u>
Total revenue	<u>283,617</u>	<u>100</u>	<u>85,056</u>	<u>100</u>
Operating cost (Note 23)				
Cost of engineering service sales	<u>186,501</u>	<u>66</u>	<u>49,856</u>	<u>58</u>
Gross profit	97,116	34	35,200	42
Operating expenses (Note 23)				
General and administrative	<u>52,816</u>	<u>18</u>	<u>36,406</u>	<u>43</u>
Income (loss) from operations	<u>44,300</u>	<u>16</u>	(<u>1,206</u>)	(<u>1</u>)
Non-operating income and expenses (Note 23)				
Interest revenue	1,620	1	2,081	3
Other income (Note 28)	52,152	18	56,419	66
Other gains and losses	19,281	7	(12,925)	(15)
Share of profits or loss of subsidiaries and associates	36,985	13	(27,772)	(33)
Finance costs (Note 28)	(<u>10,033</u>)	(<u>4</u>)	(<u>15,129</u>)	(<u>18</u>)
Total non-operating income and expenses	<u>100,005</u>	<u>35</u>	<u>2,674</u>	<u>3</u>
Income before income tax	144,305	51	1,468	2
Income tax expense (profit) (Note 4 and 24)	<u>2,325</u>	<u>1</u>	(<u>1,815</u>)	(<u>2</u>)
Net income from continuing operations	<u>141,980</u>	<u>50</u>	<u>3,283</u>	<u>4</u>
Net income from discontinued operations	<u>-</u>	<u>-</u>	<u>434</u>	<u>-</u>
Net income	<u>141,980</u>	<u>50</u>	<u>3,717</u>	<u>4</u>

(Continued)

Triocean Industrial Corporation Co., Ltd.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	(\$ 1,478)	-	(\$ 1,359)	(1)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations	182	-	6,555	8
Income tax related to other comprehensive income components	(36)	-	(1,311)	(2)
	146	-	5,244	6
Other comprehensive income (loss), net of income tax	(1,332)	-	3,885	5
Total comprehensive income	\$ 140,648	50	\$ 7,602	9
Earnings per share (Note 25)				
From continuing operations and discontinued operations				
Basic	\$ 4.27		\$ 0.15	
Diluted	\$ 4.26		\$ 0.15	
From continuing operations				
Basic	\$ 4.27		\$ 0.13	
Diluted	\$ 4.26		\$ 0.13	

The accompanying notes are an integral part of the parent company only financial statements.

Tricocean Industrial Corporation Co., Ltd.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Other equity							Total equity
	Ordinary share capital	Capital surplus	Unappropriated retained earnings (accumulated deficit)	Exchange differences on translating foreign operations	Unrealized gains or losses on financial assets at fair value through other comprehensive income	Revaluation increment of property	Total	
Balance on January 1, 2022	\$ 249,881	\$ 7,340	(\$ 27,491)	(\$ 12,306)	(\$ 4,659)	\$ 556,397	\$ 539,432	\$ 769,162
Net income	-	-	3,717	-	-	-	-	3,717
Other comprehensive income (loss), net of income tax	-	-	-	5,244	(1,359)	-	3,885	3,885
Total comprehensive income (loss)	-	-	3,717	5,244	(1,359)	-	3,885	7,602
Balance, December 31, 2022	249,881	7,340	(23,774)	(7,062)	(6,018)	556,397	543,317	776,764
Net income	-	-	141,980	-	-	-	-	141,980
Other comprehensive income (loss), net of income tax	-	-	-	146	(1,478)	-	(1,332)	(1,332)
Total comprehensive income (loss)	-	-	141,980	146	(1,478)	-	(1,332)	140,648
Capital increase in cash (Note 21)	175,000	331,100	-	-	-	-	-	506,100
Disposal of investment property (Notes 15 and 21)	-	-	556,397	-	-	(556,397)	(556,397)	-
Disposal of equity instruments at fair value through other comprehensive income	-	-	(7,496)	-	7,496	-	7,496	-
Balance, December 31, 2023	\$ 424,881	\$ 338,440	\$ 667,107	(\$ 6,916)	\$ 7,496	\$ -	(\$ 6,916)	\$ 1,423,512

The accompanying notes are an integral part of the parent company only financial statements.

Triocean Industrial Corporation Co., Ltd.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	2023	2022
Cash flow from operating activities		
Profit before income tax from continuing operations	\$ 144,305	\$ 1,468
Profit before income tax from discontinued operation	-	434
Adjustments for:		
Depreciation expense	4,542	1,705
Amortization expense	104	120
Expected credit losses recognized	-	(159)
Net loss of financial assets measured at fair value through profit or loss and liabilities	-	12,975
Finance costs	10,033	15,129
Interest income	(1,620)	(2,081)
Dividend income	-	(2,009)
Share of profits of subsidiaries and associates	(36,985)	27,772
Gain on disposal of investment property	(17,976)	-
Loss on disposal of intangible assets	-	590
Gain on disposal of investment accounted for using the equity method	(1,416)	(2,730)
Loss on fair value adjustment of investment property	-	14,670
Provision	1,109	(2,095)
Others	(180)	(93)
Changes in operating assets and liabilities:		
Contract assets	(46,219)	18,099
Notes receivable	-	20,292
Accounts receivable	4,578	(357)
Other receivables	(45,578)	2,081
Prepayments	(29,556)	(15,325)
Other current assets	(1,576)	80
Contract liabilities	113,853	71,141
Notes payable	29,149	(14,423)
Accounts payable	4,762	(6,222)
Other payables	12,783	3,393
Other current liabilities	<u>984</u>	<u>(8,142)</u>
Cash generated from operations	145,096	136,313
Interest received	1,620	2,081
Dividends received	-	2,009
Interest paid	(10,373)	(14,532)

(Continued)

Triocean Industrial Corporation Co., Ltd.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	2023	2022
Income tax paid	(\$ 33,635)	(\$ 117)
Net cash generated by operating activities	<u>102,708</u>	<u>125,754</u>
Cash flow from investing activities		
Disposal of financial assets at fair value through other comprehensive income	30,022	-
Disposal of long-term equity investment using the equity method	-	10,910
Investment using the equity method	(700,000)	(150,000)
Other payables – Related parties	(445,750)	-
Refunds from capital reduction of the invested company using the equity method	-	12,149
Sale price of the invested company under the equity method	29,360	-
Purchase of property, plant and equipment	(8,870)	(1,000)
Purchase of intangible assets	(384)	(155)
Acquisition of investment property	-	(4,800)
Disposal of investment property	738,986	-
Decrease in other financial assets	200,342	105,125
Dividends received	<u>22,312</u>	<u>34,346</u>
Net cash used in (generated by) investing activities	<u>(133,982)</u>	<u>6,575</u>
Cash flow from financing activities		
Increase in short-term borrowings	70,000	303,900
Decrease in short-term borrowings	(417,900)	(511,000)
Increase in short-term bills payable	298,612	-
Repayment of corporate bonds	-	(288,900)
Borrowing of long-term loans	87,040	400,000
Repayment of long-term borrowings	(426,520)	-
Increase (decrease) in guarantee deposits received	(4,399)	57
Decrease in other payables – related parties	-	(80,000)
Repayment of the principal portion of lease liabilities	(3,953)	(1,350)
Capital increase in cash	<u>506,100</u>	<u>-</u>
Net cash generated by (used in) investing activities	<u>108,980</u>	<u>(177,293)</u>
Net increase (decrease) in cash	77,706	(44,964)
Cash balance at the beginning of year	<u>30,225</u>	<u>75,189</u>
Cash balance at the end of year	<u>\$ 107,931</u>	<u>\$ 30,225</u>

The accompanying notes are an integral part of the parent company only financial statements.

Triocean Industrial Corporation Co., Ltd.
Notes to the Parent Company Only Financial Statements
For the years ended December 31, 2023 and 2022
(Expressed in Thousand NTD, Unless Stated Otherwise)

I. Organization and Operations

Triocean Industrial Corporation Co., Ltd. (hereinafter referred to as the “Company”), formerly known as Triocean Textile Fiber Co., Ltd., was changed to the current name in July 2021, and was established in Taipei City in October 1968. Its original business was in the weaving, printing and dyeing, and processing of various fibrous fabrics, trading, etc. The Company’s Board of Directors resolved in November 2020 to stop the production and textile business and change the registered address to Kaohsiung City. Currently, the Company is primarily engaged in the construction business.

The Company’s shares have been listed on the Taipei Exchange (TPEX) since January 1999. The Company has been listed on the Taiwan Stock Exchange (TWSE) since September 2000.

The parent company only financial statements are presented in NTD, which is the Company’s functional currency.

II. Date and Procedures for Approval of the Financial Report

The parent company only financial statements were released after being approved by the Board of Directors on March 12, 2024.

III. Application of Newly Issued and Amended Standards and Interpretations

- (I) Initial application of the amendments to the IFRS, International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the FSC.

The application of the amendments to the IFRSs endorsed and issued into effect by the FSC will not have a material impact on the Company’s accounting policies.

(II) The IFRSs endorsed by the FSC for application starting from 2024

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective Date Announced by IASB</u>
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

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

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

Note 3: Partial exemption from disclosure requirements upon first application of these amendments.

As at the publication date of this parent company only financial statement, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the parent company only financial position and financial performance.

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

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective Date Announced by IASB</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
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendment to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

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

Note 2: Applicable to annual reporting periods beginning on or after January 1, 2025. When the amendment is applied for the first time, the effect is recognized in the retained earnings on the date of initial application. When the Company uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognise any effect as an adjustment to the amount of translation differences for foreign operations under equity.

Except for the above impact, as at the date the parent company only financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

IV. Summary of Significant Accounting Policies

(I) Statement of compliance

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

(II) Basis of preparation

Except for financial instruments and investment property measured at fair value and contingent considerations for the acquisition of subsidiaries, the parent company only financial statements have been 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 an 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 an asset or liability.

When the Company prepared the parent company only financial statements, the subsidiaries were accounted for using the equity method. In order to make the income, other comprehensive income, and equity of the parent company only financial statement for the year consistent with the income, other comprehensive income, and equity attributable to the owners of the Company in the parent company only financial statements, certain accounting treatment differences between the parent company only basis and the consolidated basis have been adjusted to “investments accounted for using equity method,” “share of profit or loss of subsidiaries accounted for using equity method,” “share of other comprehensive income of subsidiaries accounted for using the equity method” and related equity items.

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

Current liabilities include:

1. Assets held primarily for the purpose of trading;
2. Assets expected to be realized within 12 months after the reporting date; and
3. Cash (excluding those restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period).

Current liabilities include:

1. Liabilities held primarily for the purpose of trading;
2. Liabilities due to be settled within 12 months after the reporting period; and
3. Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

The Company is engaged in construction projects, and its operating cycle is longer than one year. Therefore, the assets and liabilities related to the construction business are classified as current or non-current based on the normal operating cycle.

(IV) Foreign currency

In preparing the parent company only financial statements of the Company, transactions in currencies other than the Company’s functional

currency (i.e. foreign currencies) are recognized at the rates of exchange prevailing on the transaction dates.

At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing on that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

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

At the time of preparing the parent company only financial statements, the assets and liabilities of the Company's foreign operations (including subsidiaries that operate in countries or use currencies different from the Company's) are translated into NTD at the average exchange rates for each month of the year, and the resulting exchange differences are recognized in other comprehensive income.

(V) Investment in subsidiaries

The Company accounts for its investment in subsidiaries under the equity method.

A subsidiary is an entity controlled by the Company.

Under the equity method, an investment is initially recognized at cost, and the carrying amount after the acquisition is increased or decreased by the Company's share of the profit or loss and other comprehensive income of the subsidiary and the profit distribution. In addition, the changes in the Company's other equity in subsidiaries are recognized in proportion to the shareholding.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for 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 equity in the subsidiary, it continues to recognize losses in proportion to its shareholding.

The amount of the acquisition cost exceeding the share of the net fair value of the subsidiary's identifiable assets and liabilities that constitute a business on the date of acquisition is recognized as goodwill. The goodwill is included in the carrying amount of the investment and is not amortized.

In assessing impairment, the Company considers the cash-generating unit as a whole in the parent company only financial statements and compares the recoverable amount with the carrying amount. If the recoverable amount of the asset increases subsequently, the reversal of the impairment loss will be recognized as a gain. However, the carrying amount of the asset after the reversal of the impairment loss shall not exceed the amount that would have been appropriated if the impairment loss had not been recognized after amortization. The impairment loss attributable to goodwill shall not be reversed in the subsequent period.

Unrealized gains and losses on downstream transactions between the Company and its subsidiaries are written off in the parent company only financial statements. The gains and losses arising from the downstream and lateral transactions between the Company and its subsidiaries are recognized in the parent company only financial statements only to the extent that they are irrelevant to the Company's interests in the subsidiaries.

(VI) Property, plant and equipment

Property, plant and equipment are initially recognized at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Each significant component of the remaining property, plant and equipment is depreciated separately on a straight-line basis within their useful lives. The Company conducts at least one annual review at the end of each year to assess the estimated useful life, residual value, and depreciation methods, and applies the effect of changes in applicable accounting estimates prospectively.

When derecognizing an item of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount of the asset shall be recognized in loss or profit.

(VII) Investment property

Investment properties refers to properties held for the purpose of earning rents or capital appreciation or both. Investment properties also include land held for a currently undetermined future use.

Self-owned investment properties are initially measured at cost (including transaction cost). The investment properties acquired through lease are initially measured at cost (including the originally measured amount of the lease liabilities, the lease payments paid before the lease commencement date, the original direct cost, and the estimated cost of restoring the underlying asset, less the lease incentives received).

Starting January 1, 2022, the Company's accounting policy for the subsequent measurement of investment properties was changed from the cost model to the fair value model. All investment properties were subsequently measured using the fair value model, with changes in fair value recognized in profit and loss for the period.

When property, plant and equipment is transferred to investment property after own-use, the difference between the original carrying amount and the fair value is recognized in other comprehensive income.

When investment properties are derecognized, the difference between the net disposal price and the carrying amount of the asset is recognized in profit or loss.

(VIII) Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment losses. Intangible assets are amortized on a straight-line basis. At the end of each year, the estimated useful life, residual value, and amortization method are reviewed by the Company, and the application of accounting estimates is deferred the impact of changes in accounting estimates prospectively.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss for the period.

(IX) Impairment of assets related to property, plant and equipment, right-of-use assets, investment properties, and intangible assets

The Company assesses if there are any signs of possible impairment in property, plant, and equipment as well as right-of-use, investment properties, and intangible assets at the end of each reporting period. If there is any sign of impairment, an estimate is made of its recoverable amount. If it is not possible to determine the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which the asset belongs.

The recoverable amount is the fair value less cost of sales or its value in use, whichever is higher. If the recoverable amount of an individual asset or a CGU is lower than its carrying amount, the carrying amount is reduced to the recoverable amount, and the impairment loss is recognized in profit or loss.

When the impairment loss is subsequently reversed, the carrying amount of the asset, the CGU, or the asset related to contract cost is increased to the revised recoverable amount, provided that the increased carrying amount shall not exceed the carrying amount (less amortization or depreciation) of the asset, CGU, or the asset related to contract cost which was not recognized in impairment loss in prior years. The reversal of the impairment loss is recognized in profit or loss.

(X) Non-current assets held for sale

The carrying amount of the disposal group is classified as held for sale when it is expected to be recovered mainly through a sale transaction instead of continued use. The disposal groups meeting this classification must be available for immediate sale in the current state, and the probability of sale must be highly probable. When the appropriate level of management commits to sell the asset, and the sale is expected to be completed within one year from the date of classification, the probability of sale is highly likely.

If the Company loses control over the subsidiary at the time of sale, regardless of whether it retains non-controlling interests in the former subsidiary after the sale, all assets and liabilities of the subsidiary are fully classified as held for sale.

The disposal group classified as held for sale are measured at the lower of carrying amount or fair value less costs to sell, and depreciation of such assets is stopped.

(XI) Financial instruments

Financial assets and financial liabilities shall be recognized in the parent company only balance sheet when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities not at fair value through profit or loss are measured at fair value plus transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities. The transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at fair value through profit or loss is immediately recognized in profit or loss.

1. Financial assets

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

(1) Measurement types

Financial assets held by the Company are those measured at fair value through profit or loss (FVTPL) and at amortized cost, as well as investments in equity instruments measured at fair value through other comprehensive income (FVTOCI).

A. Investments in equity instruments at FVTOCI

The Company may, upon initial recognition, make an irrevocable election to designate as at FVTOCI the investments in equity instruments that are not held for trading and the ones that are not recognized by an acquirer in a business combination or with the contingent consideration.

Investments in an equity instrument measured at FVTOCI are measured at fair value, and any subsequent fair value changes are recognized in other comprehensive income and accumulated in other equity. Upon disposal of investments, cumulative gain or loss is directly transferred to retained earnings and are not reclassified to profit or loss.

Dividends of investments in equity instruments measured at FVTOCI are recognized in profit or loss when the Company's right to receive dividends is established unless such dividends clearly represent the recovery of a part of the investment cost.

B. Financial assets at amortized cost

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

- a. Held under a certain business model, of which the objective is to collect contractual cash flows by holding the financial assets; and
- b. The cash flows on specific dates specified in the contractual terms are solely payments of the principal and interest on the principal amount outstanding.

Financial assets measured at cost after amortization (including cash, accounts receivable measured at cost after amortization, other receivables and other financial assets) are the total carrying amount determined by the effective interest method less any impairment loss, and any foreign currency exchange gains or losses are recognized in profit or loss.

Interest revenue is calculated by multiplying the effective interest rate by the total carrying amount of financial assets:

Financial assets are credit-impaired when the issuer or debtor has experienced major financial difficulty, default, and the debtor is likely to file for bankruptcy or other financial reorganization, or financial difficulties that cause the active market of the financial asset to disappear.

(2) Impairment of financial assets and contract assets

The Company assesses the impairment loss of financial assets measured at amortized cost (including trade receivables), finance lease receivables, and contract assets based on the expected credit loss at the end of each reporting period.

Trade receivables, finance lease receivables, and contract assets are recognized in loss allowance based on the lifetime expected credit losses (ECLs). Other financial assets are first assessed based on whether the credit risk has increased significantly since the initial recognition. If there is no significant increase in the risk, a loss allowance is recognized at an amount equal to 12-month ECLs.

If the risks have increased significantly, a loss allowance is recognized at an amount equal to lifetime ECLs. The ECLs refer to the weighted average credit loss with the risk of default as the weight. The 12-month ECLs represent the ECLs from possible defaults of a financial instrument within 12 months after the reporting date. The lifetime ECLs represent the ECLs from all possible defaults in a financial instrument over the expected life of a financial instrument.

For the purpose of internal credit risk management, the Company, without considering the collateral held, determines that the following situations represent defaults in the financial assets:

- A. Internal or external information indicates that it is impossible for the debtor to settle the debt.
- B. It is overdue for more than 90 days, unless there is reasonable and corroborative information showing that a default date postponed is more appropriate.

The Company recognizes an impairment loss for all financial assets with a corresponding downward adjustment to their carrying amount through a loss allowance account.

(3) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash inflow from the financial asset expire or when it transfers the financial assets and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's 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 either financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of financial liabilities and equity instruments.

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

3. Financial liabilities

(1) Subsequent measurement

All financial liabilities are measured at amortized cost in the effective interest method, except for the following:

Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss include held for trading.

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

Please refer to Note 27 for the determination of fair value.

(2) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(XII) Provision

The amount recognized in provisions is the best estimate of the expenditure required to settle the obligation at the end of the reporting period based on the consideration for the risks and uncertainties of the obligation. The provisions are measured at the discounted value of the cash flow estimated to settle the obligation.

1. Warranty

Warranty obligations under construction contracts are recognized based on management's best estimate of the expenses required to satisfy the Company's obligations, and related construction warranty obligations are accrued when revenue is recognized.

2. Contingent liabilities acquired in a business combination

If the contingent liabilities assumed for a business combination are present obligations arising from past events and the fair value of which can be reliably measured, they are recognized at the fair value as the original measurement amount on the acquisition date. On the subsequent reporting date, such contingent liabilities are measured at the amortized amount. However, if it is assessed that it is likely to be required to pay

the present obligation amount, the subsequent measurement shall be based on the present obligation amount or the post-amortization amount, whichever is higher.

(XIII) Revenue recognition

After the Company identifies its performance obligations in contracts with customers, it allocates the transaction price to each performance obligation in the contracts and recognizes revenue when performance obligations are satisfied.

When the other party participates in the provision of goods or services to the customer, if the Company controls the product or service before transferring it to the customer, the Company acts as the principal and recognizes revenue at the total amount; otherwise, if the Company is an agent, the revenue is recognized at net amount. Since a specific product or service is a single product or service that can be distinguished, the Company shall determine one by one for the specific product or service in the contract as a principal or agent.

1. Service revenue

The labor service revenue comes from the procurement service of construction materials, and the related revenue is recognized when the labor service is provided.

2. Construction revenue

During the construction process of the property construction contract, the Company gradually recognizes the income over time. As the cost of construction is directly related to the progress of completion of the performance obligation, the Company measures the progress of completion based on the actual investment cost as a percentage of the expected total cost. The Company gradually recognizes contract assets during the construction process, and reclassifies them to trade receivables upon billing. If the construction payment received exceed the amount of revenue recognized, the difference is recognized in contract liability. The retention of a construction project withheld by the customer in accordance with the contract terms aims to ensure that the Company completes all contractual obligations and is recognized in contract asset before the Company's performance is completed.

If the result of the performance obligation cannot be measured reliably, the engineering service revenue is recognized only within the expected recoverable amount of the cost incurred when the performance obligation is met.

(XIV) Leases

The Company assesses whether a contract belongs to (or contains) a lease on the date of establishment of the contract.

1. The Company as the lessor

When the lease terms do not transfer the risks and rewards attached to the ownership of assets to the lessee, the leases are classified as operating leases.

Under operating leases, lease payments are recognized as income on a straight-line basis over the lease terms. The initial direct cost incurred in obtaining an operating lease is added to the carrying amount of the underlying asset and recognized as expenses on a straight-line basis over the lease term.

2. The Company as the lessee

Except for low-value asset leases and short-term leases to which a recognition exemption applies, where lease payments are recognized as expenses on a straight-line basis over the lease terms, all leases are recognized with a right-of-use asset and a lease liability on the lease commencement date.

Right-of-use assets are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses. Right-of-use assets are presented on a separate line in the parent company only balance sheets.

Right-of-use assets are depreciated on a straight-line basis over the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. If the lease implied interest rate can be easily determined, the lease payment is discounted at the said interest rate. If such interest rate cannot be easily determined, the lessee's incremental borrowing interest rate shall apply.

Subsequently, the lease liability is measured at the amortized cost using the effective interest method, and the interest expense is amortized over the lease term. If there are changes in future lease payments during the lease period or in the index or rate used to determine lease payments, the Company will remeasure the lease liabilities and adjust the right-of-use assets accordingly. The remaining remeasurement amount is recognized in profit or loss. Lease liabilities are presented on a separate line in the parent company only balance sheets.

(XV) Borrowing costs

Borrowing costs directly attributable to an acquisition, construction, or production of qualifying assets are added to the cost of said assets, until such time as the assets are substantially ready for their intended use or sale.

For specific borrowings, if the investment income earned by making a temporary investment before the capital expenditure that meets the requirements is incurred, it is deducted from the borrowing costs that meet the capitalization conditions.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(XVI) Employee benefits

1. Short-term employee benefits

Relevant liabilities for short-term employee benefits are measured by the non-discounted amount expected to be paid in exchange for employee services.

2. Post-employment benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

(XVII) Income tax

Income tax expense represents the sum of current income tax and deferred income tax.

1. Tax currently payable

The Company determines the income (loss) of the current period in accordance with laws and regulations, and calculates the income tax payable (recoverable) accordingly.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2. Deferred tax

Deferred income tax is calculated based on the temporary differences between the carrying amount of assets and liabilities and the corresponding tax bases used in the computation of taxable income.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for the extent that it is probable that taxable profits will be available against which to deduct the temporary differences and losses.

The taxable temporary differences related to the investment in subsidiaries are recognized as deferred income tax liabilities, except that when the timing of the reversal of the temporary difference can be controlled by the Company and it is probable that the temporary difference is likely not to be reversed in the foreseeable future. The deductible temporary difference related to such investment is recognized as deferred income tax only when it is probable that there will be sufficient taxable income to realize the temporary difference, which is expected to be reversed in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period, and its carrying amount will be increased as it has become probable that future taxable income will allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates in the period in which the liabilities are expected to be settled or assets realized, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow

from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. Current and deferred tax

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income

V. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

In the application of the Company's accounting policies, management is required to make judgments, estimations, and assumptions about the relevant information that is not readily accessible from other sources based on historical experience and other relevant factors. Actual results may differ from these estimates.

When the Company develops significant accounting estimates, it will be included in the consideration of cash flow estimates, growth rates, discount rates, profitability, and other relevant major estimates. Management will continue to review the estimates and basic assumptions.

(I) Goodwill impairment included in investment subsidiaries

When determining whether the goodwill included in the investment in a subsidiary is impaired, the Company amortizes the goodwill acquired from the merger to the CGUs of the Company expected to benefit from the synergy of the merger on the acquisition date, and estimates the use of the cash-generating units of the amortized goodwill value. To calculate the value in use, management shall estimate the future cash flow expected to be generated from the CGUs of amortized goodwill and determine the appropriate discount rate for calculating the present value. If the actual cash flow is less than expected, or the facts and circumstances change resulting in a downward revision of the future cash flow or an upward revision of the discount rate, a significant impairment loss may be incurred.

(II) Construction contract

The profit or loss of a construction contract project is recognized as revenue and cost with reference to the degree of completion of the contract activities, and the degree of completion is measured based on the proportion of contract costs incurred for the completion of construction to date to the estimated total contract costs. Since the estimated total cost and contract items

are based on the evaluation and judgment of the management based on the nature, expected contract amount, construction duration, engineering implementation and construction methods of different projects, they may affect the calculation of the percentage of completion and project profit and loss.

VI. Cash

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash	\$ 875	\$ 676
Bank demand deposit	<u>107,056</u>	<u>29,549</u>
	<u>\$107,931</u>	<u>\$ 30,225</u>

The credit quality of the financial institutions with which the Company has business dealings is good. The Company has a number of financial institutions to diversify credit risks, so there is no expected credit loss.

VII. Financial instruments measured at fair value through profit or loss – only as at December 31, 2022

	<u>December 31, 2022</u>
<u>Financial liabilities – non-current</u>	
Mandatorily at fair value through profit or loss	
Non-derivative financial liabilities	
Contingent consideration (Note 12)	<u>\$232,725</u>

VIII. Financial assets measured at fair value through other comprehensive income – non-current – only as at December 31, 2022

	<u>December 31, 2022</u>
<u>Investments in equity instruments at FVTOCI</u>	
Domestic listed stocks	<u>\$ 31,500</u>

The common shares mentioned above are designated to be measured at FVTOCI as they are investments for medium- and long-term strategic purposes.

IX. Other financial assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Restricted bank deposits	\$ 43,195	\$260,311
Refundable deposits	<u>27,855</u>	<u>11,081</u>
	71,050	271,392
Less: Other financial assets – current	(<u>69,101</u>)	(<u>270,061</u>)
Other financial assets – non-current	<u>\$ 1,949</u>	<u>\$ 1,331</u>

The annual interest rate for restricted bank deposits per annum as of December 31, 2023 and 2022 was 0.51% to 0.58% and 0.46%, respectively.

The counterparties of the Company and the counterparties in contract performance are financial institutions with good credit ratings, and there is no major concern about performance of the contract. Therefore, it is expected that there is no significant credit risk.

For information on the pledge of other financial assets of the Company, please refer to Note 29.

X. Accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable – arising from operations		
<u>Measurement of total carrying amount at amortized cost</u>	\$ 368	\$ 4,946
Less: Loss allowance	<u>-</u>	<u>-</u>
	<u>\$ 368</u>	<u>\$ 4,946</u>

To mitigate credit risk, management of the Company has assigned a dedicated team to be responsible for credit limit determination, credit approval and other monitoring procedures to ensure that appropriate actions are taken in the recovery of overdue receivables. In addition, the Company reviews the recoverable amounts of accounts receivable on a case-by-case basis on the balance sheet date to ensure that appropriate impairment losses have been recorded for uncollectible accounts receivable. Accordingly, the Company's management believes that the Company's credit risk has been significantly reduced.

The Company adopts individual evaluation and a simplified approach as in IFRS 9 to recognize loss allowance for trade receivables based on the lifetime ECLs. The lifetime ECLs are calculated using a provision matrix that takes into account customers' past default history and current financial position, as well as GDP forecasts. The accounts receivable of the Company for 2023 and 2022 were mainly from the related parties outsourced to the government tender projects, and there is no possibility of expected credit impairment. As the Company's historical credit loss experience shows that there is no significant difference in the loss patterns of different customer groups, the provision matrix does not further differentiate between customer segments, and only uses the number of days past due for receivables to set the expected credit loss rate.

If there is evidence that a counterparty is facing serious financial difficulties and the Company cannot reasonably expect to recover the amount, the Company will directly write off the relevant trade receivables, but will continue to try to collect the receivable. The recovered amount is recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Company's provision matrix:

December 31, 2023

	<u>Not past due</u>	<u>1 to 90 days past due</u>	<u>Overdue over 90 days</u>	<u>Total</u>
Expected credit loss rate (%)	-	-	100	
Gross carrying amount	\$ 368	\$ -	\$ -	\$ 368
Loss allowance (lifetime expected credit losses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 368</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 368</u>

December 31, 2022

	<u>Not past due</u>	<u>1 to 90 days past due</u>	<u>Overdue over 90 days</u>	<u>Total</u>
Expected credit loss rate (%)	-	-	100	
Gross carrying amount	\$ 4,946	\$ -	\$ -	\$ 4,946
Loss allowance (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>

XI. Non-current assets held for sale – only as at December 31, 2022

On December 26, 2022, the Company's Board of Directors resolved to sell 100% of the equity of its subsidiary, Shanghai Laishida Co., Ltd., to a non-related party and subsidiary, and sell 100% of the equity of its subsidiary, Zhao-Ting Property Co., Ltd. to the related party Hong-Ting Co., Ltd., respectively. The transactions were completed in February 2023.

As of December 31, 2022, the Company reclassified the carrying amount of NTD 28,532 thousand of the investment under the equity method as non-current assets held for sale and presented them separately in the parent company only balance sheet.

XII. Investment under equity method

Investment in subsidiaries

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Not a TWSE or TPEX listed company		
Tri Ocean Textile (Thailand) Co., Ltd. (Tri Ocean Textile (Thailand))	\$ 78,444	\$ 92,637
Shang-Ting Construction Co., Ltd. (Shang-Ting Construction)	<u>1,695,327</u>	<u>965,598</u>
	<u>\$1,773,771</u>	<u>\$1,058,235</u>

The Company's ownership interest and percentage of voting rights in the subsidiaries on the balance sheet date are as follows:

	<u>December 31,</u> <u>2023</u>	<u>December 31, 2022</u>	<u>Description</u>
San-Long	-	-	Note 1
Tri Ocean Textile (Thailand)	100%	100%	
Zhao-Ting Property	-	100%	Note 2
Shanghai Laishida	-	100%	Note 3
Shang-Ting Construction	100%	100%	Note 4
Tri Ocean Energy	-	-	Note 5

Note 1: Based on the purpose of integrating group resources and streamlining organizational structure, the Board of Directors resolved on April 22, 2022 to set May 1, 2022 as the based date for the short-form merger between the Company and San-Long. After the merger, the Company became the surviving company, with San-Long being extinguished. The assets and liabilities of San-Long were generally assumed by the Company.

Note 2: In order to improve the management efficiency of the Group and reduce the operating costs of the Group, on December 26, 2022, the Company's Board of Directors resolved to sell 100% of the equity of the subsidiary, Zhao-Ting Property Co., Ltd., to the related party, Hong-Ting Co., Ltd. The disposal price was determined with reference to the net equity value of the subsidiary, and the transaction was completed in February of 2023, and share of profits of subsidiaries and associates is NT\$ 274 thousands dollars. For information on the disposal of the subsidiary, please refer to Note 11.

Note 3: In January 2022, Shanghai Laishida returned RMB2,800,000 from the capital reduction and completed company change registration. In order to improve the management efficiency of the Group and reduce the operating costs of the Group, on December 26, 2022, the Company's Board of Directors resolved to sell 100% of the equity of the subsidiary, Shanghai Laishida, to a non-related

party. The transaction was completed in February of 2023. The disposal of the subsidiary amounted to NTD 1,142 thousand, please refer to Note 11.

Note 4: In December 2020, the Company acquired 100% equity of Shang-Ting Construction Company from Hung Hung-Chang and Chiang Yu-Lian for a total consideration of NTD 775,750 thousand, of which the remaining amount at the end of 2022 was NTD 445,750 thousand (recorded in other payables – related parties and financial liabilities measured at FVTPL, respectively) were paid in July 2023.

The Company increased its cash capital by NTD 700,000 thousand and NTD 150,000 thousand in 2023 and 2022, respectively, and the change of company registration has been completed.

Note 5: In order to improve the management efficiency of the Group and reduce the operating costs of the Group, on April 22, 2022, the Company's Board of Directors resolved to sell 100% of the equity of the subsidiary, Tri Ocean Energy, to a non-related party. The transaction was completed in April of 2022. The disposal of the subsidiary, amounted to NTD 2,730.

Information on the Company's investees is shown in Table 6.

XIII. Property, plant and equipment

(I) Property, plant, and equipment are listed as follows:

2023

	Office equipment	Other equipment	Total
<u>Cost</u>			
Balance on January 1, 2023	\$ 574	\$ 4,591	\$ 5,165
Addition	447	9,523	9,970
Disposal	(139)	(3,591)	(3,730)
Balance as at December 31, 2023	<u>882</u>	<u>10,523</u>	<u>11,405</u>
<u>Accumulated depreciation and impairment</u>			
Balance on January 1, 2023	351	3,652	4,003
Depreciation expense	153	360	513
Disposal	(139)	(3,591)	(3,730)
Balance as at December 31, 2023	<u>365</u>	<u>421</u>	<u>786</u>
Net as at December 31, 2023	<u>\$ 517</u>	<u>\$ 10,102</u>	<u>\$ 10,619</u>

2022

	Transportation equipment	Office equipment	Other equipment	Total
<u>Cost</u>				

Balance on January 1, 2022	\$ 3,591	\$ 654	\$ 1,291	\$ 5,536
Addition	-	-	1,000	1,000
Disposal	<u>-</u>	<u>(80)</u>	<u>(1,291)</u>	<u>(1,371)</u>
Balance as at December 31, 2022	<u>3,591</u>	<u>574</u>	<u>1,000</u>	<u>5,165</u>
<u>Accumulated depreciation and impairment</u>				
Balance on January 1, 2022	3,591	335	1,114	5,040
Depreciation expense	-	96	238	334
Disposal	<u>-</u>	<u>(80)</u>	<u>(1,291)</u>	<u>(1,371)</u>
Balance as at December 31, 2022	<u>3,591</u>	<u>351</u>	<u>61</u>	<u>4,003</u>
Net as at December 31, 2022	<u>\$ -</u>	<u>\$ 223</u>	<u>\$ 939</u>	<u>\$ 1,162</u>

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

Office equipment	5 years
Other equipment	5 to 10 years

XIV. Lease agreement

(I) Right-of-use assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Carrying amount of right-of-use assets		
Land and buildings	\$ 16,074	\$ 13,622
Transportation equipment	<u>2,764</u>	<u>913</u>
	<u>\$ 18,838</u>	<u>\$ 14,535</u>
	<u>2023</u>	<u>2022</u>
Addition of right-of-use assets	<u>\$ 8,582</u>	<u>\$ 15,659</u>
Disposal of right-of-use assets	<u>\$ 250</u>	<u>\$ -</u>
Depreciation expense of right-of-use assets		
Land and buildings	\$ 3,026	\$ 973
Transportation equipment	<u>1,003</u>	<u>398</u>
	<u>\$ 4,029</u>	<u>\$ 1,371</u>

(II) Lease liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Carrying amount of lease		

liabilities		
Current	<u>\$ 4,386</u>	<u>\$ 3,398</u>
Non-current	<u>\$ 14,468</u>	<u>\$ 11,164</u>

Discount rate interval (%) of lease liabilities is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Land and buildings	1.75	1.08
Transportation equipment	0.87~2.11	0.87~1.29

(III) Important leasing activities and terms and conditions

The Company leases land, buildings and transportation equipment for business purposes, and the lease terms are 2 to 5 years. Upon termination of the lease term, the Company has no preferential rights to acquire the land, buildings and transportation equipment leased, and leases an office building with a substantive related party for office use. Please refer to Note 28.

(IV) Other lease information

	<u>2023</u>	<u>2022</u>
Total cash outflow for leases		
Short-term lease expense	<u>\$ 182</u>	<u>\$ 512</u>
Low-value asset lease expense	<u>\$ 127</u>	<u>\$ 86</u>
Total cash outflow for leases	<u>(\$ 4,467)</u>	<u>(\$ 2,004)</u>

XV. Investment property – only as at December 31, 2022

	<u>December 31, 2022</u>
Measured at fair value	
Land	\$499,749
Buildings and structures	<u>221,261</u>
Total	<u>\$721,010</u>

In order to revitalize assets, improve financial structure, and enrich working capital, the Company entered into a business agreement with a non-related party by resolution of the Board of Directors in May 2023 for NTD 755,000 thousand (before tax). The transaction was completed in July 2023. The necessary costs after expenses amounted to NTD 738,986 thousand, and the gain on disposal of the investment property amounted to NTD 17,976 thousand.

The original lease term of the investment property before disposal is 5 years, and the lessee is granted the option to extend the lease term. When the lessee exercises the right to renew the lease, it is agreed that the rent will be adjusted according to the market price. The lessee does not have the preferential right to acquire the investment property at the end of the lease term.

Investment property measured at fair value

	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
Balance on January 1, 2023	\$ 499,749	\$ 221,261	\$ 721,010
Disposal	(499,749)	(221,261)	(721,010)
Balance as at December 31, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Balance on January 1, 2022	\$ 497,204	\$ 233,676	\$ 730,880
Addition	-	4,800	4,800
Gains (losses) on changes in fair value	<u>2,545</u>	<u>(17,215)</u>	<u>(14,670)</u>
Balance as at December 31, 2022	<u>\$ 499,749</u>	<u>\$ 221,261</u>	<u>\$ 721,010</u>

The investment property is measured at fair value on a recurring basis. The fair value of the investment property was appraised in December 2022 by qualified appraisers Wang Fu-Sheng and Chen Ming-Chuan Jing Rui Real Estate Appraisal of Grand Elite Property Appraisal Co., Ltd. The fair value of the income derived from the land and buildings as at December 31, 2022 and 2021 were NTD 721,010 thousand and NTD 730,880 thousand, respectively. Based on the evaluation by the Group's management, there was no significant change in the fair value of the investment property before the disposal date from December 31, 2022.

The above fair value measurement has taken into account the uncertainty of the impact of subsequent developments of COVID-19 on market fluctuations.

The fair value of investment property is valued under the income approach, and the important assumptions are as follows. When the estimated future net cash inflow increases or the discount rate decreases, the fair value will increase.

	<u>December 31, 2022</u>
Estimated future cash inflow	\$990,626
Estimated future cash outflow	<u>71,842</u>
Estimated future net cash inflow	<u>\$918,784</u>
Discount rate (%)	2.71

The rents in the area where the investment properties are located are about NTD 430 to NTD 530 per ping, and the rents of similar objects in the market are about NTD 433 to NTD 522 per ping.

The investment property was leased out under operating leases before it was disposed of. The rent incomes generated in 2023 and 2022 were NTD 14,225 thousand and NTD 26,236 thousand, respectively. Future cash inflow expected to be generated from the investment property includes rental income, interest income of deposits and the value of disposals at the end of the period. The rental income is estimated based on the Group's current lease contract and considering the future annual rental growth rate. The income analysis period is estimated to be 10 years; interest income from deposits was estimated based on the average of one-year time deposit rates of the five major banks; and the ending value of dispositions was estimated using the direct capitalization method of the income approach. Future cash outflows expected to be generated from investment properties include expenditures for land value taxes, housing taxes, insurance premiums, maintenance fees and management fees. These expenditures are estimated based on the current level of expenditures and take into consideration future adjustments to the announced land value and the tax rates set out in the House Tax Act.

The discount rate was determined by taking into account the 2-year postal time deposits plus 3-digit amount declared by Chunghwa Post Co., Ltd. and adding the risk premium related to the investment property.

For the amount of investment property pledged by the Company as collateral for loans, please refer to Note 29.

XVI. Loans

(I) Short-term loans

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Secured bank borrowings (Note 29)		
Bank borrowings	<u>\$ 70,000</u>	<u>\$417,900</u>

As at December 31, 2023 and 2022, the annual interest rate was 2.18% and 1.86%, respectively.

In December 2023, the Company applied to the bank for a short-term financing loan amount of NTD 297,500 thousand, and the substantive related party Hung Hung-Chang provided TWSE/TPEX listed stocks as collateral. If the value of the shares fell to 125% of the guarantee amount, the Company

must use pledged deposits to make up the difference. As of December 31, 2023, the Company had not provided pledged deposits to make up for the difference.

(II) Short-term bills payable – only as at December 31, 2022

	<u>December 31, 2023</u>
Commercial paper payable	\$300,000
Less: Discounts on short-term bills payable	(<u>1,388</u>)
	<u>\$298,612</u>
Interest rate per annum (%)	1.4

The abovementioned short-term bills payable were guaranteed by subsidiary Shang-Ting Construction in an amount equivalent to NTD 300,000 thousand with repurchase bonds. For details.

(III) Long-term loans

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Secured bank borrowings (Note 29)	\$ 60,520	\$400,000
Less: Long-term loans due within one business cycle	(<u>60,520</u>)	<u>-</u>
Long-term borrowings	<u>\$ -</u>	<u>\$400,000</u>
Interest rate per annum (%)	2.48~2.82	2.00
Maturity period	May 2027–April 2028	August 2025

XVII. Notes payable and accounts payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes payable		
From operations	<u>\$ 34,366</u>	<u>\$ 5,217</u>
Accounts payable		
From operations	<u>\$ 8,295</u>	<u>\$ 3,533</u>

In the accounts payable, the amounts of construction retention payable under construction contracts as at December 31, 2023 and 2022 were NTD 8,295 thousand and NTD 878 thousand, respectively. Construction retentions are non-interest bearing and will be paid at the end of the retention period of each construction contract. The

retention period is the normal operating cycle of the Company, which is usually more than one year. For the description of the construction contract, please refer to Note 22.

XVIII. Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Business tax payable	\$ 10,641	\$ 5,710
Payables for salaries, bonuses and unused leave of absence	6,741	2,601
Remuneration payable to directors and employees	3,728	-
Labor service payable	1,516	1,321
Payables for equipment	1,100	-
Others	<u>1,658</u>	<u>2,209</u>
	<u>\$ 25,384</u>	<u>\$ 11,841</u>

XIX. Provision for liabilities

	<u>2023</u>	<u>2022</u>
Opening balance	\$ 253	\$ 2,348
Increase (reversal) in the current year	<u>1,109</u>	(<u>2,095</u>)
Closing balance	1,362	253
Less: Provision – current	(<u>260</u>)	<u>-</u>
Provision – non-current	<u>\$ 1,102</u>	<u>\$ 253</u>

XX. Maturity analysis of assets and liabilities

The Company's assets and liabilities related to the construction business are classified as current or non-current according to the operating cycle, and the relevant amounts recognized are based on the amounts expected to be recovered or settled over one year and more than one year after the balance sheet date as listed below:

<u>December 31, 2023</u>	<u>Within 1 year</u>	<u>After 1 year</u>	<u>Total</u>
<u>Assets</u>			
Contract assets	\$ 39,894	\$ 6,325	\$ 46,219
Accounts receivable	368		368
Other financial assets – current	<u>43,195</u>	<u>25,850</u>	<u>69,045</u>
	<u>\$ 83,457</u>	<u>\$ 32,175</u>	<u>\$ 115,632</u>
<u>Liabilities</u>			
Contract liabilities	\$ 184,994	\$ -	\$ 184,994
Notes payable and accounts payable	34,574	8,087	42,661
Long-term loans due within one business cycle	<u>-</u>	<u>60,520</u>	<u>60,520</u>
	<u>\$ 219,568</u>	<u>\$ 68,607</u>	<u>\$ 288,175</u>
<u>December 31, 2022</u>			
<u>Assets</u>			
Contract assets	\$ -	\$ -	\$ -
Accounts receivable	4,946	-	4,946
Other financial assets – current	<u>9,750</u>	<u>-</u>	<u>9,750</u>
	<u>\$ 14,696</u>	<u>\$ -</u>	<u>\$ 14,696</u>
<u>Liabilities</u>			
Contract liabilities	\$ 71,141	\$ -	\$ 71,141
Notes payable and accounts payable	<u>8,750</u>	<u>-</u>	<u>8,750</u>
	<u>\$ 79,891</u>	<u>\$ -</u>	<u>\$ 79,891</u>

XXI. Equity

(I) Share capital

Common stock

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Rated number of shares (thousand shares)	<u>99,000</u>	<u>99,000</u>
Authorized share capital	<u>\$ 990,000</u>	<u>\$ 990,000</u>
Number of shares issued and fully paid (thousand shares)	<u>42,488</u>	<u>24,988</u>
Share capital issued	<u>\$ 424,881</u>	<u>\$ 249,881</u>

Common shares issued have a par value of NTD 10 per share and each share is entitled to one voting right and the right to receive dividends.

As of December 31, 2023 and 2022, the abovementioned number of issued shares, including the number of commons stocks privately placed, was 31,853 thousand shares and 14,353 thousand shares, respectively, and the public offering procedures have not yet been processed. Information on previous private placements of common shares is as follows:

<u>Date of private placement</u>	<u>Number of private placement (capital reduction) shares (thousand shares)</u>	<u>Amount of private placement</u>
July 20, 2012	5,000	\$ 40,000
December 5, 2012	2,150	28,595
September 30, 2013	5,000	75,500
December 28, 2015	2,500	29,750
March 31, 2017	2,223	20,007
September 1, 2017	(7,445)	-
December 4, 2020	40,000	226,400
August 25, 2021	(35,075)	-
July 13, 2023	<u>17,500</u>	<u>506,100</u>
Total	<u>31,853</u>	<u>\$ 926,352</u>

On June 28, 2023, the Board of Directors of the Company resolved to increase capital by NTD 175,000 thousand through private placement of 17,500 thousand common shares at a premium price of NTD 28.92 per share with July 13, 2023 as the base date, obtaining NTD 506,100 thousand of additional paid-in capital, and capital surplus was increased by NTD 331,100 thousand. The paid-in capital was NTD 424,881 thousand after the capital increase, and the registration of change was completed.

A cash capital increase of the Company was approved by the Board of Directors on March 12, 2024. A total of 10 million shares with par value of \$10 per share will be issued at a tentative price of \$55 per share (to be adjusted depending on the situation). This cash capital increase will be proceeded after the effective registration with the Securities and Futures Bureau, Financial Supervisory Commission.

(II) Capital reserve

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
May be used to make up for losses, release Cash or capital stock (Note)		
<hr/>		
Stock options for expired convertible corporate bonds	\$ 7,340	\$ 7,340
Premium from stock issuance	<u>331,100</u>	<u>-</u>
	<u>\$338,440</u>	<u>\$ 7,340</u>

Note: Such capital reserves may be used to make up for losses, and may be used to distribute cash or capitalize on share capital when the Company has no losses. However, the capital reserves shall be limited to a certain percentage of the Company's paid-in capital each year.

(III) Retained earnings and dividend policy

If there are earnings in the annual final accounting, the Company shall pay tax and make up for the accumulated losses, and then set aside 10% as the legal reserve, and the rest shall be set aside or reversed as special reserve in accordance with the laws and regulations. For the remaining earnings, the Board of Directors shall prepare a proposal for the distribution of earnings to be submitted to the shareholders' meeting for resolution on the distribution of dividends to shareholders. For the distribution policy of the remuneration to employees and director, please refer to Note 23(6) Remuneration to employees and directors.

In addition, in accordance with the Company's Articles of Incorporation, earnings may be distributed in the form of cash dividends or stock dividends. Cash dividends are preferred for the distribution of earnings, or may be distributed in the form of stock dividends. However, the percentage of stock dividends may not be distributed at a rate of no more than 50% of the total dividends as a principle. Where the Company has no earnings to distribute for the year, or the Company has earnings but the amount of earnings is far less than the actual earnings distributed by the Company in the previous year, or based on the Company's finance, business, and operating conditions, all or a portion of the Company's reserves may be distributed in accordance with the

laws and regulations of the competent authorities.

The loss appropriation proposals for 2022 and 2021 were approved by the Company's general shareholders' meetings held on June 19, 2023 and June 8, 2022, respectively.

The 2023 earnings distribution was proposed by the Board of Directors on March 12, 2024 as follows:

	<u>2023</u>
Legal reserve	<u>\$ 66,711</u>
Special reserves	<u>\$ 6,916</u>
Cash dividends	<u>\$ 84,976</u>
Cash dividend per share (NTD)	\$ 2

The 2023 earnings distribution is pending resolution by the shareholders' meeting in May 2024.

(IV) Other equity items

- Exchange differences on translation of financial statements of foreign operations

	<u>2023</u>	<u>2022</u>
Opening balance	(\$ 7,062)	(\$ 12,306)
Occurred in the current year		
Exchange differences on foreign operations	770	6,555
Income tax on translation of foreign operations	(154)	(1,311)
Disposal of foreign operations	(588)	-
Income tax on disposal of foreign operations	118	-
Closing balance	<u>(\$ 6,916)</u>	<u>(\$ 7,062)</u>

2. Unrealized gain or loss on financial assets at fair value through other comprehensive income

	<u>2023</u>	<u>2022</u>
Opening balance	(\$ 6,018)	(\$ 4,659)
Occurred in the current year		
Unrealized profit or loss	(1,478)	(1,359)
Accumulated gains and losses on disposal of equity instruments transferred to retained earnings	<u>7,496</u>	<u>-</u>
Closing balance	<u>\$ -</u>	<u>(\$ 6,018)</u>

3. Revaluation gains of property

	<u>2023</u>	<u>2022</u>
Opening balance	\$556,397	\$556,397
Reclassified to retained earnings	(556,397)	-
Closing balance	<u>\$ -</u>	<u>\$556,397</u>

XXII. Revenue

	<u>2023</u>	<u>2022</u>
Revenue from contracts with customers		
Construction revenue	\$283,221	81,242
Service revenue	<u>396</u>	<u>3,814</u>
	<u>\$283,617</u>	<u>\$ 85,056</u>

(I) Contract balance

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Notes receivable (Note 10)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,092</u>
Accounts receivable (Note 10)	<u>\$ 368</u>	<u>\$ 4,946</u>	<u>\$ 4,430</u>
Contract assets			
Engineering construction	\$ 39,894	\$ -	\$ 14,754
Construction retention receivable	<u>6,325</u>	<u>-</u>	<u>3,345</u>
	<u>\$ 46,219</u>	<u>\$ -</u>	<u>\$ 18,099</u>
Contract liabilities			
Engineering construction	<u>\$ 184,994</u>	<u>\$ 71,141</u>	<u>\$ -</u>

The change in contract assets and liabilities is mainly due to the difference between the point of meeting the performance obligation and the time of payment by the customer.

The credit risk management of contract assets adopted by the Company is the same as that of accounts receivable.

Please refer to Note 10.

(II) Breakdown of revenue from contracts with customers

For the breakdown of revenue, please refer to Statement 15 Significant Accounting Items.

(III) Contracts with customers not yet completed

As at December 31, 2023 and 2022, the transaction prices for the amortization of the Company's performance obligations that have not yet been fully satisfied were NTD 1,202,478 thousand and NTD 645,219 thousand, respectively, and are expected to be completed before the end of 2027 and recognized in revenue gradually.

XXIII. Net profit before tax

(I) Other income

	<u>2023</u>	<u>2022</u>
Management service income	\$ 36,656	\$ 25,888
Rental income	14,225	26,236
Dividend income	-	2,009
Others	<u>1,271</u>	<u>2,561</u>
	52,152	56,694
Less: Other income from discontinued operations	<u>-</u>	(<u>275</u>)
	<u>\$ 52,152</u>	<u>\$ 56,419</u>

(II) Other gains and losses

	<u>2023</u>	<u>2022</u>
Gains on disposal of investment property	\$ 17,976	\$ -
Gain on disposal of equity-method subsidiaries (Note 12)	1,416	2,730
Net foreign exchange gain or loss	56	12,830
Financial liabilities profit or loss measured at fair value through profit or loss	-	(12,975)
Gain or loss on fair value adjustment of investment property (Note 15)	-	(14,670)
Other expenses	(<u>167</u>)	(<u>840</u>)
	<u>\$ 19,281</u>	<u>(\$ 12,925)</u>

(III) Financial cost

	<u>2023</u>	<u>2022</u>
Borrowing interest	\$ 9,798	\$ 14,495
Interest on convertible corporate bonds	-	507
Interest on lease liabilities	205	56
Others	<u>30</u>	<u>71</u>
	<u>\$ 10,033</u>	<u>\$ 15,129</u>

(IV) Depreciation and amortization

	<u>2023</u>	<u>2022</u>
Property, plant and equipment	\$ 513	\$ 334
Right-of-use assets	4,029	1,371
Intangible assets	<u>104</u>	<u>120</u>
	<u>\$ 4,646</u>	<u>\$ 1,825</u>
Depreciation expenses by function		
Operating expenses	<u>\$ 4,542</u>	<u>\$ 1,705</u>
Amortization expenses by function		
Operating expenses	<u>\$ 104</u>	<u>\$ 120</u>

(V) Employee benefits expense

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 37,612	\$ 21,971
Post-employment benefits		
Defined contribution plan	<u>1,235</u>	<u>851</u>
	<u>\$ 38,847</u>	<u>\$ 22,822</u>
Operating cost	\$ 2,742	\$ -
Operating expenses	<u>36,105</u>	<u>22,822</u>
	<u>\$ 38,847</u>	<u>\$ 22,822</u>

(VI) Remuneration to employees and directors

The Company appropriates no less than 1% and no more than 1% of the Company's earnings before income tax for the year as remuneration to employees and directors, respectively. However, where the Company has accumulated losses, an amount to offset the losses shall be retained in advance and then remuneration to employees and directors shall be appropriated in accordance with the aforementioned percentages.

As there was still losses to be offset for 2022, remuneration of employees and directors was not estimated. The estimated remuneration of employees and directors for 2023 is as follows:

	<u>2023</u>
<u>Estimated percentage (%)</u>	
Remuneration to employees	1.68
Remuneration to directors	0.84
<u>Amount</u>	
Remuneration to employees	\$ 2,485
Remuneration to directors	1,243

If there is a change in the amount of the annual parent company only financial statements after the publication date, it will be treated as a change in the accounting estimate and will be adjusted and accounted for in the following year.

It was resolved by the Board of Directors not to distribute employees' remuneration and directors' remuneration in 2022 and 2021.

For information on the remuneration of employees and directors resolved by the Board of Directors in 2023 and 2022, please visit the Market Observation Post System of the Taiwan Stock Exchange.

(VII) Gain (loss) on foreign currency exchange

	<u>2023</u>	<u>2022</u>
Total foreign currency exchange gains	\$ 86	\$ 20,895
Total foreign currency exchange losses	(<u>30</u>)	(<u>8,065</u>)
	<u>\$ 56</u>	<u>\$ 12,830</u>

XXIV. Income tax

(I) Income tax recognized in profit or loss

Major components of income tax expenses (benefit) are as follows:

	<u>2023</u>	<u>2022</u>
Deferred income tax		
Incurred in the current year	\$ 2,731	(\$ 1,815)
Adjusted in prior years	(<u>406</u>)	-
Income tax expense (benefit) recognized in profit or loss	<u>\$ 2,325</u>	(<u>\$ 1,815</u>)

Reconciliation of accounting income and income tax expense (profit) is as follows:

	<u>2023</u>	<u>2022</u>
Income before tax from continuing and discontinued operations	<u>\$144,305</u>	<u>\$ 1,902</u>
Income tax expense with net profit before tax calculated at statutory tax rate	\$ 28,861	\$ 380
Non-deductible expenses and losses in determining taxable income and tax-exempt income	(\$ 8,052)	\$ 4,276
Unrecognized deductible temporary differences	3,011	2,894
Recognizable loss carryforwards	(21,089)	(9,365)
Adjusted in prior years	(<u>406</u>)	-

Income tax expense (benefit) recognized in profit or loss	<u>\$ 2,325</u>	<u>(\$ 1,815)</u>
(II) Income tax recognized in other comprehensive income		
	<u>2023</u>	<u>2022</u>
Deferred income tax Incurred in the current period		
Translation of the financial statements of foreign operations	<u>(\$ 36)</u>	<u>(\$ 1,311)</u>
(III) Current income tax assets		
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current income tax assets		
Tax refund receivable	<u>\$ 332</u>	<u>\$ 190</u>

(IV) Deferred income tax assets and liabilities

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

2023

	<u>Opening balance</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehen sive income</u>	<u>Closing balance</u>
<u>Deferred income tax assets</u>				
Temporary difference				
Unrealized gains of subsidiaries	\$ 157	(\$ 19)	\$ -	\$ 138
Warranty liabilities	51	222	-	273
Unrealized valuation loss of investment property	2,934	(2,934)	-	-
Others	<u>1,766</u>	<u>-</u>	<u>(36)</u>	<u>1,730</u>
	<u>\$ 4,908</u>	<u>(\$ 2,731)</u>	<u>(\$ 36)</u>	<u>\$ 2,141</u>
	<u>Opening balance</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehen sive income</u>	<u>Closing balance</u>
<u>Deferred income tax liabilities</u>				

Temporary difference				
Reserve for land				
increment tax	<u>\$ 33,899</u>	<u>\$ 406</u>	<u>(\$ 34,305)</u>	<u>\$ -</u>

2022

	<u>Opening balance</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehen sive income</u>	<u>Closing balance</u>
<u>Deferred income tax assets</u>				
Temporary difference				
Unrealized exchange losses	\$ 681	(\$ 681)	\$ -	\$ -
Unrealized gains of subsidiaries	176	(19)	-	157
Warranty liabilities	470	(419)	-	51
Unrealized valuation loss of investment property	-	2,934	-	2,934
Translation of the financial statements of foreign operations	<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>				
Temporary difference				
Reserve for land increment tax	<u>\$ 33,899</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,899</u>

- (V) Deductible temporary differences of deferred income tax assets not recognized in the parent company only balance sheet and tax credits of unused loss carryforwards

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Deductible (recognizable) temporary difference		
Share of profit or loss of subsidiaries accounted for using the equity method	<u>\$146,979</u>	<u>\$ 81,960</u>
Loss carryforwards		
Expired in 2023	\$ -	\$ 3,683
Expires in 2024	-	8,460
Expires in 2025	4,629	13,575
Expires in 2026	46,186	46,186
Expires in 2027	7,936	7,936
Expires in 2028	9,083	9,083
Expire in 2029	14,115	14,115
Expire in 2030	\$ 30,816	\$ 30,816
Expire in 2031	<u>10,952</u>	<u>10,952</u>
	<u>\$123,717</u>	<u>\$144,806</u>

- (VI) Assessment of income tax

The profit-seeking enterprise income tax returns of the Company has been assessed by the tax authorities up to 2021, and there is no significant difference between the verification result and the number of declarations.

XXV. Earnings per share

The net profit and the weighted average number of ordinary shares used to calculate the earnings per share of continuing operations are as follows:

Net income for the year

	<u>2023</u>	<u>2022</u>
Net profit	\$141,980	\$ 3,717
Less: Net profit of discontinued operations used to calculate basic earnings per share of discontinued operations	-	<u>434</u>
Net income used to calculate the basic and diluted earnings per share of continuing operations	<u>\$141,980</u>	<u>\$ 3,283</u>

Number of shares

	Unit: Thousand shares	
	<u>2023</u>	<u>2022</u>
Weighted average number of ordinary shares used to calculate basic and diluted earnings per share	33,235	24,988
Employee remuneration due to dilutive effect of potential ordinary shares	<u>60</u>	<u>-</u>
Weighted average number of common shares used to calculate diluted earnings per share	<u>33,295</u>	<u>24,988</u>

If the Company can settle the compensation to employees in cash or shares, the Company assumes the entire amount of the compensation would be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share if the effect is dilutive. Such a dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

XXVI. Capital risk management

The Company performs capital management to ensure that it can maximize shareholders' equity by optimizing the amount of debt and equity under the premise of continuing to operate.

The Company's key management reviews the Company's capital structure from time to time in accordance with the economic environment and business considerations. Based on the recommendations of the key management personnel and in accordance with the laws and regulations, the Company will balance its overall capital structure through fund-raising in the capital market and bank financing.

XXVII. Financial instruments

(I) Fair value information – financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy – only as at December 31, 2022

December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value through other comprehensive income				
Investment in equity instruments				
Domestic listed stocks	<u>\$ 31,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,500</u>
Financial liabilities measured at fair value through profit or loss				
Contingent consideration (Note 12)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 232,725</u>	<u>\$ 232,725</u>

There were no transfers between Level 1 and Level 2 fair value measurements in 2023 and 2022.

2. Reconciliation of Level 3 fair value measurement of financial instruments

The Company only financial liability that adopts Level 3 fair value for subsequent measurement is the contingent consideration related to the acquisition of Shang-Ting Construction. The contingent consideration-related valuation loss recognized in 2022 was NTD 12,975 thousand.

3. Valuation techniques and inputs for Level 2 and Level 3 fair value measurement

<u>Type of financial instrument</u>	<u>Valuation technique and inputs</u>
Agreement with contingent consideration	Discount the estimated fair value based on the payment risk interest rate and credit risk discount rate in accordance with the negotiated conditions.

(II) Types of financial instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets measured at fair value through other comprehensive income		
Investment in equity instruments	\$ -	\$ 31,500
Financial assets measured at amortized cost (Note 1)	\$ 227,447	\$ 309,083
<u>Financial liabilities</u>		
Financial liabilities measured at fair value through profit or loss	-	232,725
Measured at amortized cost (Note 2)	486,917	1,053,479

Note 1: The balances include financial assets measured at amortized cost, including cash, accounts receivable, other receivables, and other financial assets.

Note 2: The balance includes short-term borrowings, short-term bills payable, notes payable, accounts payable, other payables (including related parties), Long-term loans due within one business cycle, long-term borrowings and refundable deposits (current recognized in other current liabilities) (under) and other financial liabilities measured at amortized cost, but excluding the amount of short-term employee benefits payable.

(III) Financial risk management objectives and policies

The Company's major financial instruments include accounts receivable, accounts payable, lease liabilities and borrowings. The Company's financial management department monitors and manages the financial risks related to the Company's operations through the internal risk report that analyzes exposures based on the level and breadth of risks. Such risks include market risk (including interest rate risk and other price risk), credit risk and liquidity risk.

1. Market risk

The main market risk assumed by the Company's operating activities is the risk of changes in foreign currency exchange rates and the risk of changes in interest rates.

There has been no change to the Company's exposure to market risks and the management and measurement of such exposures.

(1) Exchange rate risk

The Company is not material to the fluctuations in the exchange rate of USD in 2023 and 2022.

(2) Interest rate risk

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fair value interest rate risk		
Financial liabilities	\$317,466	\$ 14,562
Cash flow interest rate risk		
Financial assets	150,251	289,860
Financial liabilities	130,520	817,900

Sensitivity analysis

For assets and liabilities with floating interest rates, the change rate used in the Company internal reporting of interest rate risk to key management personnel is 100 basis points. If the interest rate increased/decreased by 100 basis points (1%) on the balance sheet date, all other variables remained unchanged under such circumstances, the Company's net profit before tax for 2023 and 2022 would have increased/decreased by NTD 197 and (5,280) thousand, respectively. Mainly due to the Company's bank borrowings and deposits at variable interest rates.

(3) Other price risk – 2022 only

The Company is exposed to equity price risk due to its investment in the listed equity securities. The Company's management manages risks by holding different risk portfolios.

Sensitivity analysis

The following sensitivity analysis is based on the equity price exposure on the balance sheet date.

If the equity price had increased/decreased by 5%, other comprehensive income would have increased/decreased by NTD 1,575 thousand in 2022 due to the increase/decrease in fair value of financial assets measured at FVTOCI.

2. Credit risk

The financial assets are potentially affected by the Company's counterparty or other party's failure to fulfill a contract. The impact includes the credit risk concentration, components and contract value of the Company's financial instruments. The credit risk of each financial asset of the Company is based on the contract with a positive fair value on the balance sheet date. The credit risk amount of the financial assets held by the Company is approximately equivalent to the book value.

The credit risk of the public construction projects undertaken by the Company is mainly concentrated in the government agencies, and the credit risk is expected to be insignificant.

3. Liquidity risk

The Company manages and maintains sufficient cash to cover its operating expenses and mitigate the impact of cash flow fluctuations. The Group's management monitors the use of the bank's financing facilities and ensures that they are sufficient. Therefore, there is no liquidity risk due to the inability to raise funds to fulfill contractual obligations.

The following table shows the Company's agreed repayment period of the remaining contractual maturity of its non-derivative financial liabilities. The table was based on the earliest date on which the Company may be required to make repayments, and prepared using the

undiscounted cash flows of the financial liabilities, consisting of cash flows of interest and principal.

December 31, 2023

	Pay on demand or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years
<u>Non-derivative financial liabilities</u>				
Non-interest-bearing liabilities	<u>\$ 47,701</u>	<u>\$ 1,967</u>	<u>\$ 10,334</u>	<u>\$ 8,252</u>
Fixed interest rate liabilities	<u>\$ -</u>	<u>\$ 300,000</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities at floating interest rates	<u>\$ 70,273</u>	<u>\$ 126</u>	<u>\$ 5,824</u>	<u>\$ 65,006</u>
Lease liabilities	<u>\$ 398</u>	<u>\$ 795</u>	<u>\$ 3,494</u>	<u>\$ 14,962</u>

December 31, 2022

	Pay on demand or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years
<u>Non-derivative financial liabilities</u>				
Non-interest-bearing liabilities	<u>\$ 59,903</u>	<u>\$ 171,427</u>	<u>\$ 2,286</u>	<u>\$ 237,289</u>
Liabilities at floating interest rates	<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>

XXVIII. Transactions with related parties

In addition to the aforementioned notes and tables, the transactions between the Company and related parties are as follows.

(I) Names of related parties and their relationships

<u>Name of related party</u>	<u>Relationship with the Company</u>
Hung Hung-Chang	Substantive related party
Chiang Yu-Lien	Chairman of the Company (since June 2023)
Hsu Cheng-Che	General Manager of the Company (from June 2023)
Lian-Chuang Enterprise Co., Ltd. (Lian-Chuang)	Substantive related party
Hong-Ting Co., Ltd.	Substantive related party
Shang-Ting Construction Co., Ltd. (Shang-Ting Construction)	Subsidiary

(II) Operating revenue and operating cost

<u>Presentation item</u>	<u>Category/Name of related party</u>	<u>2023</u>	<u>2022</u>
Net labor service revenue	Shang Ting Construction	<u>\$ 396</u>	<u>\$ 3,814</u>

Construction contracting

1. 2023

<u>Name of related party</u>	<u>Total contract price</u>	<u>Recognized construction revenue for the year</u>	<u>Accumulated and recognized construction revenue</u>	<u>Collections on construction works</u>
Shang Ting Construction	\$ 433,333	\$ 220,797	\$ 261,982	\$ 371,760
Lian-Chuang	<u>52,062</u>	<u>1,432</u>	<u>52,062</u>	<u>52,062</u>
	<u>\$ 485,395</u>	<u>\$ 222,229</u>	<u>\$ 314,044</u>	<u>\$ 423,822</u>

2. 2022

<u>Name of related party</u>	<u>Total contract price</u>	<u>Recognized construction revenue for the year</u>	<u>Accumulated and recognized construction revenue</u>	<u>Collections on construction works</u>
Shang Ting Construction	\$ 501,191	\$ 43,736	\$ 109,042	\$ 178,751
Lian-Chuang	<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>

The raw materials and subcontracted projects of the subsidiary on behalf of others through the Company are measured at cost-plus pricing with elasticity considerations. Since there are no other similar transactions, the comparison cannot be made. The construction payment is collected on a monthly basis 30–60 days.

The total price of the construction contract with the related party is based on the negotiation between the two parties, and the payment is collected according to the construction progress, and the payment terms are equivalent to those of non-related parties.

(III) Contract assets and liabilities

Presentation item	Name of related party		December 31, 2023	December 31, 2022
Contract assets				
Construction retention receivable	Shang Construction	Ting	<u>\$ 6,325</u>	<u>\$ -</u>
Contract liabilities				
	Shang Construction	Ting	\$ 109,778	\$ 69,709
	Lian-Chuang		-	<u>1,432</u>
	Total		<u>\$ 109,778</u>	<u>\$ 71,141</u>

(IV) Receivables from related parties

Presentation item	Name of related party		December 31, 2023	December 31, 2022
Accounts receivable	Shang Construction	Ting	<u>\$ 368</u>	<u>\$ 4,946</u>
Other receivables	Shang Construction	Ting	<u>\$ 5,462</u>	<u>\$ 2,374</u>

The outstanding related party receivables were not guaranteed, and the receivables from related parties in 2023 and 2022 were not recognized as bad debt.

(V) Payables to related parties – only as at December 31, 2022

Presentation item	Name of related party	December 31, 2022
Other payables	Hung Hung-Chang	\$ 255,450
	Chiang Yu-Lien	<u>190,300</u>
		445,750
Included in other payables		(<u>213,025</u>)
Included in financial liabilities measured at fair value through profit or loss – non-current		<u>\$ 232,725</u>

Other payables – related parties are mainly payments due to acquisition of shares of subsidiaries. Including the contingent consideration is recognized at fair value on the date of acquisition, recognized as financial liabilities measured at fair value through profit or loss – non-current.

The abovementioned other payables and contingent consideration agreements have been paid in full. Please refer to Note 12 for details.

(VI) Lease agreements

Presentation item	Category/Name of related party	December 31, 2023	December 31, 2022
Right-of-use assets	Substantive related party Lian-Chuang	<u>\$ 16,074</u>	<u>\$ 13,622</u>
Lease liabilities – current	Substantive related party Lian-Chuang	\$ 3,103	\$ 2,866
Lease liabilities – non-current	Substantive related party Lian-Chuang	<u>12,971</u> <u>\$ 16,074</u>	<u>10,780</u> <u>\$ 13,646</u>

Presentation item	Category/Name of related party	2023	2022
Interest on lease liabilities	Substantive related party Lian-Chuang	<u>\$ 166</u>	<u>\$ 51</u>

Presentation item	Category/Name of related party	December 31, 2023	December 31, 2022
Refundable deposits (included in other financial assets – non-current)	Substantive related party Lian-Chuang	<u>\$ 500</u>	<u>\$ 500</u>

The Company leased the Lian-Chuang Building from its substantive related party, Lian-Chuang, for use as offices in September 2022. The rent was based on the rent level of similar assets, with fixed monthly payment in accordance with the lease agreement. In December 2023, the Company renegotiated the lease agreement to extend the lease contract period to December 2028. Therefore, the lease liabilities were re-measured and the right-of-use assets were adjusted accordingly.

(VII) Endorsements/guarantees

Chairman Chiang Yu-Lian, President Hsu Cheng-Che, and substantive related party Hung Hung-Chang provided endorsements and guarantees for the Company's loans.

(VIII) Other related party transactions

Presentation item	Category/Name of related party	2023	2022
Management service income	Shang Ting Construction	<u>\$ 36,656</u>	<u>\$ 25,888</u>
Other expenses	Substantive related party Subsidiary	\$ -	\$ 26
		<u>-</u>	<u>103</u>
		<u>\$ -</u>	<u>\$ 129</u>

The service revenue above is priced based on a at cost-plus pricing with elasticity considerations at actual occurrence.

(IX) Remuneration of key management personnel

	2023	2022
Salaries, bonuses, allowances and bonuses	<u>\$ 8,940</u>	<u>\$ 7,801</u>

The remuneration of directors and other key management personnel is determined by the Remuneration Committee in accordance with individual performance and market trends.

XXIX. Assets pledged as collateral

The following assets of the Company have been provided to banks as performance bonds and financing guarantees:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other financial assets	\$ 43,195	\$270,061
Investment property	<u>-</u>	<u>721,010</u>
	<u>\$ 43,195</u>	<u>\$991,071</u>

XXX. Significant Contingent Liability and Unrecognized Contractual Commitment

Except as described in other notes, the significant commitments and contingencies of the Company as of the balance sheet date are as follows:

As at December 31, 2023 and 2022, the amount of the performance guarantee provided by the bank for the contracted projects was NTD 88,002 thousand and NTD 13,211 thousand, respectively.

XXXI. Additional Disclosures

(I) Information on major transactions and (2) Information on investees

1. Loaning of funds to others: Table 1.
2. Endorsements/guarantees for others: Table 2.
3. Marketable securities held at the end of the period: None.
4. Marketable securities acquired or disposed of at costs or prices at least NTD 300 million or 20% of the paid-in capital: Table 3.
5. Acquisition of individual real estate at costs of at least NTD 300 million or 20% of the paid-in capital: None.
6. Disposal of individual real estate at costs of at least NTD 300 million or 20% of the paid-in capital: Table 4.
7. Total purchases from or sales to related parties amounting to at least NTD 100 million or 20% of the paid-in capital: Table 5.
8. Receivables from related parties amounting to at least NTD 100 million or 20% of the paid-in capital: None.
9. Trading in derivative instruments: None.

(II) Information on investees: Table 6.

(III) Investment information in Mainland China

1. Information on any investee in Mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, current

income or loss and investment income or loss recognized, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the Mainland China area: None; as stated in Note 12, the disposal of subsidiary – Shanghai Laishida has been completed, and the relevant change of the investment amount in Mainland China has been submitted to the Investment Commission of the Ministry of Economic Affairs.

2. Any of the following significant transactions with investees in Mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None.
 - (1) Amount and percentage of purchases and related payables at the end of the period.
 - (2) Amount and percentage of sales and related receivables at the end of the period.
 - (3) Amount of property transactions and the amount of gain or loss arising therefrom.
 - (4) Ending balance of negotiable instruments endorsed or provided as collateral and the purpose thereof.
 - (5) Maximum balance, ending balance, interest rate range, and total interest for the current period of the financing.
 - (6) Other transactions that have a significant impact on the current profit or loss or financial position, such as the provision or receipt of services.
- (IV) Information on major shareholders: Names of shareholders with a shareholding ratio of more than 5%, number of shares held, and percentage: Table 7.

Triocean Industrial Corporation Co., Ltd. and Subsidiaries
Loaning of funds to others

For the year ended December 31, 2023

(Unit: Thousand NTD, unless Stated Otherwise)

Table 1

No. (Note 1)	Lending company	Borrower	Financial statement account	Related party	Highest balance in the current year (Note 2)	Balance at the end of the year	Actual amount borrowed at the end of the year	Interest rate range (%)	Nature of loan	Business transaction amount	Reasons for short-term financing	Allowance for impairment loss	Collateral		Financing limit for each borrower	Aggregate amount of loan	Notes
													Name	Value			
1	Shang-Ting Construction Co., Ltd.	Tri Ocean Textile (Thailand) Co., Ltd	Other receivables Related parties	Yes	\$ 18,452	\$ 9,017	\$ 5,410	4	Short-term loan	\$ -	Operating turnover	\$ -	\$ -	\$ 494,812			

Note 1: The amount lent by a subsidiary to an individual shall not exceed 40% of the net worth of the company to which the funds are lent.

Note 2: The total amount of loans to others by the Company and its subsidiaries is limited to 40% of the net worth of the company to which the funds are lent.

Triocean Industrial Corporation Co., Ltd. and Subsidiaries
 Endorsements/Guarantees for Others
 For the year ended December 31, 2023

Table 2

Unit: NTD thousand
 (unless otherwise stated)

No.	Name of endorser/guarantor	Endorsee/Guaranteee		Limit on endorsement/ Guarantee given on behalf of each party (Note 1)	Outstanding endorsement/ Guarantee during the year	Outstanding endorsement/ Guarantee at the end of the period	Actual amount borrowed	Amount endorsed/guaranteed by collateral	Ratio of accumulated endorsement/ Guarantee to net equity in latest financial statements (%)	Aggregate endorsement/guarantee limit (Note 2)	Endorsement/ Guarantee given by parent on behalf of subsidiaries	Endorsement/ Guarantee given on behalf of companies in Mainland China	Notes
		Name of company	Relationship										
1	Shang-Ting Construction Co., Ltd.	Triocean Industrial Corporation Co., Ltd.	Parent company	\$ 618,516	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	24	\$ 2,474,062	Y	N	

Note 1: The limit of the endorsement/guarantee provided by a subsidiary as a whole to a single enterprise shall not exceed 50% of the net worth of the subsidiary.

Note 2: The total amount of endorsements/guarantees accumulated by the subsidiary as a whole shall not exceed twice the net worth of the subsidiary.

Triocean Industrial Corporation Co., Ltd. and Subsidiaries

Marketable securities acquired or disposed of at costs or prices at least NTD 300 million or 20% of the paid-in capital

For the year ended December 31, 2023

Table 3

(Unit: Thousand NTD, unless Stated Otherwise)

Buying/selling company	Type and name of marketable securities	Financial statement account	Counterparty	Relationship	Beginning of the year		Buying in		Selling			End of the year (Note 1) Number of shares	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Carrying cost		Disposal gains (losses)
Triocean Industrial Corporation Co., Ltd.	Common stock Shang-Ting Construction Co., Ltd.	Investment under the equity method	Note 2	Subsidiary	50,000,000	\$ 965,598	70,000,000	\$ 700,000	-	\$ -	\$ -	120,000,000	\$ 1,695,327

Note 1: The amount of investment under the equity method includes investment gains and losses recognized under the equity method and related adjustments of investment under the equity method.

Note 2: For cash capital increase.

Triocean Industrial Corporation Co., Ltd. and Subsidiaries

Disposal of individual real estate at costs of at least NTD 300 million or 20% of the paid-in capital

For the year ended December 31, 2023

Table 4

(Unit: Thousand NTD, unless Stated Otherwise)

Disposal of property	Property name	Date of occurrence	Original acquisition date	Carrying amount	Transaction amount (Note)	Collection of payment	Disposal gain or loss	Counterparty	Relationship	Purpose of disposal	References for price determination	Others Covenants
The Company	Investment property – land and buildings	2023.05.09	1990.12.15 and 2000.10.01	\$ 721,010	\$ 738,986	Note 15	\$ 17,976	Pegatron Corporation	None	Revitalize assets, improve financial structure, and replenish working capital	Appraisal report	-

Note: Necessary costs have been deducted.

Triocean Industrial Corporation Co., Ltd. and Subsidiaries

Amount of significant purchases from or sales to related parties amounting to at least NTD 100 million or 20% of the paid-in capital
For the year ended December 31, 2023

Table 5

Unit: Thousand NTD, unless Stated Otherwise

Purchase (sale) company	Counterparty	Relationship	Transaction status			Circumstances and reasons for the difference between the transaction conditions and general transactions		Notes and accounts receivable (payable)		
			Purchase (sale)	Amount	As a percentage to total purchase (sales) (%)	Credit period	Unit price	Balance	As a percentage to total notes and accounts receivable (payable) (%)	Notes
The Company	Shang Ting Construction	Subsidiary company	Operating revenue	(\$221,193)	(11)	Monthly settlement 30-60 days	Note 1	\$ 368	0.51	Note 2

Note 1: The raw materials and subcontracted projects of the Shang-Ting on behalf of others through the Company are measured at cost-plus pricing with elasticity considerations. Since there are no other similar transactions, the comparison cannot be made, a portion of the Company's revenues was recorded on a net basis.

Note 2: Receivables (payable) arising from non-sales and purchases have been excluded.

Triocean Industrial Corporation Co., Ltd. and Subsidiaries
Information on investees

For the year ended December 31, 2023

Table 6

Unit: NTD thousand

Name of investment company	Name of investment company	Location	Main business items	Initial investment amount		Number of shares	Held at the end of the year		Investee profit (loss) for the year	Investment income (loss) recognized in the current year (Note)	Notes
				End of the year	End of last year		Percentage (%)	Carrying amount (Note 1)			
Triocean Industrial Corporation Co., Ltd.	Tri Ocean Textile (Thailand) Co., Ltd. Shang-Ting Construction Co., Ltd.	Thailand Kaohsiung City	Manufacturing, processing and trading of fibrous fabrics Integrated Construction	\$ 390,478	\$ 390,478	9,372,500	100	\$ 78,444	(\$ 15,056)	(\$ 15,056)	
				1,701,025	1,001,025	120,000,000	100	1,695,327	30,532	52,041	

Note: The investment gains and losses recognized in the current year include the adjustment of unrealized gains and losses.

Triocean Industrial Corporation Co., Ltd. and Subsidiaries
Information of major shareholders
December 31, 2023

Table 7

Name of major shareholder	Shares	
	Number of shares held	Shareholding ratio (%)
Hong-Ting Co., Ltd.	16,238,000	38.21
Shun-Mei Enterprise Co., Ltd.	11,324,859	26.65

Note: This table states the shareholders who hold 5% or more of the Company's common shares and preferred shares (including treasury shares) that have been registered and delivered as dematerialized securities in total on the last business day of the year according to the record of Taiwan Depository & Clearing Corporation. The share capital recorded in the Company's parent company only financial statements and the number of shares actually delivered by the Company with the dematerialized registration completed may differ due to different calculation bases.

TRIOCEAN

TRIOCEAN INDUSTRIAL CORPORATION CO., LTD.