

Stock Code: 1447



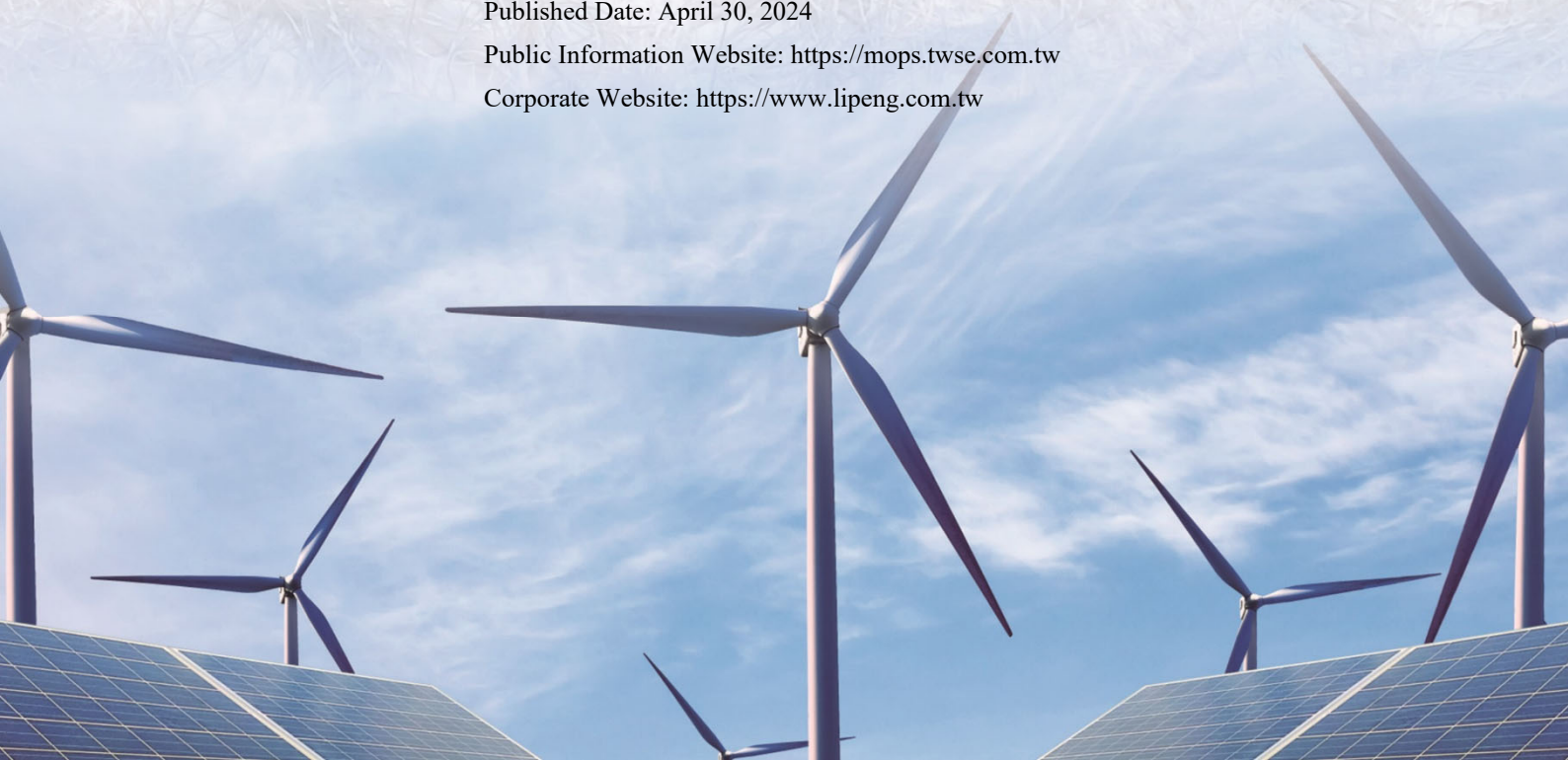
Li Peng Enterprise Co., Ltd.

2023 Annual Report

Published Date: April 30, 2024

Public Information Website: <https://mops.twse.com.tw>

Corporate Website: <https://www.lipeng.com.tw>



I. Corporate Spokesperson & Deputy Spokesperson

Spokesperson

Name: Chen, hen-ching

Title: President of Lealea Enterprise

Tel: (02) 2100-1188 (Representative Line)

Email: chihtn@lealea.com.tw

Deputy Spokesperson

Name: Su, Yen-Ming

Title: Vice President of the Business Units

Tel: (02) 2100-2188 (Representative Line)

Email: steven@lipeng.com.tw

II. Contact Information of Headquarters, Branches and Plants

1. Headquarters

Address: 6F., No. 162, Songjiang Rd., Taipei City

Tel: (02) 2100-2188(Representative Line)

2. Yangmei Plant

Address: No. 339, Xinrong Rd., Yangmei District, Taoyuan City

Tel: (03) 490-5265(Representative Line)

3. Changhua Weaving Plant

Address: No. 16, Gongye Rd., Fangyuan Industrial Park, Fangyuan Township, Changhua County

Tel: (04) 895-2222(Representative Line)

4. Changhua General Nylon Plant

Address: No. 33, Gongye Rd., Fangyuan Industrial Park, Fangyuan Township, Changhua County

Tel: (04) 895-3888 (Representative Line)

III. Contact Information of Share Transfer Agency

Name: Department of Stock Affairs, Taishin Securities Co., Ltd.

Address: B1, No.96, Sec.1, Jianguo N. Rd., Zhongshan Dist., Taipei City

Tel: (02)2504-8125

Website: <https://www.tssco.com.tw/stocktransfer>

IV. Auditors for the latest financial reports

Firm: Deloitte & Touches

CPAs: Wu,Ke-Chang 、Hong, Guo-Tian

Address: 20F., No. 100, Songren Rd, Xinyi District, Taipei City

Tel: (02)2725-9988 (Operator)

Website: <https://www.deloitte.com/tw>

V. The of any exchanges where the Company's securities are traded offshore, and the method by which to access information on the said offshore securities: None

VI. Corporate Website: <http://www.lipeng.com.tw>

Notice to readers

This is a translation of the 2023 annual report. The translation is for reference only. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.

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I. Letter to Shareholders

Ladies & Gentlemen,

1. 2023 Business Results

(1) Project Implementation Results:

Global economy encountered several challenges, including certain factors, such as Russia-Ukraine war, inflation threaten, geopolitics risk, China economic trend, China-United States trade war and climate change, etc. in 2023, and they made global economic growth slow; consumption of global major countries weakened, and furthermore, sales of end consumer declined, and it led poor overall export of Taiwan.

Shortage of CPL material supply influenced availability/uptime of nylon chips in the first half year of 2023, and material supply stabilized in the second half year, however, nylon market depresses, in addition, nylon chips were excessively produced in China, and it made nylon chips present price competition situation, and affected overall revenue performance of the enterprise.

The 2023 consolidated revenue is NT\$29.670 billion, 4.10% increase than that of 2022. After tax income is NT\$-433 million, and decrease of 2318.48% over 2022 Major products are nylon chips 68,583 tons, nylon yarn 12,781 tons, woven fabric 45.64 million yards, knitted fabric 840 tons, petrochemicals, 699,423 tons.

(2) Budget implementation:

Not available. Our company only set the 2023 internal budget, and did not disclose financial forecasts to the public.

(3) Revenue, expenditure, and profitability analysis:

The 2023 unconsolidated revenue is NT\$ 8.996 billion, after tax income is NT\$-445 million, after tax profit margin is -4.94%, earnings per share is NT\$ -0.51. Our company unconsolidated financial income and expense and profitability analysis are as below table.

Unit: Thousand NT\$

Item		2022	2023	Increase (Decrease) Amount and Ratio
Financial income and expense	Operating income	10,795,406	8,996,009	-1,799,397
	Operating cost	10,531,163	9,160,697	-1,370,466
	Before tax profit	-66,538	-532,212	-465,674
	Net Income	-37,008	-445,006	-407,998
Profitability	Return on asset (%)	0.12	-1.97	-2.09
	Return on equity (%)	-0.38	-4.83	-4.45
	Before tax income to paid-in capital ratio (%)	-0.72	-5.84	-5.12
	Profit margin (%)	-0.34	-4.94	-4.60
	Earnings per share (NT\$)	-0.04	-0.51	-0.47

(4) Research and development:

Under global net zero emission trend and carbon border adjustment mechanism tendency in Europe and United States, we continue to develop and promote new materials of being friendly for environment and ecosystem, including “RePET® recycled polyester”, “ReEcoya® recycled AceColor®ECO”, “NylonPlus® AceEco™ rNY” and other green recycled concept products, and cooperate with related companies to develop CRZ (Closed loop Recycling Zero Waste System) recycled fiber, recycle and reuse waste yarn and waste fabrics, save natural resources, and decrease environmental burden. Mass manufactured products of the Company for the past two years are as follows:

Type	Application	Specifications
Elastic Nylon Chip/Yarn	Injection grade and fiber grade footwear textile industrial fiber, single fiber	Naturally elastic fiber, elasticity without processing
Modified/Industrial Nylon Chip	Used for upgrading the physical properties of products such as injection grade and extrusion grade, replacing the customer's existing imported materials.	Increase nylon chips' added value, also low gravity specification which are also in line with lightweight concepts and differentiation to the other suppliers.
Film grade Nylon Chip	Improving the physical properties of film products to enhance stability	
Functionalized Monofilament from Nylon Chip	Extrusion grade and fiber grade monofilament, industrial fiber, monofilament	Increase nylon chips' value added and differentiate with the other manufacturers
Antibacterial nylon yarn	High grade knit fabric, sports, leisure	Increase the antibacterial effectiveness after laundering and dyeing
Low moisture absorption nylon yarn	High grade knit fabric, sports, leisure	Low moisture absorption and high product size stability
Nylon recycled yarn	Knit fabric textile, sport, leisure	GRS green recycling application
Nylon Chips and Fiber for Electric Vehicles/ Lightweight Nylon Grain and Fiber	Used for upgrading the physical properties of products such as injecting grade and extrusion grade, replacing the existing materials chosen by customers.	Increase the added value of nylon chips; the weather resistance and light weight are also consistent with differentiation from other competitors.
Recycle Tire Carbon yarn	Wetsuit and other functional fabrics	Carbon recycling products

2. The 2024 business plan summary

The Company regards “work and pull together, work as one team to stabilize the foundation”, “actively innovate, poise for meeting turning point” as main inspirit of operating strategy this year, uses our core ability, research and develop reproduce technology of wastes/waste textiles, develop eco-sustainable and low-carbon products, decrease carbon emission of process to create new value of resources, and implements circular economy, goes toward the goal of sustainable operation.

Nylon business unit: seize supply and demand change of raw and indirect materials, and price fluctuations to effectively set purchase strategy.

Nylon chips: develop new markets, actively research and develop, produce and marketing, and expand applying fields.

Nylon yarn: flexibly adjust production lines to respond market change, and continue to develop high-value functional products.

High-end textile business unit: continue to develop environmentally friendly, functional, and high-value-added textiles. We will deeply cultivate brand owners and expand new customers.

3. The company's future development strategy under impacts of external environment, legal environment, and overall business environment

Net zero carbon emission goal of year 2050 becomes consistent consensus for all countries, effectively responding climate change becomes global important issue, global textile industry actively goes toward direction of sustainable cycle to develop, decreases to use raw materials, raises recyclability and reusability of products, abandons past linear value chain of raw materials-manufacture-use-throw away, and changes into circle circulatory system, raw materials aren't thrown away after used, and through material transformation, using in textile value chains circle at a long time; environmental protection and sustainability, green energy production and low-carbon products will become the most critical part of increasing international competitive advantages for Taiwan textile industry. The Company's textile design, except uses Reduce/ Reuse/Recycle as development, and promotes "Circular Economy of Green Energy, LIBOLON", contains green design, green process, green products, connects yarn, weaving and dying in series, one-stop integrated manufacture of recycling, executes comprehensively decreasing water and carbon, and implements to go toward sustainably operation from enterprise internal recycling eco-circular economy concept.

Uncertain factors, such as the Red Sea crisis escalates, global trade war, extreme climate disturbs global supply chain, geopolitics risk raise, etc. make global economy still encounter several challenges; intelligent technology drives new industry revolution, network and emerging risk will become potential critical threaten; although environment is complicated and changeable, we keenly observe market dynamics, flexibly respond change, and all departments ensure to evaluate risks, control and management, use advantages of related enterprises vertical integration, and integrate resources to respond to challenges for environment. Finally, I would like to express my deepest gratitude to all shareholders and wish you all good health and all the best.

Chairman:Kuo Shao Yi

Manager: Chen, Ping Huang

Accounting Manager: Su, Pei Yu

II. Company Profile

1. Founding Date: 20 August 1975

2. Company History:

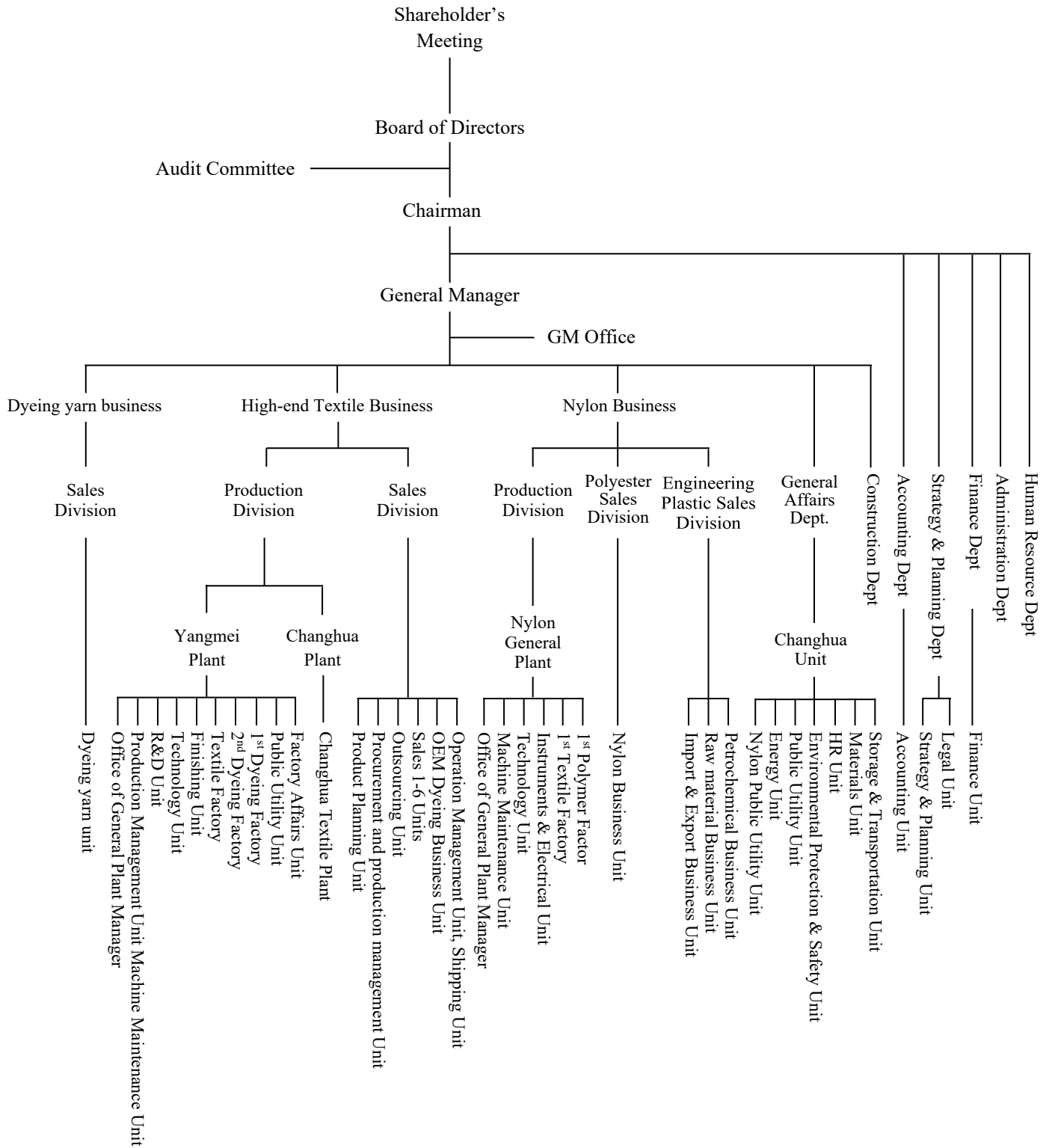
- (1) The Company was authorized to be established on 20 August 1975 by the Chairman, Mr. Kuo Mu Sheng, with a paid-in capital of NTD4.7 million.
- (2) In 1976, the Company acquired land to build a printing plant in Tu-Chen Township Taipei County to establish the textile and paper graphic printing business.
- (3) In 1985, the Company acquired a plant about 90,770 square meter in size in Yangmei township; in 1986, on the acquired land, we built a dyeing plant to establish the dyeing processing business for T/C knitted fabrics.
- (4) In early 1987, we planned to set up a textile plant. The construction started on 5 September 1987 and completed on 1 July 1988. The plant includes 360 sets of water jets looms. Once the construction was completed, the plant immediately started manufacturing various of filament fabrics.
- (5) In 1989, we purchased additional equipment for the dyeing plant to work on the dyeing and finishing processes for the material of Polyester and Nylon filament inwoven fabrics. After the new machinery was installed, we became an one-stop shop operation from weaving to dyeing.
- (6) In 1990, answering the calls from the market to strengthen our research & development and the request to reorganize, we increased the paid-in capital to NTD500 million to become a public company.
- (7) In 1991, we imported new machines so that we could -focus on making high quality fabrics and at the same time increase our capacity. The paid-in capital was increased to NTD600 million.
- (8) On 28 Jan 1992, the Company was successfully listed and traded in the Taiwan Stock Exchange market.
- (9) On 8 September 1992, in order to set up new dyeing facility, we built a new plant in Fangyuan Industry Area, Changhua County; the paid-in capital was NTD1020 million.
- (10) In 1993, by converting the retained earnings into capitals, we purchased more weaving mills and upgraded dyeing & finishing machines; the paid-in capital increased to NTD1224 million.
- (11) In 1994, we raised capital by injecting cash to build Steam/Electricity Co-generation System, to pay for loans, and to improve our financial status; the paid-in capital was NTD1707.6 million.
- (12) In December 1995, all our plants were awarded with ISO-9001 international certificates.
- (13) In 1996, we purchased the latest hard twistors and dyeing machines. All equipment went into mass production in the 4th quarter of the same year. In addition, we invested another NTD40 million in biological treatment and sewage sludge disposal facility. After we completed the expansion of the discharge water processing, effluent readings became far lower than regulatory requirements set by Environmental Protection Administration.
- (14) In 1997, we raised capital by cash injection to build a nylon spinning plant at the Fangyuan Industry Area of Changhua County. In the 2nd quarter of 1999, the plant was released for trial mass production.
- (15) In 1998, we raised capital by cash injection to build a nylon polymerization plant at the Fangyuan Industry Area of Changhua County. The plant was released for trial mass production in the first quarter of 2000. In addition, we expanded Yangmei dyeing plant and trial mass production was started in the 3rd quarter of 1999.
- (16) In 1998, we invested NTD80 million in the 4th phase project of processing discharge water. After the project was completed, it could handle more discharge water than the effluent standards set by the Environmental Protection Administration.
- (17) In 2000, we built a coating factory within the area of Yangmei plant. The monthly capacity of the coating factory was 3 million yards. In March 2001, it was released for trial mass production.

- (18) In 2000, Changhua textile plant was awarded 3 certificates: ISO9001 Quality Management Certificate, ISO14001 Environment Management Certificate, OHSAS 18001 Certificate, Occupational Health & Safety Certificate.
- (19) In order to increase our product range, in 2003, we invested NTD379 million to purchase 162 rapier looms to produce filament and staple fiber in Hsinchu plant.
- (20) In 2005, we set up 3 nylon polymerization production lines sequentially. Each line's capacity was 100 ton per day. It was estimated to increase the overall capacity to 9000 tons per months after expansion completion.
- (21) In 2006, we established a second-tier subsidiary, Libolon (Shanghai) International Trading Co., Ltd., in Shanghai, China.
- (22) In 2007, capacity expansion at the 2nd nylon polymerization plant with a daily output of 300 tons was completed. In the 2nd quarter, the 2nd plant went into mass production smoothly. The total nylon chip production capacity increased to 27,000 tons/month.
- (23) In 2011, we acquired 126 sets of air-jet looms to place at Changhua textile plant in order to reduce water consumption, diversified production portfolio, and increase capacity.
- (24) In 2012, we acquired more equipment to place at various plants, including 18 air-jet looms and 40 water-jet looms at Changhua textile plant, and 53 water-jet looms at Yangmei plant.
- (25) We invested NTD2 billion to build our 6th nylon chip production line, which was ready for mass production at the 2nd quarter of 2016.
- (26) In order to meet regulatory standards stipulated in the environmental protection laws and regulations, in 2019, along with the cost spent on land acquisition, we invested in total NTD104 million in building a sewage treatment plant at Yangmei plant. We have improved our capability of reducing and processing wastewater and strongly demonstrated our dedication to environmental protection and sustainability.
- (27) In 2019, we purchased 40 sets of 3.6-meter height air-jet looms and other related equipment to produce high value added upholstery and furnishing fabrics. Production started in Q2. It is expected to bring in an additional source of revenue for the Company.
- (28) Participated in a cash capital increase of USD4.7 million of PT.INDONESIA HWALIN KNITTING in January 2022. In March 2022, the Company purchased another 2,850,000 shares from the original shareholders for USD 2.59 million, making a total of 7,550,000 shares of PT.INDONESIA HWALIN KNITTING, with a shareholding ratio of 82.07%.

III. Corporate Governance Report

1. Organization

1.1 Organizational Structure



1.2 Functions and Responsibilities of Main Divisions

Department/Unit	Business
GM Office	Formulating and promoting business objectives, strategies, and information security control.
Audit Committee	Execute the audit on the entire business operations, provide analysis report on abnormality, and provide improvement plan.
General Plant Manager's Office, Production Unit	Supervise the entire manufacturing processes, production planning, defect management, and operation coordination of all plants.
R&D, Technology Unit	In charge of R&D and quality control management
Maintenance Unit	In charge of maintenance and servicing of production machinery and installation of add-on components.
Yangmei Plant Factory Affairs Unit	In charge of planning and management of administration, general affairs, HR, materials and assets in the plants; responsible for planning, management, maintenance, and improvement of communal water & electricity, factory power, electrical, plumbing & air-conditioning, and engineering projects.
Public Utilities Unit	Responsible for facilities in the common areas of the plants, including steam/electricity co-generation system, environment engineering and wastewater treatment.
1 st & 2 nd Dyeing Units	Responsible for manufacturing management of various knitted and woven fabrics; executing improvements for dyeing processes, warehousing management, and technological operations
Textile Factory	Responsible manufacturing management, warping, waving, warehousing operation, and technology improvement.
Finishing Unit	In charge of finishing and setting processes of various knitted and woven fabrics.
Production Management Unit	In charge of production scheduling and control operations.
Changhua Textile Mill Changhua Plant	The warping and weaving production of various twisted yarns and long-fiber fabrics, operation management and maintenance of public systems, warehouse management operations, and technical improvements.
Changhua General Nylon Plant, 1 st Polymer Plant, Polymer Plant	In charge of polymerization manufacturing processes.
1 st Textile Unit	In charge of Nylon yarn production matters.
Instruments & Electrical Unit	Managing, maintaining, and servicing various power control systems
General Affairs Department, Changhua General Affairs Division	Responsible for warehouse management, logistics of goods in the factory area, coordinating fluidized bed boiler management and operation, operation and maintenance of public systems, environmental safety and health, general affairs, personnel, material, and asset planning and management.
Construction Department	In charge of factory construction domestically and internationally, and scheduling of engineering projects.
High-end Textile Business, Sales Division, Maintenance Unit, Shipping Unit	Business operation management, review & approval of bills of draft
OEM Dyeing Business Unit	OEM dyeing processes for various types of fabrics
Sales 1-6 Units	Domestic and international sales of various types of fabrics; taking orders of dyeing, finishing, and setting processes for fabrics.
Outsourcing Unit, Procurement, and production management Unit	Purchase of base yarns, wrap beam yarns, greige, and raw materials for coloured cloth; outsourcing cloth for weaving, dyeing, and post-processing
Product Planning Unit	Review marketing strategies and planning of future products
Dyeing yarn Business, Sales Dept., Dyeing yarn Unit	Procurement of Polyesters and nylon gray yarns; domestic and international sales of dyed yarns
Nylon Business, Polyester Division, Engineering Plastic Division	Sales of Nylon and Polyester products, sales and marketing of products, review of documentary bills, and gathering market information
Accounting Department	Establishing accounting system, handling bookkeeping, taxation, cost accounting, and stock affairs.
Strategy & Planning Department	Business management analysis, project planning, ERP implementation, establishing or amending company regulations, making marketing materials, handling lawsuits and reviewing contracts.
Finance Department	Cashier, fund dispatch, etc.
Administration Department	Various general administrative operations, purchase and contract out operations
Human Resource Department	Planning and recruiting new staff, personnel administration, education training, foreign workers, employee business travels, payroll management

2. Profile of Directors, Supervisors, General Manager, Vice President, Assistant Vice President, and Supervisors of various Departments and Subsidiary Agencies

2.1 Information of Directors and Independent Directors

As of 23 April 2024

	Nationality/ Place of Incorporation	Name	Gender /Age	Date Elected	Term (Years)	Date of First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education/ Experience	Current positions in the Company or other companies	Any managerial officer, director, or supervisor who is a spouse or relative within the second degree of kinship			Notes
							No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%			Title	Name	Relation	
Chairman	ROC	Kuo, Shao-Yi	Male/ 61-70 years old	18 August 2021	3 years	11 Sep 1985	9,584,819	1.05%	10,222,819	1.12%	838,153	0.09%	8,346,403	0.92%	International Business Management, EMBA, College of Management, National Taiwan University	Lealea Enterprise, Lealea Technology, Li Ling Film, Lea Jie Energy, Tung Ting Investment, Apex Fong Yi Technology, Libolon Energy, Eton Petrochemical, PT Indonesia Libolon Fiber System, PT Indonesia Hwalin Knitting Chairperson	Representative Director	Kuo, Shu-chen	Elder Sister	-
Director	ROC	Chen, Ping-Huang	Male/ 71-80 years old	18 August 2021	3 years	16 Nov 2007	53,343	0.01%	27,343	0.00%	0	0.00%	0	0.00%	Chemical Engineering Department, National Taipei Institute of Technology	President of Li Peng Enterprise; Representative Supervisor of Lea Jie Energy; Director of Fu Li Transportation Co., Ltd.	-	-	-	-
Director	ROC	Kuo, Chi-kang	Male/ 41-50 years old	18 August 2021	3 Years	19 June 2009	400,644	0.04%	400,644	0.04%	0	0.00%	0	0.00%	Cal poly Pomona's College of Hospitality Management, at California, USA.	President of Rich Development, Chairman of Yilang Lealea Development; Chairman Wood Textile Enterprise Co., Ltd. Director of Forest, Water, Environment Eng'g, and Ho Ching Enterprise	-	-	-	-
Director	ROC	Lealea Enterprise		18 August 2021	3 Years	16 July 1991	145,353,853	15.89%	152,054,853	16.71%	0	0.00%	0	0.00%	-	Chairman of Li Hao Investment and Li Zan Investment				-
		Representative, Tung, Min-Hsiung	Male/ 61-70 years old		3 Years	10 July 2019	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Department of Textile Engineering, Feng Chia University	President of Business Units of the Company Supervisor of Libolon Energy Eton Petrochemical Co., Ltd. Supervisor. PT. Indonesia Hwalin Knitting Pt.Indonesia Libolon Fiber System Director	-	-

	Nationality/ Place of Incorporation	Name	Gender /Age	Date Elected	Term (Years)	Date of First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education/ Experience	Current positions in the Company or other companies	Any managerial officer, director, or supervisor who is a spouse or relative within the second degree of kinship			Notes
							No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%			Title	Name	Relation	
Director	ROC	Li Mao Investment		18 August 2021	3 years	10 June 2015	34,177,995	3.74%	34,177,995	3.76%	0	0.00%	0	0.00%	-	-	-	-	-	
		Representative Kuo, Shu-chen	Female/ 61-70 years old				0	0.00%	71,335	0.01%	0	0.00%	0	0.00%	MBA, Yale University; Master, Yale School of Public Health, Yale University	Chairman of Rich Development and Forest, Water, Environment Eng'g; Representative Director of LEALEA Enterprise and LEALEA Hotels & Resorts	Director	Kuo, Shao-yi	Younger Brother	-
Director	ROC	Shun Yu Investment		18 August 2021	3 Years	10 June 2015	11,991,397	1.31%	11,991,397	1.32%	0	0.00%	0	0.00%	-	Representative Director of LEALEA Enterprise, and Rich Development	-	-	-	-
		Representative, Kuo, Ko-chung	Male/ 21-30 years old				0	0.00%	641,516	0.07%	0	0.00%	0	0.00%	San Maring High School		-	-	-	-
Independent Director	ROC	Lin, Yao-chuan	Male/ 61-70 years old	18 August 2021	3 Years	12 June 2018	0	0.00%	0	0.00%	0	0.00%	0	0.00%	NTU, College of Law	Partner Lawyer, Liyan Legal Firm	-	-	-	-
Independent Director	ROC	Kao, Cheng-Shang	Male/ 61-70 years old	18 August 2021	3 Years	12 June 2018	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Institute of Political Science, Chinese Cultural University	CEO of Native Taiwanese Social Enterprise	-	-	-	-
Independent Director	ROC	Lee, Su-chin	Female/ 51-60 years old	18 August 2021	3 Years	12 June 2018	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Graduate Institute of Finance, National Taiwan University	Vice president, President Office, Cyntec Company	-	-	-	-

Table 1: Major Institutional Shareholders

23 April 2024

Name of Institutional Shareholders	Major Shareholders of the Institutional Shareholders	%
LEALEA Enterprise Co., Ltd.	Tung Ting Investment Co., Ltd.	7.97%
	Li Peng Enterprise Co., Ltd.	7.56%
	Li Mou Investment Co., Ltd.	4.77%
	Li Shing Investment Co., Ltd.	4.09%
	Hung Shing Investment Co., Ltd.	3.52%
	Kai Hsiang Investment Co., Ltd.	2.98%
	Chin Hsiang Investment Co., Ltd.	2.56%
	Shun Yu Investment Co., Ltd.	1.60%
	Kuo Shao Yi	1.53%
	Kuan Hsiang Investment Co., Ltd.	1.47%
Li Mao Investment Co., Ltd.	Li Peng Enterprise Co., Ltd.	53.38%
	LEALEA Enterprise Co., Ltd.	46.62%
Shun Yu Investment Co., Ltd.	Kuo, Chun-Nan	52.94%
	Hsu, Pi-Yuam	32.94%
	Kuo, Ke-Rong	3.53%
	Kuo, Ko-Chung	3.53%
	Kuo, Ke-Wen	3.53%
	Kuo, Ke-Ping	3.53%

Table 2: Major Shareholders of Institutional Shareholders in Table 1

23 April 2024

Name of Institutional Shareholders	Major Shareholders of the Institutional Shareholders	%
Tung Ting Investment Co., Ltd.	Kuo, Shao-Yi	66.67%
	Yang, I-Lin	33.33%
Li Peng Enterprise Co., Ltd.	LEALEA Enterprise Co., Ltd.	16.71%
	Li Hao Investment Co., Ltd.	4.87%
	Li Zan Investment Co., Ltd.	4.59%
	Li Mou Investment Co., Ltd.	3.76%
	Hung Shing Investment Co., Ltd.	2.71%
	Chin Hsiang Investment Co., Ltd.	2.51%
	Kai Hsiang Investment Co., Ltd.	1.67%
	Hong Yi Investment Co., Ltd.	1.65%
	Kuo Chuan Ching	1.39%
	Shun Yu Investment Co., Ltd.	1.32%
Li Mao Investment Co., Ltd.	Li Peng Enterprise Co., Ltd.	53.38%
	LEALEA Enterprise Co., Ltd.	46.62%
Li Shing Investment Co., Ltd.	Li Peng Enterprise Co., Ltd.	53.00%
	LEALEA Enterprise Co., Ltd.	47.00%
Hung Hsing Investment Co., Ltd.	Li Peng Enterprise Co., Ltd.	53.02%
	LEALEA Enterprise Co., Ltd.	46.98%

Name of Institutional Shareholders	Major Shareholders of the Institutional Shareholders	%
Kai Hsiang Investment Co., Ltd.	Kuo, Shao-Yi	37.40%
	Kuo, Yu-Chun	17.74%
	Yang, I-Lin	14.79%
	Chih Hsiang Investment Co., Ltd.	9.76%
	Kuo, Shu-Chen	5.00%
	Kuo, Shu-Jen	5.00%
	Kuo, Shu-Hua	5.00%
	Yi Rong Investment Co., Ltd.	1.67%
	Tung Ting Investment Co., Ltd.	1.57%
Hong Yi Investment Co., Ltd.	1.57%	
Chih Hsiang Investment Co., Ltd.	Shun Yu Investment Co., Ltd.	31.40%
	Kuo, Chun-Nan	29.74%
	Kuo, Ko-Chung	25.47%
	Hsu, Pi-Yuam	13.39%
Shun Yu Investment Co., Ltd	Kuo, Chun-Nan	52.94%
	Hsu, Pi-Yuam	32.94%
	Kuo, Ke-Rong	3.53%
	Kuo Ko-Chung	3.53%
	Kuo, Ke-Wen	3.53%
	Kuo, Ke-Ping	3.53%
Kuan Hsiang Investment Co., Ltd.	Hung Chuan-Fu	38.80%
	Hung Tsung-Chi	38.80%
	Hung, Neng-Tsu	11.10%
	Huang, Su-Ying	5.05%
	Huang, Mei-Yao	5.05%
	Hung, Hsieh-Wu	1.20%

2.1 Information of Directors

1. Disclosure of the Professional Qualifications of Directors and Independence of Independent Directors:

Criteria Name	Professional qualifications and experience	Independence	Currently serving as the independent director of other public companies
Kuo, Shao-Yi	1. Worked from the entry level. Experienced in manufacturing technical engineering and sales. Currently, he acts as Chairman for polyester, nylon, IT and energy companies. He processes the experience required by the Company in businesses, finance and accounting and sales. 2. Does not meet any of the criteria described in Article 30 of the Company Act.	Not Applicable	0
Tung, Min-Hsiung	1. President of the Business Units of the Company. He has the work experience required by the Company in sales and operation management. 2. Does not meet any of the criteria described in Article 30 of the Company Act.		0
Kuo, Shu-chen	1. Currently, she is a Director/Chairman of construction, hotel and environmental engineering companies with experience in business, construction, finance & accounting and operation management. 2. Does not meet any of the criteria described in Article 30 of the Company Act.		0
Kuo, Ko-chung	1. Currently he is an employee in the purchasing department of an environmental engineering company. He is with commercial and purchasing experience. 2. Does not meet any of the criteria described in Article 30 of the Company Act.		0
Chen, Ping-Huang	1. He acts as President of the Company, and is with work experience in commerce, sales, raw materials, and management. 2. Does not meet any of the criteria described in Article 30 of the Company Act.		0
Kuo, Chi-kang	1. He is a director for construction, hotel and environmental engineering companies and the general manager of a construction company. He has experience in business, construction and management. 2. Does not meet any of the criteria described in Article 30 of the Company Act.		0
Independent Director Lin, Yao-chuan	1. Passed the National examination and obtained a certificate. He used to be a judge of Shilin District Court in Taiwan. Now, he is a partner / lawyer in a law firm. He has working experience in business, legal affairs and operation management. 2. Does not meet any of the criteria described in Article 30 of the Company Act.		In order for independent directors to meet the conditions of independence, including but not limited to myself, spouse and second degree relatives who do not serve as directors, supervisors or employees of the Company or its affiliated enterprises; number of shares of the Company not held; not serving as a director, supervisor or employee of a company with a specific relationship with the Company; no remuneration has been received for providing the business, legal, financial, accounting and other services of the Company or related enterprises in the last two years.
Independent Director Kao, Cheng-Shang	1. He served as the vice chairman of the Council of Indigenous Peoples of the Executive Yuan. At present, he is the executive director of the Native Taiwanese Social Enterprise Co., Ltd. and has the necessary working experience in business, legal affairs and operation management. 2. Does not meet any of the criteria described in Article 30 of the Company Act.	0	
Independent Director Lee, Su-Chin	1. Worked for Delta Electronics, Inc. as Chief Accounting Officer of Finance and Management Division. Currently, she acts as Vice President of Cytotec Co. and is with work experience in business, finance, accounting, and operations management. 2. Does not meet any of the criteria described in Article 30 of the Company Act.	0	

2. Board Diversity Policy and Independence.

(1) Board Diversity Policy

The Company has set “Corporate Governance Best Practice Principles” to ensure board members’ competency and diversity. In addition, it has been expressly stipulated in the Articles of Incorporation that the election of the directors (including Independent Directors) should adopt the candidates nomination system. In electing directors, not only professionalism is taken into consideration, but diversity is also an important factor.

At present, there are 9 Directors, including 3 Independent Directors. Among these 9 directors, 2 are women; 2 are the employees of the Company. there will be only 2 directors with employee status. All Independent Directors has been in their role for over 6 years. One Director over 70 years of age; six are between 51 to 70 years old. The remaining two are below 50s’.

The Professions of the Board members includes business management, legal studies, accounting & finance, public health, etc. Some of our Directors are enterprise owners, practicing lawyers; others own double masters’ degree at Yale University, USA. The Board members have accumulated the experience required by the Company and are able provide professional opinions from different perspectives. Therefore, the Board’ s contribution is tremendous

Professionalism of Board Members

Job Title	Name	Gender/Age	Nationality	Business Management	Leadership Decision Making	Finance Accounting	Industry Knowledge	Legal Studies	Internationalization
President	Kuo, Shao-Yi	Male/61-70 Years old	ROC	√	√	√	√		√
Director	Kuo, Shu-Chen	Female/61-70 Years old		√	√	√	√		√
Director	Chen, Ping-Huang	Male/71-80 Years old		√	√		√		√
Director	Tung, Min-Hsiung	Male/61-70 Years old		√	√		√		√
Director	Kuo, Chi-Kang	Male/41-50 Years old		√	√				√
Director	Kuo, Ko-Chung	Male/21-30 Years old		√	√				√
Independent Director	Lin, Yao-Chuan	Male/61-70 Years old		√	√			√	√
Independent Director	Kao, Cheng-Shang	Male/61-70 Years old		√	√			√	√
Independent Director	Lee, Su-Chin	Female/51-60 Years old		√	√	√			√

(2) Independence of the board of directors:

- A. There are nine members of the board of directors, including three independent directors; the specific weight is one third.
- B. All independent directors meet the independence requirements listed in the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.
- C. Except that the two directors are within the second degree of kinship, other directors and independent directors are not subject to the provisions of paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act.

2.2 Information of President, Vice President, Senior Managers and Department and Branch Managers

23 April 2024

Job Title	Nationality	Name	Gender	Date Elected	Shares Held		Shares held by spouse or minor children		Shares held by the name of other persons		Main working (education) experience	Current positions in or other companies	Any managerial officer who is a spouse or a relative within the second degree of kinship			Note
					Number of Shares	%	Number of Shares	%	Number of Shares	%			Job Title	Name	Relations	
President (Note)	ROC	Chen, Ping-Huang	Male	1 June 2023	27,343	0.00%	0	0.00%	0	0.00%	Chemical Engineering Department, National Taipei Institute of Technology	Representative Supervisor of Lea Jie Energy; Director of Fu Li Transportation Co., Ltd.	-	-	-	-
President of the Business Units (Note1)		Tung, Min-hsiung	Male	1 September 2000	0	0.00%	0	0.00%	0	0.00%	Department of Textile Engineering, Feng Chia University	Supervisor of Libolon Energy, Eton Petrochemical Director of PT. Indonesia Hwalin Knitting Pt.Indonesia Libolon Fiber System	-	-	-	-
Vice President		Chen, Yu-Chou	Male	1 September 2016	0	0.00%	0	0.00%	0	0.00%	Graduate Institute of Chemical Engineering, California State of University, USA	Supervisor of Li Mao Investment, Director of Fuli Express Co., Ltd and Eton Petrochemical Director	-	-	-	-
Vice President		Yuan, Pei-Huan	Female	1 September 2012	87,114	0.01%	0	0.00%	0	0.00%	Department of Accounting, Chung Yuan Christian University	Director of LEALEA Technology and PT. Indonesia Libolon FIBER System Supervisor of Fu Li Transportation Co., Ltd. Supervisor	-	-	-	-
Vice President of the Business Units (Note1)		Su Yen-Ming	Male	1 September 2016	24,715	0.00%	47,818	0.01%	0	0.00%	Department of Textile Engineering, National Taipei University of Taipei	Director of PT. Indonesia Hwalin Knitting	-	-	-	-
Vice President of the Business Units (Note1)		Wang, Chun-Fa	Male	1 July 2016	183,525	0.02%	38,000	0.00%	0	0.00%	General Course, Heng Yee High School	Director of PT. Indonesia Hwalin Knitting	-	-	-	-
Assistant Vice President		Kuo, Li-Ching	Male	1 September 2013	6,930	0.00%	0	0.00%	0	0.00%	Department of Textile Engineering, Feng Chia University	President of Libolon (Shanghai) Trading Company	-	-	-	-
General Plant Manager		Yang, Han-Hsing	Male	1 Aug 2019	0	0.00%	0	0.00%	0	0.00%	Department of Mechanical Engineering, Tatung University	-	-	-	-	-
Finance Manager		Huang, Mel Yen	Female	1 July 2022	0	0.00%	0	0.00%	0	0.00%	Business Administration Department, Chihlee College of Business	-	-	-	-	-
Accounting Manager		Su, Pei-Yu	Female	6 October 2023	0	0.00%	0	0.00%	0	0.00%	Fu Jen Catholic University Accounting Department Research Institute	-	-	-	-	-

Note : 2023.6.01 Promoted to President from Vice President.

Note1: Change of the title.

3. Remuneration paid during the most recent fiscal years to Directors, Supervisors, the General Manager, and Assistant Vice President

3.1 Remuneration for Common Directors and Independent Directors

Unit: NTD1000

Job Title	Name	Directors' Remuneration									Total amount and Ratio of total Remuneration (A+B+C+D) to Net Income (Note 7)		Relevant Remuneration Received by Directors who are also employees							Total amount and Ratio of total Remuneration (A+B+C+D+E+F+G) to Net Income (Note 7)		Compensation Paid to Directors from an invested Company (Note 8)
		Remuneration (A) (Note 1)		Retirement Pension (B)		Directors' Remuneration (C)(Note 2)		Expenses on Professional Practice (D) (Note 3)		Salary, Bonuses & Allowance (E) (Note 4)			Severance Pay (F)		Profit Sharing – Employee Bonus (G) (Note 5)							
		The Company	Companies in the consolidated financial statements (Note 6)	The Company	Companies in the consolidated financial statements (Note 6)	The Company	Companies in the consolidated financial statements (Note 6)	The Company	Companies in the consolidated financial statements (Note 6)	The Company	Companies in the consolidated financial statements (Note 6)	The Company	Companies in the consolidated financial statements (Note 6)	The Company	Companies in the consolidated financial statements (Note 6)	The Company	Cash	Cash	Cash	Cash	The Company	
Chairman	Kuo, Shao-Yi	0	0	0	0	0	669.5	300	444.4	300 -0.07%	1113.9 -0.25%	6098.8	7677.7	96	96	0	0	0	0	6494.8 -1.46%	8887.6 -2.0%	3237.4
Director	Chen, Ping-Huang	0	0	0	0	0	0	300	300	300 -0.07%	300 -0.07%	5080	5080	43.4	43.4	0	0	0	0	5423.4 -1.22%	5423.4 -1.22%	266.9
	Kuo, Chi-Kang	0	0	0	0	0	0	300	300	300 -0.07%	300 -0.07%	0	0	0	0	0	0	0	0	300 -0.07%	300 -0.07%	1247.9
	LEALEA Enterprise, Representative: Tung, Min-Hsiung	0	0	0	0	0	669.5	300	444.4	300 -0.07%	1113.9 -0.25%	3790.2	3790.2	33.6	33.6	0	0	0	0	4123.8 -0.935%	4937.7 -1.11%	None
	Li Mao Investment, Representative: Kuo, Shu-Chen	0	0	0	0	0	0	300	300	300 -0.07%	300 -0.07%	0	0	0	0	0	0	0	0	300 -0.07%	300 -0.07%	1547.9
	Shun Yu Investment, Representative: Kuo, Ko-Chung	0	0	0	0	0	0	300	300	300 -0.07%	300 -0.07%	0	0	0	0	0	0	0	0	300 -0.07%	300 -0.07%	1547.9
Independent Director	Lin, Yao-Chuan	0	0	0	0	0	0	600	600	600 -0.13%	600 -0.13%	0	0	0	0	0	0	0	0	600 -0.13%	600 -0.13%	None
	Kao, Cheng-Shang	0	0	0	0	0	0	600	600	600 -0.13%	600 -0.13%	0	0	0	0	0	0	0	0	600 -0.13%	600 -0.13%	None
	Lee, Su-Chin	0	0	0	0	0	0	600	600	600 -0.13%	600 -0.13%	0	0	0	0	0	0	0	0	600 -0.13%	600 -0.13%	None

1. The Company's independent directors' remuneration policy, system, standards and structure, and the relationship with the amount of remuneration according to the responsibilities, risks and time invested are described below: Regardless of profit or loss, a fixed amount of remuneration is paid every month.

2. Except as disclosed in the above chart, remuneration to directors received due to the service (if a non-employee consultant of the parent company/all companies listed in the financial report/non-employee consultant of re-investment businesses) provided to all companies listed in the financial statement in the most recent year: None.

- Note 1: Remuneration of directors of the recent year (including salaries, job remuneration, severance, bonuses, and performance fees).
- Note 2: Remuneration paid to directors of the recent year upon the approval of the Board of Directors.
- Note 3: Business expenses paid out to directors in the recent year (including transport, special expenses, various allowances, accommodation, vehicles, and provision of physical goods and services). If housing, vehicle or other means of transportation, or personal expense is provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, please note the remuneration paid to said driver. However, such remuneration shall not be included.
- Note 4: Remuneration for directors concurrently holding positions in the Company (for positions that include the President, Vice President, other managerial officers, or employees) shall include salaries, job remuneration, severance, bonuses, performance fees, transport fees, special expenses, various subsidies, accommodation, vehicles, and provision of physical items and services. If housing, vehicle or other means of transportation, or personal expense is provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, please note the remuneration paid to said driver. However, such remuneration shall not be included. Salary expenses recognized in accordance with IFRS 2 "Share-based Payment" including acquisition of employee stock warrants, new restricted employee shares, and participation in capital increases by cash subscription, shall all be calculated as remuneration.
- Note 5: Refers to those who receiving employee remuneration (stock and cash bonus); such as those director, who also services as an employee to the Company, (including concurrently serving as a president, vice president, other manager, or employee), shall disclose the rewarding amount proposed and resolved by the Board. (If cannot be estimated, the distribution amount of this year shall be determined by the actual distribution ratio of last year). Table 1-3 shall be filled in.
- Note 6: Total remuneration paid by all the companies (including the Company) in the consolidated report to the director.
- Note 7: Net income disclosed from the latest parent company only or individual financial statement.
- Note 8: a. This field represents all forms of remuneration that the director received from the Company's parent company or invested businesses other than subsidiaries (specify "-" if absent).
b. Remuneration refers to any return, compensation (including compensations received as an employee, director and supervisor) and professional service fee that the Company's director received for serving as director, supervisor, or manager in the parent company or invested businesses other than subsidiaries.

3.2 Supervisors' Remuneration

1. Remuneration paid to Supervisors (to disclose aggregate remuneration information with the name(s) indicated for each remuneration range): The Company has set up the Auditor Committee to replace Supervisors.

3.3 President and Vice Presidents' Remuneration

Unit: NTD1000

Job Title	Name	Salary (A) (Note1)		Pension upon Retirement (B)		Bonuses & Special Disbursement Paid (C) (Note 2)		Amount of Employee Remuneration (D) (Note 3)				Total amount and Ratio of total Remuneration (A+B+C+D) to Net Income (Note 5)		Compensation paid to the President and VP from an invested company or the parent company other than the company's subsidiary (Note 6)
		The Company	Consolidated Subsidiaries (Note 4)	The Company	Consolidated Subsidiaries (Note 4)	The Company	Consolidated Subsidiaries (Note 4)	The Company		Consolidated Subsidiaries (Note 4)		The Company	Consolidated subsidiaries (Note 4)	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
President	Chen, Ping-Huang	2,170	2,170	43.4	43.4	2,910	2,910	0	0	0	0	5,123.4 -1.15%	5,123.4 -1.15%	266.9
President of the Business Units	Tung, Min-Hsiung	1,683.6	1,683.6	33.7	33.7	2,106.6	2,106.6	0	0	0	0	3,823.9 -0.86%	3,823.9 -0.86%	None
Vice President	Chen Yu-Chou	1,620	1,620	32.4	32.4	1,700	1,700	0	0	0	0	3,352.4 -0.75%	3,352.4 -0.75%	None
Vice President	Yuan, Pei-Huan	1,621.2	1,621.2	32.4	32.4	1,279	1,279	0	0	0	0	2,932.6 -0.66%	2,932.6 -0.66%	2,122.7

Note: One driver, with an annual salary of NT\$245 thousand, and provide four cars with a total cost of NT\$6.013 million and two employee dormitories with an annual rent of approximately NT\$258 thousand.

Note 1: This includes salary, compensation for professional services, severance pay, and all bonus and bounties paid to President and Vice President during the year.

Note 2: Payments to Presidents or Vice Presidents to reward or cover business expenses (including various bonuses, rewards, travel expenditures, allowances, reimbursements, accommodation, company cars, in-kind supplies, etc.) If residences, cars (or other transportations) or personal expenses are provided, information about the assets (including classification, cost, actual or fair market values of the rent, gasoline expenses, other perks) must be disclosed but not included in the remuneration. Compensation paid to personal drivers must be noted, when applicable, but not accumulated under the remuneration received. Salary expenses recognized in accordance with IFRS 2 "Share-based Payment" include acquisition of employee stock warrants, new restricted employee shares, and participation in capital increases by cash subscription, shall all be calculated as remuneration.

Note 3: Employee remuneration amount (stock and cash; if cannot be estimated, the distribution amount of this year shall be determined by the actual distribution ratio of last year) to President or Vice President is proposed and resolved by the Board of the fiscal years. Table 1-3 shall be filled in.

Note 4: Aggregated amount of individual compensation paid by the Group companies (including the Company) in the consolidated statement to the president or executive vice president.

Note 5: Net income disclosed from the latest parent company only or individual financial statement.

Note 6: a. This field represents all forms of remuneration that the President and Vice Presidents received from the Company's parent company or invested businesses other than subsidiaries (specify "-" if absent).

b. For President/Vice Presidents who receive remuneration from parent company or invested businesses other than subsidiaries, the amount of remuneration from parent company or invested businesses have been added to column E of the remuneration brackets table. In which case, column E will be renamed "parent company and all invested businesses..."

c. Remuneration refers to any returns, compensation (including compensations received as an employee, director, and supervisor) and professional service fees that the Company's President/Vice Presidents received for serving as directors, supervisors or managers in the parent company or invested businesses other than subsidiaries.

3.4 Remuneration of Top Five Remunerated Executives of OTC Listed Company

Unit: NTD1000

Job Title	Name	Salary (A) (Note 2)		Pension upon Retirement (B)		Bonuses & Special Disbursement Paid (C) (Note 3)		Amount of Employee Remuneration (D) (Note 4)				Total amount and Ratio of total Remuneration (A+B+C+D) to Net Income (Note 6)		Compensation paid to the President and VP from an invested company or the parent company other than the company's subsidiary (Note 7)
		The Company	Consolidated Subsidiaries (Note 5)	The Company	Consolidated Subsidiaries (Note 5)	The Company	Consolidated Subsidiaries (Note 5)	The Company		Consolidated Subsidiaries (Note 5)		The Company	Consolidated subsidiaries (Note 5)	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
President	Chen, Ping-Huang	2,170	2,170	43.4	43.4	2,910	2,910	0	0	0	0	5,123.4 -1.15%	5,123.4 -1.15%	266.9
President of the Business Units	Tung, Min-Hsiung	1,683.6	1,683.6	33.7	33.7	2,106.6	2,106.6	0	0	0	0	3,823.9 -0.86%	3,823.9 -0.86%	None
VP	Chen, Yu-Chou	1,620	1,620	32.4	32.4	1,700	1,700	0	0	0	0	3,352.4 -0.75%	3,352.4 -0.75%	None
Vice President of the Business Units	Su, Yen-Ming	1,371.6	1,371.6	27.4	27.4	1,603.6	1,603.6	0	0	0	0	3,002.6 -0.67%	3,002.6 -0.67%	None
VP	Yuan, Pei-Huan	1,621.2	1,621.2	32.4	32.4	1,279	1,279	0	0	0	0	2,932.6 -0.66%	2,932.6 -0.66%	2,122.7

Note: One driver, with an annual salary of NT\$245 thousand, and provide four cars with a total cost of NT\$6.013 million and two employee dormitories with an annual rent of approximately NT\$258 thousand.

Note 1: Managerial officers with the top five highest remuneration amounts refers to managers at The Company, in which the standard for determining managers is the applicable scope set forth in Order Tai Chai Chen (III) No. 0920001301 from the former Securities and Futures Commission, Ministry of Finance dated March 27, 2003. The top five highest remuneration amounts are determined based on the sum of salaries, severance pay, bonuses and allowances, and employee compensation received by a managerial officer from all companies in the consolidated financial statements (i.e., A+B+C+D). If the directors also serve concurrently the positions listed above, this Form and the previous Form (1-1) must be filled out.

Note 2: Refers to the salaries, duty allowances, and severance pay paid to the managerial officers with the top five remuneration amounts in the most recent year.

Note 3: Refers to the remuneration paid to the managerial officers with the top five remuneration amounts, including various bonuses, incentives, travel expenses, special disbursements, allowances, accommodation, company car, other physical items, other compensations, etc., in the most recent year. Where housing, cars, other means of transportation, or expenditures exclusively for individuals are offered, the nature and costs of the offered assets, the actual rent or fair market rent, fuel expenses, and other benefits shall be disclosed. In addition, where a driver is provided, please provide an explanation in the notes on the compensation paid to the driver by the Company, but not calculating as remuneration. The salaries recognised in accordance with IFRS 2 "Share-based Payment," including the share subscription warrants issued to employees, new restricted stock award shares issued to employees, and employee stock at cash capital increase, shall also be calculated as remuneration.

Note 4: Refers to the amount of employee compensation (including stock and cash) approved by the Board of Directors for managerial officers with the top five remuneration amounts in the most recent year. If the amount of employee compensation cannot be estimated this year, the proposed amount should be calculated based on the actual amount and ratio distributed last year. And the Appendix Form (1-3) should be filled out.

Note 5: The total remuneration paid by all companies in the consolidated statements (including The Company) to managerial officers with the top five highest remuneration amounts must be disclosed.

Note 6: Net income disclosed from the latest parent company only or individual financial statement.

Note 7: a. This field represents all forms of remuneration paid to the managerial officers with the top five remuneration amounts received from the Company's parent company or invested businesses other than subsidiaries (specify "-" if absent).

b. Remuneration refers to any return, compensation (including compensations received as an employee, director and supervisor) and professional service fee paid to the managerial officers with the top five remuneration amounts while serving as director, supervisor, or manager in the parent company or invested businesses other than subsidiaries.

3.5 Name and Distribution Status of the Managers who Distribute Employee's Remuneration

31 March 2024

Unit: NTD1000

	Title	Name	Amount of Stock dividend	Amount of Cash dividend	Total	% of Total Amount against Net Income
Managerial Officers	President	Chen, Ping-Huang	0	0	0	0
	President of the Business Units	Tung, Min-Hsiung				
	Vice President	Chen, Yu-Chou				
	Vice President	Yuan, Pei-Huan				
	Vice President of the Business Units	Su, Yen-Ming				
	Vice President of the Business Units	Wang, Chun-Fa				
	Assistant Vice President	Kuo, Li-Chen				
	General Plant Manager	Yang, Han-Hsing				
	Accounting Manager	Su, Pei-Yu				
	Finance Manager	Huang, Mei-Yen				

Note: The scope of application for managers is defined in accordance with the Tai.Chai.Chen (III) No. 0920001301 letter dated March 37, 2003 by the SEC as follows:

- (1) President and the equals
- (2) Senior Vice President and the equals
- (3) Assistant Vice President and the equals
- (4) Finance Manager
- (5) Accounting Manager
- (6) Managerial Officers and the individuals authorized to sign

3.6 Analysis of the proportion of the total remuneration paid by the company and all companies in the consolidated financial statements to the company’s directors, supervisors, presidents and vice presidents and deputy general managers vs. the net profit after individual financial reports in the most recent two years, explanation of the policies, standards and combinations of remuneration payments , the procedures for determining remuneration and the correlation with business performance and future risks

1. Ratio Analysis:

2022		2023	
The Ratio of total remuneration paid by the Company to Directors, Supervisors, President, and Vice Presidents / Net Income (%)		The Ratio of total remuneration paid by the Company to Directors, Supervisors, President, and Vice Presidents / Net Income (%)	
The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
-68.28%	-75.94%	-5.62%	-6.34%

2. The remuneration policy, standard, and combination procedures

It is stipulated in the Articles of Incorporation that no less than 2% of the profit shall be distributed as the employee bonus, and a portion of no higher than 5% as the directors’ compensation. However, if the Company has accumulated loss, it shall first cover the loss before allocating a fixed amount or ratio from the current year distributable as indicated above to the employees and directors as compensation. Apart from the fixed compensation, the directors and Independent Directors shall receive director remunerations. The actual distributable ratio and amount shall be evaluated and recommended by the Remuneration Committee according to the distribution principles and then approved by the resolution of the Board of Directors’ meeting, and reported in the shareholders’ Annual Meeting. The Remuneration paid to managers includes salary and annual bonus. Salary is determined by organization system, ranking, job title, and Payroll Administration Measures. Annual Bonus (year-end and surplus bonus) will be reasonably awarded based on financial indicators (such as PE ratio or EPS of the core business), non-financial indicators (such as Performance Assessment, Ranking, merits, or errors), and future operational risks.

3. Remuneration Payment Procedure

The distributable ratio and amount shall be evaluated and recommended by the Remuneration Committee according to the Distribution Principles and then approved by the resolution of the Board of Directors’ meeting and reported in the shareholders’ Annual Meeting.

4. Relations between the Management Performance and future Risks

The remuneration paid to managers has been taken into consideration of their professionalism, company’s operation, and financial status. The performance of the staff whose ranks under vice president (included) shall be evaluated every six months.

The management of the Company is able to arrive at critical decisions because they have carefully gone through risk assessment and evaluated all factors. These important decisions influenced the profitability of the Company as well as the remuneration of Directors and managers of the Company.

4. The Status of Corporate Governance Implementation

4.1 Board of Directors

During the latest year (2023), **11 board meetings (A)** were held. The attendance of the directors is as follows:

Title	Name (Note 1)	Attendance in Person (B)	Attendance by Proxy	Attendance Rate in Person (%) 【B/A】 (Note 2)	Remarks
Chairman	Kuo, Shao-Yi	11	0	100%	Re-elected and served for another term on August 18, 2021
Director	LEALEA Enterprise Co., LTD. Representative: Tung, Min-Hsiung	11	0	100%	
Director	Li Mou Investment Co., LTD. Representative: Kuo, Shu-Chen	10	0	90.91%	
Director	Shun Yu Investment Co., LTD. Representative: Kuo, Ko-Chung	4	0	36.36%	
Director	Chen, Ping-Huang	11	0	100%	
Director	Kuo, Chi-Kang	9	0	81.82%	
Independent Director	Lin, Yao-Chuan	11	0	100%	
Independent Director	Kao, Cheng-Shang	11	0	100%	
Independent Director	Lee, Su-Chen	10	0	90.91%	

Other Disclosure:

1. The date of board meeting, session, content of the proposal, the opinions of all independent directors and the Company's response to the opinions of independent directors shall be recorded if any of the following circumstances occurs:

(1) Matters stipulated in Article 14-3 of the Securities and Exchange Law

Date	The 20 th Board of Directors	Contents of Motion	Independent Directors' Opinion	The Company's Response to the Independent Directors' Opinion
16 March 2023	The 19 th Meeting	1. The 2022 business reports and financial statements. 2. Report on Allocation of Remuneration to Board of Directors and Employees 3. 2022 Internal Control System Declaration. 4. Capital lending to the other companies.	Approved	None
11 April 2023	The 20 th Meeting	1. The 2022 proposals for surplus distribution or loss allowances. 2. To convene the General Shareholders Meeting of 2023. 3. Revision of certain articles of the "Audit Committee Charter". 4. Endorsements and guarantees.	Approved	None
26 April 2023	The 21 th Meeting	1. Proposal on the appointment of president and its remuneration. 2. Proposal on the remuneration of Chairman. 3. Lift the non-compete restriction on managers 4. Capital lending to the other companies.	Approved	None
12 May 2023	The 22 th Meeting	Partial amendments of the "Rules of Procedure for Board of Directors Meetings".	Approved	None
26 July 2023	The 23 th Meeting	1. Borrowing from subsidiary companies. 2. Proposal on the fund of subsidiaries lent to others. 3. Endorsements and guarantees.	Approved	None
18 Sep 2023	The 25 th Meeting	1. Proposal on setting the base date for share cancellation and capital reduction of cancellation of treasury shares. 2. Proposal on the fund of subsidiaries lent to others.	Approved	None

Date	The 20 th Board of Directors	Contents of Motion	Independent Directors' Opinion	The Company's Response to the Independent Directors' Opinion
25 Oct 2023	The 26 th Meeting	1. Proposal on the appointment of Accounting officer. 2. Proposal on auditing fee for business tax assurance.	Approved	None
13 Nov 2023	The 27 th Meeting	1. Capital lending to the subsidiary companies. 2. Proposal on the fund of subsidiaries lent to others. 3. Endorsements and guarantees.	Approved	None
21 Dec 2023	The 28 th Meeting	1. Proposal to formulate and approve the audit plan for the year 2024. 2. Proposal to formulate and approve the business operation plan for the year of 2024. 3. CPAs' Compensation in 2023. 4. Amendment to the "Regulations on the Enterprise Organizational Systems and Classifications of Job Titles". 5. Endorsements and guarantees.	Approved	None

(2) Other resolutions arising from the foregoing matters against or on which any of the Independent Directors has Objections or reservations, whose objections or reservations have been recorded or declared in writing: No objection or reservation on all proposals.

2. If there are directors' recusal of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified:

Date	The Directors of Interest Avoidance	Motion	The Reason for the Avoidance of Interest	Status of Participation in Voting
112.04.26	Chen, Ping-Huang	Appointment of the Company's president and its remuneration	The party	Except for the one director who avoided interest, all the directors present approved in accordance with the amendment.
	Kuo, Shao-Yi LEALEA Enterprise Representative: Tung, Min-Hsiung Li Mou Investment Representative: Kuo, Shu-Chen	The Chairman's remuneration	The party Substantive related parties	Appoint Independent Director Lin, Yao-Chuan as the acting chairman of the motion, except for the three directors who avoided interest, all the directors present approved in accordance with the amendment.
	Chen, Ping-Huang	Removal of officers' non-compete clause	The party	Except for the one director who avoided interest, all the directors present approved in accordance with the amendment.

3. TWSE/TPEx-listed companies are required to disclose the evaluation cycle and period, scope of evaluation, evaluation method, and evaluation items of the self (or peer) evaluations conducted by the Board of Directors:

The results of the performance evaluation were reported to the Board of Directors on March 15, 2024.

Evaluation Cycle	Assessment Period	Scope of Evaluation	Evaluation Method	Evaluation Items
Once a year	From 1st Jan 2023 to 31 Dec 2023	Board of Directors	Self-Assessment Questionnaire on Board of Director Performance	1. Level of participation in company operation. 2. Improving the quality of Board decisions. 3. Board composition and structure. 4. Appointment of directors and their continuing education, 5. Internal Controls

Evaluation Cycle	Assessment Period	Scope of Evaluation	Evaluation Method	Evaluation Items
		Directors	Self-Assessment Questionnaire of on Board of Directors Performance	1. Grasp of company targets and missions 2. Understanding of the director's role and responsibilities 3. Level of participation in company operations 4. Internal relationship management and communication 5. Director's specialty and continued development, 6. Internal Control
		Functional Committees (Audit Committee/ Remuneration Committee)	Self-Assessment Questionnaire on Functional Committees' Performance	1. Level of participation in company operation. 2. Understanding of the responsibilities of functional committees 3. Improvement of the decision-making quality of functional committee 4. Composition of functional committee and member selection 5. Internal Control

4. The objectives (such as setting of an audit committee and improvement of information transparency etc.) of strengthening the functionality of the Board of Directors for the present year and recent years and assessment on the implementation:

- (1) Every important resolution made by the Board of Directors will be published in the Company's website. The Company also insures all the Directors with liability insurance to increase information transparency of company's operation and at the same time to protect shareholders equity. The Company also set up Audit Committee to assist the Board of Directors to fulfil supervision duty.
- (2) In order to carry out corporate governance and enhance the functions of board of directors, the Company establishes the performance targets for the Directors to improve their operation efficiency. Pursuant to the Company's "Rules for Performance Evaluation of Board of Directors" approved by the board of directors on October 28, 2020, the internal performance appraisal of the Board of Directors and the Functional Committees should be conducted by the end of the 1st quarter each year.

4.2 Audit Committee

A total of **8 Audit Committee meetings (A)** were held in the most recent year. The attendance of the Independent Directors was as follows:

Job Title	Name	Attendance in Person (B)	By Proxy	Rate of Attendance (%) (B/A) (Note)	Remarks
Independent Director	Lin, Yao-Chuan	8	0	100%	Re-elected and served for another term on August 18, 2021
	Kao, Cheng-Shang	8	0	100%	
	Lee, Su-Chin	7	0	87.5%	

Other Mentionable items:

1. The Company establishes "Audit Committee" to replace the duties and annual job items of Supervisors on 10 June 2015.
 - (1) Adoption or amendment of an internal control system pursuant to Article 14-1, Securities and Exchange Act.
 - (2) Assessment of operating effectiveness of the internal control system
 - (3) Adoption or amendment, pursuant to Article 36-1, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
 - (4) A matter bearing on the personal interest of a director.
 - (5) A material asset or derivatives transaction.
 - (6) A material monetary loan, endorsement, or provision of guarantee.
 - (7) The offering, issuance, or private placement of any equity-type securities.
 - (8) The hiring or dismissal of an attesting CPA, or the compensation given thereto.

- (9) The appointment or discharge of a financial, accounting, or internal auditing officer.
 (10) Annual financial reports and second quarter financial reports that must be audited and attested by a CPA, which are signed or sealed by the chairperson, managerial officer, and accounting officer.
 (11) Any other material matter so required by the company or the Competent Authority.

◎ Review of Financial Statements

The Company's 2023 financial statement prepared by the Board of Directors, Deloitte Taiwan Certified Public Accountants, Wu, Ke-Chang and Hong, Guo-Tian, completed the inspection and issued an inspection report, together with the Business Report and the motion of Surplus Distribution or Loss Allowances, and were reviewed by the Audit Committee. Audit Committee verified that the reports existed were no discrepancies.

◎ Assessment of operating effectiveness of the internal control system

The Company has completed the self-assessment of internal control system operation for the year 2023. A report based on the self-assessment has been issued and approved by the Audit Committee and proposed to the Board of Directors' Meeting for review and resolution.

2. If the Audit Committee operates under any of the following circumstances, it shall state the date and period of the Audit Committee meeting, the content of the motion, the content of the objections, reservations or material recommendations of the independent directors, the results of the Audit Committee's resolutions and the Company's handling of the Audit Committee's opinions.

(1) Matters listed in Article 14-5 of the Securities and Exchange Act.

Date of Audit Committee meeting	Sessions The 3 rd Session	Proposal Content	Independent directors' objections, qualified opinion or material recommendations	Opinion of Audit Committee	Resolution to Opinion of Audit Committee
16 March 2023	The 15 th Meeting	1. The 2022 business reports and financial statements. 2. Proposal to report the "2022 Declaration of Internal Control System." 3. Capital lending to the other companies.	None	Approved	None
11 April 2023	The 16 th Meeting	1. Revision of certain articles of the "Audit Committee Charter". 2. Endorsements and guarantees.	None	Approved	None
26 April 2023	The 17 th Meeting	1. Proposal on the appointment of president and its remuneration. 2. Proposal on the remuneration of president. 3. Lift the non-compete restriction on managers 4. Capital lending to the other companies.	None	Approved	None
26 July 2023	The 18 th Meeting	1. Proposal on the fund of subsidiaries lent to others. 2. Endorsements and guarantees.	None	Approved	None
18 Sep 2023	The 19 th Meeting	1. Proposal on setting the base date for share cancellation and capital reduction of cancellation of treasury shares. 2. Proposal on the fund of subsidiaries lent to others.	None	Approved	None
25 Oct 2023	The 20 th Meeting	1. Proposal on the appointment of Accounting officer. 2. Proposal on auditing fee for business tax assurance.	None	Approved	None
13 Nov 2023	The 21 th Meeting	1. Proposal on funds lent to Subsidiaries. 2. Proposal on the fund of subsidiaries lent to others. 3. Endorsements and guarantees.	None	Approved	None
21 Dec 2023	The 22 th Meeting	1. Proposal to formulate and approve the audit plan for the year 2024. 2. Proposal to formulate and approve the business operation plan for the year of 2024. 3. CPAs' Compensation in 2023. 4. Endorsements and guarantees.	None	Approved	None

- (2) Matters other than the foregoing matters that have been approved by 2/3 of all Directors but not approved by the Audit Committee: None.
3. If there are Independent Directors' recusal of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None.
4. Communications between the Independent Directors, the Company's Chief Internal auditor, and Certified Public Accountants (CPAs) (The description should include the matters, manners and results of communications on the Company's financial and business status.)

Date	Method	Party	Summary	Results
2024.01.30	Seminar	CPA	1. 2022 Audit Quality Index Report. 2. Audit planning stage: (1) Responsibilities of the governance unit. (2) Quality management system for Accounting firms. (3) Audit scope and method - the audit will be planned and performed in accordance with CPA audit endorsement rules for financial statements and generally accepted auditing standards, so as to reasonably be sure whether the financial statements are free of material misstatement. (4) Significant - Determination of materiality and assessment of significant risks in 2023. (5) Group Audit - the audit work of constituent individuals and auditors using constituent individuals. (6) Major accounting policies, major accounting estimates and major events or transactions. (7) Significant Risks and Key Audit Matters - Revenue generated from sales customer contracts resulting from new or non-recurring transactions in the nylon division that result in positive revenue growth. (8) Assessment of Significant Risk – Control of management oversteps (9) IFRS Sustainable Disclosure Standards.	Independent director have no opinion
		Audit supervisor	(1) Description of the progress of tracking and improvement in 2023. (2) Description of the audit operation in the first quarter of 2024. (3) Description of the effectiveness assessment of internal control.	
2024.03.15	Seminar	CPA	Audit completion stage: (1) Group audit. (2) Key Matters and Subsequent Matters. A fire incidence happened in the evening of 2024.02.21 at Li Peng Yangmei Plant caused by a fire in the upper section of the exhaust pipe of a styling machine unit. Apart from three exhaust pipes being burnt, all personnel, equipment, and finished products were unaffected. There is no significant impact on the financial statements. (3) Key audit matters - no major abnormality is found, which is reasonable. (4) Conclusion: Based on our audit findings, no significant violations of the Securities Issuer Financial Reporting Standards or the International Financial Reporting Standards (IFRSs) recognized and issued by the Financial Supervisory Commission were found in the consolidated financial statements for the year ended 2023. (5) Promotion for corporate governance.	Independent director have no opinion
		Audit supervisor	Audit operations for the second quarter of 2024.	

4.3 Corporate Governance Implementation Status, Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”, and Reasons of Deviations

Evaluation Item	Implementation Status			Deviations from “the corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Does the company established and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?”	✓		We have established the “Corporate Governance Best Practice Principles”, and it is publicly announced on our company website and the Market Observation Post System.	No Deviation
2. Shareholding structure & shareholders’ rights				
(1) Does the Company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	✓		(1) The Company has appointed a spokesperson and an acting spokesperson to represent the Company and make statements. Along with the assistance from the Stock Affair Agent and Legal Department, the spokespersons are able to handle shareholders’ suggestions, doubts, disputes, litigations, etc.	No Deviation
(2) Does the Company possess the list of its major shareholders as well as the ultimate owners of those shares?	✓		(2) Stock Affair Department and appointed Stock Affair Agent have the list of major shareholders and who ultimately controls them disclose this information pursuant to the laws.	No Deviation
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	✓		(3) Risk management and firewall system have been established in the internal control system.	No Deviation
(4) Dose the company establish internal rules against insiders trading with undisclosed information?	✓		(4) The Company has formulated the “Operating Procedures for the Prevention of Inside Trading”.	No Deviation
3. Composition and Responsibilities of the Board of Directors				
(1) Has the Board formulated a diversity policy, specific management objectives and implemented them?	✓		(1) The Company has set “Corporate Governance Best Practice Principles” to ensure board members’ competency and diversity. In addition, it has been expressly stipulated in the Articles of Incorporation that the election of the directors (including Independent Directors) should adopt the candidates nomination system. In electing directors, not only professionalism is taken into consideration, but diversification is also an important factor. At present, there are 9 Directors, including 3 Independent Directors. Among these 9 directors, 2 are female; 2 are the employees of the Company. All of the Independent Directors has been in the positions for more than 5 years. One Director is more than 70 years old; another six Directors	No Deviation

Evaluation Item	Implementation Status			Deviations from “the corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee? Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		✓	are between 51 to 70 years old. The rest 2 Directors are below 50s'. The Professions of the Board members includes business management, legal studies, accounting & finance, public health, etc. Some of our Directors are enterprise owners, practicing lawyers; others own double masters' degree at Yale University, USA. The Board members have accumulated the experience required by the Company and are able provide professional opinions from different perspectives. Therefore, the Board' s contribution is tremendous Professionalism of Board Members (2) No.	Measures will be taken if there are actual demands or if it is required by laws and regulations.
(3) Does the company establish standards and method for evaluation Board performance, conduct annual performance evaluations, submit performance evaluation results to the Board, and use the results as a basis for determining the remuneration and nomination of individual directors?	✓		(3) We have established “Internal Performance Evaluation of the Board of Directors” and evaluation methods. The Remuneration Committee will review the evaluation results of the Board, and the Remuneration Committee will also go through the policy, system, standards, and structure of the payroll. It will then provide suggestions to the Board for discussion and resolution.	No Deviation
(4) Does the company regularly evaluate the independence of CPAs?	✓		(4) We review and evaluate the expertise, competence, and independence of CPA at least once a year (Note 1) In addition to requiring certified public accountants to provide "Declaration of Detachment and Independence" and "Audit Quality Indicators (AQIs)", the AQI disclosure structure and template was issued by the Financial Supervisory Commission of the Executive Yuan on August 19, 2021, as an option for companies and audit committees to appoint The objective reference indicators for certification accountants, the evaluation results of the most recent year have been approved by the board of directors resolution on January 30, 2024.	No Deviation

Evaluation Item	Implementation Status			Deviations from “the corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
Company’s corporate governance system (including but not limited to interests and rights of employees, care for employees, relation with investors, relation with suppliers, relation with interested parties, continuing education of directors and supervisors, execution of risk management policies and risk measuring standards, execution of customer policies, liability insurance for the Company’s directors and supervisors)?			<p>continuously improve the welfare of employees and the safety & quality of the working environment, including better staff meals, annual staff travel, health examines, bonus, subsidies for weddings, funerals, education, etc. We also buy group insurance for our employees to provide them with better protection.</p> <p>(2) Through holding investor conference, and by attending the investment meetings held by securities houses, the Company is able to communicate with investors and delivers the feedbacks to the top management and related departments for improvement. The Company also established an area of “Corporate Governance” in the website as an access point for stakeholders to understand our internal control system and various operation procedures.</p> <p>(3) Please refer to page 45~47 for director training.</p> <p>(4) Regarding our purchase policy with suppliers, our prior concerns are environmental protection, energy saving, and quality control. Pricing is not the only determining factor.</p> <p>(5) In addition to providing high quality products, the Company actively carries out manufacturing quality control, environmental protection, and factory safety & health management, which have been qualified with international certifications.</p> <p>(6) The Company insures the Directors, Supervisors, and important staff with liability insurance. The sum insured is as high as USD6 million.</p>	
<p>9. Please explain on the basis of the results of corporate governance assessment announced by the TWSE Corporate Governance center in the most recent year the items that have been improved, and advise the matters and measurements to be strengthened with priority as to the items that have not been improved.</p> <p>(1) Improvement made for 2023: The Company's disclosure of information on its external website has been gradually increased and updated regularly, and in the future, the priority will be to speed up the provision of shareholders' meeting information in coming years.</p> <p>(2) For the items to be improved, we have proposed prioritized measures and plans: The principle is to make improvements without increasing operational cost while complying with the laws and regulations.</p>				

Note1: Evaluation of CPA’s Independence and Suitability for 2023:

(1) Evaluation Unit: Accounting Unit

(2) Evaluation Year: 2023

(3) Evaluation Date: 2024.1.12

(4) Evaluation of appointed accounting firm and accountant: Deloitte & Touches Certified Public Accountants, Wu, Ke-Chang and Hong, Guo-Tian

(5) Evaluation content:

The evaluation form is made by referring to Article 47 of the Certified Public Accountant Act and the Bulletin of Norm of Professional Ethics for Certified Public Accountant of R.O.C. No. 10, “Integrity, Objectivity, and Independence.”

Evaluation Item	Evaluation Result
1. There is no direct or material indirect financial interest between the CPAs and the Company.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
2. There is no significant close business relationship between the CPAs the Company.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
3. There is no potential employment relationship at the time of the audit of the Company by the CPAs.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
4. The CPAs have not involved in monetary borrowing matters with the Company.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
5. The CPAs have not received any present of significant value from the Company or the Company's directors and supervisors (the value of which exceeds normal social etiquette standards)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
6. The CPAs have not provided audit services to the Company for seven consecutive years.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
7. The CPAs do not have the shares of the Company.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
8. The CPAs, their spouses or dependents, or their audit team did not hold any position as a director, manager, or officer of the Company during the audit period or within the last two years that has materially affected the audit, and has determined that they will not hold any such position during future audits.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
9. If the CPAs have met the standards stipulated in the Professional Ethics for Certified Public Accountant, No. 10, and obtained the Declaration of Independence “issued by the CPA’s firm.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

(6) Work Performance:

<input checked="" type="checkbox"/> Finished the audit process of the Company as scheduled. <input checked="" type="checkbox"/> Finished the financial audit of the reinvested companies as scheduled. <input checked="" type="checkbox"/> Provided financial and tax consultation services from time to time.
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(7) Evaluation Results:

<p>The Company appointed Deloitte & Touche Certified Public Accountants, Wu, Ke-Chang and Hong, Guo-Tian to audit this year’s financial statements. The independence and competency of both accountants were assessed to be qualified.</p>
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4.4 If the Company has set up a remuneration committee or nomination committee, it should disclose its composition, responsibilities and operation.

1. Information of the Committee Members

Status	Name	Criteria	Independence	Number of other public companies in which the individual is concurrently serving as a remuneration committee member
		Professional Qualification and Experience		
Independent Director	Lin, Yao-Chun (Convener)	Passed the National examination and obtained a (lawyer) certificate. He used to be a judge of Shilin District Court in Taiwan. Since 2004, he is a partner / lawyer in a law firm. He has more than 27 years' work experience in business, legal affairs and operation management.	As an independent director, in line with independence, including but not limited to myself, spouse, second-degree kinship or relatives who have not served as directors, supervisors or employees of the Company or its affiliated companies; have not held the number of shares of the Company; have not served as directors, supervisors or employees of companies with specific relationships with the Company; in the last 2 years, the Company or its affiliated companies have not received remuneration for business, legal affairs, finance, accounting and other services.	0
Independent Director	Kao, Chen-shan	He served as the first chairman of the Council of Indigenous Peoples of the Executive Yuan in 1996 and served as Deputy Director of the Council in 2000. He served as CEO of the Native Taiwanese Social Enterprise Co., Ltd. since 2005. He has more than 27 years work experience in business, legal affairs and operation management, which are required by the Company.		0
Independent Director	Lee, Su-Ching	From 1999 to 2015, she served as the chief accounting officer of the Financial Operation and Management Department of Delta Electronics Inc. Since 2016, she has served as the Vice President of Cytotec Co. Ltd, with more than 25 years of experience. Possess the required work experience in business, finance, and accounting.		0

2. Operation of the Remuneration Committee

(1) There are 3 members in the Remuneration Committee.

(2) The term of the current Committee members: From 18 August 2021 to 17 August 2024.

A total of **3 Remuneration Committee meetings** were held in the most recent year. The attendance record of the Remuneration Committee members was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Rate of Attendance (%) (B/A) (Note)	Remarks
Convener	Lin, Yao-Chun	3	0	100%	Re-elected and served for another term on August 18, 2021
Committee Member	Kao, Chen-shan	3	0	100%	
Committee Member	Lee, Su-Ching	2	0	66.67%	

Other mentionable items:

1. Scope of Responsibility

(1) To establish and review performance assessment of Directors and managers, and remuneration policy, system, standards, and structure.

(2) To establish and review remuneration paid to Directors and managerial officers.

2. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion (e.g., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None.

3. Resolutions of the remuneration committee objected to by members or subject to a qualified opinion and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions, and the response to members' opinion should be specified:

Date	Remuneration Committee	Proposal Content	Resolution of Remuneration Committee	Response of the Company to the opinions of the Remuneration Committee
26 Apr 2023	5 th Session, 8 nd meeting	1. Proposal on the appointment of president and its remuneration. 2. Proposal on the remuneration of chairman.	Approved	None Opinion
25 Oct 2023	5 th Session, 9 rd meeting	Proposal on the appointment of Accounting officer.	Approved	None Opinion
21 Dec 2023	5 th Session, 10 th meeting	Amendment to the "Regulations on the Enterprise Organizational Systems and Classifications of Job Titles".	Approved	None Opinion

4.5 Promotion of Sustainable Development and Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”

Promotional Items	Implementation			Deviations from “The Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons					
	Yes	No	Explanation in Brief						
1. Has the Company established a governance structure to promote sustainable development, and has it set up a unit which specializes (or is involved) in promoting sustainable development and run by senior managerial officers authorized by the Board of Directors, and does the Board of Directors supervise its implementation status?		✓	No full-time (Part-time) unit for sustainable development has been set.	Measures will be taken if there are actual demands or if it is required by laws and regulations.					
2. Has the Company conducted risk assessments of environmental, social, and corporate governance issues related to the Company’s operations in accordance with materiality principles and formulated related risk management policies or strategies?	✓		<p>1. The risk assessment period is from January to December of 2023, and the risk assessment boundary is dominated by the Company.</p> <p>2. Based on the assessed risks, relevant risk management policies or strategies are formulated as follows</p> <table border="1"> <thead> <tr> <th>Material Issues</th> <th>Risk Assessment Items</th> <th>Descriptions</th> </tr> </thead> <tbody> <tr> <td>Environment</td> <td>Environmental impact and management</td> <td> <p>The core value of the Company is to co-exist with the environment and the ecosystem through the following methods:</p> <p>1. Create more from less and increase resource productivity: devoted to eliminating unnecessary waste of raw materials, processes, and energy, and minimize waste to the least.</p> <p>2. Environmental design: focus on the concept of "environmental design" in the product production process and develop environmentally friendly products such as Ecoya® since 2000 that does not require dyeing after weaving, which not only reduces water use in the dyeing and finishing process, but also reduces energy, wastewater, and waste gas (such as CO₂) by about 70~82%.</p> <p>3. Product life cycle: we have been developing environmentally friendly recycled yarn products since 2003. From 2010, we started to use the scraps generated by factories to make RePET-P, RePET-W products through recycling processes to achieve the goal of extending the life of the products. The Company also continues to get the GRS (Global Recycle Standard) certification. (2023.08.06-2024.08.05)</p> <p>4. Environmental Certification: The Company requires products to comply with environmental related regulations, therefore, we have obtained "ISO 14001" environmental</p> </td> </tr> </tbody> </table>	Material Issues	Risk Assessment Items	Descriptions	Environment	Environmental impact and management	<p>The core value of the Company is to co-exist with the environment and the ecosystem through the following methods:</p> <p>1. Create more from less and increase resource productivity: devoted to eliminating unnecessary waste of raw materials, processes, and energy, and minimize waste to the least.</p> <p>2. Environmental design: focus on the concept of "environmental design" in the product production process and develop environmentally friendly products such as Ecoya® since 2000 that does not require dyeing after weaving, which not only reduces water use in the dyeing and finishing process, but also reduces energy, wastewater, and waste gas (such as CO₂) by about 70~82%.</p> <p>3. Product life cycle: we have been developing environmentally friendly recycled yarn products since 2003. From 2010, we started to use the scraps generated by factories to make RePET-P, RePET-W products through recycling processes to achieve the goal of extending the life of the products. The Company also continues to get the GRS (Global Recycle Standard) certification. (2023.08.06-2024.08.05)</p> <p>4. Environmental Certification: The Company requires products to comply with environmental related regulations, therefore, we have obtained "ISO 14001" environmental</p>
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3. Environmental Issue (1) Does the company establish proper environmental management systems based on the characteristics of their industries?	✓		1. Dedicated personnel responsible for environmental management is set to promote environmental management operations and implement environmental protection laws and regulations. In addition, according to the characteristics of the industry, we have formulated related measures such as "Enforcement Measures for Industrial Waste Reduction", "Procedures of Chemical Substance Management", "Procedures of Noise Management ", etc.	No Deviation																		

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			2. Acquired certification of ISO 14001 Environmental Management Systems: Yangmei Plant (2022.08.11-2025.08.11), Changhua Plant (2022.03.03-2025.03.03). In 2023 we installed ISO 14064-1 regulation for greenhouse gas inventory to track the carbon reduction results.																
(2) Does the Company endeavor to utilize all resources more efficiently and use renewable materials which have a low impact on the environment?	✓		<p>The Company actively promotes various energy reduction measures, develops green energy, develops green products, expands the use of energy recovery and regeneration, and reduces the energy consumption of enterprises and products.</p> <ol style="list-style-type: none"> 1. Develop green energy such as solar energy, solid recycled fuel SRF, and wind power. 2. The production of colored precursor is free from dyeing after weaving, replacing the precursor in the dyeing process and reducing the dyeing and finishing wastewater. Low-temperature dyeable polyester fibers are dyed and finished at 95-98 degrees Celsius, changing the traditional high-temperature dyeing and finishing process and saving energy. 3. Actively recycle the yarn waste, put it into reproduction and obtain GRS (Global Recycle Standard) certification 	No Deviation															
(3) Does the company assess the potential risks and opportunities of climate change to the company now and in the future, and take measures to deal with climate-related issues?	✓		<ol style="list-style-type: none"> 1. The Company has cooperated with the government in its project “Voluntary Greenhouse Gas Reduction Program”, promoted by Industrial Development Bureau, Ministry of Economic Affairs. 2. We have reduced greenhouse gas emission intensity in the hope to obtain the upfront reduction allowance quota of the special project granted by the Environmental Protection Administration. 3. We will negotiate with the government to take our emission reduction achievement into consideration for future emission quota references. 4. We have introduced ISO14064 to conduct greenhouse gas inventory check and to report in compliance with regulatory requirements. 	No Deviation															
(4) Does the company keep track of greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulate policies for energy saving and carbon reduction, greenhouse gas reduction, water use reduction or other waste management?	✓		<p>1. Greenhouse gas: Li Peng General Nylon Plant and Yangmei plant have completed the 2023-year ISO 14064-1 scope 1 and 2 inventory, and the third-party verification will be completed before the end of October, 2024. Greenhouse gas emissions in recent 2 years: (the data of Categories 1 and 2 cover the nylon plant and Yangmei plant)</p> <table border="1"> <thead> <tr> <th>Item</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Category 1</td> <td>115,796</td> <td>127,606</td> </tr> <tr> <td>Category 2</td> <td>109,007</td> <td>80,509</td> </tr> <tr> <td>Total emission amount(MT CO₂e)</td> <td>224,803</td> <td>208,115</td> </tr> <tr> <td>Emission density (Ton CO₂e/Revenue NT\$ million)</td> <td>20.8247</td> <td>23.1342</td> </tr> </tbody> </table>	Item	2022	2023	Category 1	115,796	127,606	Category 2	109,007	80,509	Total emission amount(MT CO ₂ e)	224,803	208,115	Emission density (Ton CO ₂ e/Revenue NT\$ million)	20.8247	23.1342	No Deviation
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			<p>The Company holds 70% shares of LIBOLON ENERGY CO., LTD and prepares to enter the green power field of wind power generation which will reduce greenhouse gas emissions in different stages.</p> <p>2. Water consumption: We continue to make process improvements, shorten production time, and enhance the use of recycled water to save production water and optimize unit usage in the process. Water consumption in the last 2 years. (Covering all plants)</p> <p style="text-align: right;">Unit: 1000 kilolitre</p> <table border="1"> <thead> <tr> <th>Item</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Water Consumption</td> <td>4,715</td> <td>4,171</td> </tr> <tr> <td>Recycled Water</td> <td>340</td> <td>335</td> </tr> </tbody> </table> <p>3. Waste: All waste from each plant is mainly general business waste, and all waste is entrusted to government certified vendors for removal and disposal in accordance with local laws and regulations. Total waste in the last 2 years. (Covering all plants)</p> <p style="text-align: right;">Unit: Tons</p> <table border="1"> <thead> <tr> <th>Item</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>general business waste</td> <td>8,564.5</td> <td>10,764.6</td> </tr> <tr> <td>Hazardous business waste</td> <td>202.7</td> <td>52.5</td> </tr> </tbody> </table> <p>We are committed to the implementation of circular economy and aim at "zero waste", actively recovering the yarn waste for recycling and obtaining GRS certification, and entrusting qualified manufacturers certified by the government to recycle CPL residue and TEG.</p>	Item	2022	2023	Water Consumption	4,715	4,171	Recycled Water	340	335	Item	2022	2023	general business waste	8,564.5	10,764.6	Hazardous business waste	202.7	52.5	
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<p>4. Social Issues</p> <p>(1) Has the Company set up management policies and procedures according to related laws and regulations as well as the International Bill of Human Rights?</p>	✓		<p>The Company actively practices corporate social responsibility to meet the international trend of balancing the development of environmental, social and corporate governance. We comply with labour related regulations and respect internationally recognized basic labour rights. We have established relevant management policies and procedures to protect the legal rights of our employees, and there is no differential treatment in employment policies; employees are not discriminated against on the basis of gender, race, marriage, religion and other factors. There is no incident of forced or compulsory labour, nor violation of aboriginal rights, nor violation of employees’ interests, etc.</p>	No Deviation																		

Promotional Items	Implementation			Deviations from “The Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Explanation in Brief	
(2) Has the Company established and adopted reasonable employee welfare measures (e.g. bonuses and salaries, leaves, ad other benefits), and had employee bonuses and salaries adequately reflect its operation performance or results?	✓		<p>1. Salary: In order to encourage employees to work hard, improve production efficiency, enhance profitability and share business results, an annual bonus method has been formulated. The annual bonuses are divided into (1) employee remuneration (year-end bonus and surplus bonus) and (2) special bonuses. The Articles of Incorporation that if the Company is profitable in the fiscal year, no less than 2% of the annual profit shall be allocated as employee compensation to share the operating results with our employees.</p> <p>2. Leaves: In order to comply with the various regulations for the Company's employees to request (leave) leave, various methods for requesting (leave) leave have been formulated in accordance with the Labor Standards Law and the Gender Work Equality Law to comply with regulations.</p> <p>3. welfare : In order to take care of the welfare of employees, the Company and the employee welfare committee operate jointly. The measures are as follows: (1) Small recreational dinners (2) Wedding and funeral festive allowances (3) Scholarships and grants (4) Community activities (5) travel grant (6) Year-end dinners (7) Birthday gifts (8) New Year gifts (9) Year-end get-togethers and luck draws (10) Books and magazines (11) Group insurance (12) Large-scale cultural and sports activities (13) Employee children's scholarships and grants.</p>	No Deviation
(3) Has the Company offered a safe and healthy work environment and routinely implements safety and health education for its employees?	✓		<p>1. Measures for a safe and healthy working environment: (1) Monitor the vital signs of employees: blood pressure, blood oxygen, and blood glucose measurement if necessary. (2) Monthly occupational medical visits. (3) Health information promotion: Posting of health education information. (4) Health consultation and health education: new medical examinations and health education, annual physical examinations and health education. (5) The four major prevention plans of the Occupational Safety and Health Law: human-caused sexual hazards, abnormal workloads, workplace maternal protection, and physical and mental violations.</p> <p>2. The number of employee occupational disasters, the number of people and the ratio of the total number of employees in the current year, and related improvement measures. (1) The number, number and proportion of employee occupational disasters in 2023: 4 cases (4 people) 0.31%</p>	No Deviation

Promotional Items	Implementation			Deviations from “The Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanation in Brief	
			<p>(2) Improvement measures :</p> <p>A. Aerial operations should be set up platform and with the relevant protective equipment.</p> <p>B. Machinery and facilities should be modified and equipped with additional safety covers.</p> <p>C. Perform tasks in accordance with SOPs and repeatedly confirm.</p> <p>3. List the number of fire incidents of the year, the number of casualties and the ratio of casualties to the total number of employees, and the measures to improve in response to fire accidents.</p> <p>(1) Number of fire incidents in 2023: None</p> <p>(2) Measures:</p> <p>A. When a fire occurs, the personnel will start grouping into firefighting groups immediately according to SOP.</p> <p>B. According to individual grouping tasks, implement safety protection, report, evacuation guidance, firefighting, and rescue.</p> <p>To strengthen employees' prevention and understanding of disasters and accidents, safety and health education and training are carried out, and practical disaster prevention exercises are used to enhance employees' disaster resilience to maintain a safe and healthy working environment, and obtained ISO45001 occupational health and safety management certification. In 2023, the number of internal training hours for environmental safety and health will reach 2589 hours. There were 64 external training courses under the Environmental safety and health license, and the total training expenditure was NTD333.9 thousand.</p>	
(4) Has the Company established an effective career developmental plan for its employees?	✓		<p>In order to improve the quality of manpower, the Company will continue to study according to the needs of employees of different ranks and different business nature, in order to enhance the work knowledge and skills of employees, thereby enhancing their competitiveness inside and outside the enterprise and playing their strengths, the Company has also formulated on-the-job training methods for personnel, and the implementation of training and training is as follows :</p> <p>1. Short-term training: assigned or applied for permission to receive training in various training centers, consulting companies, associations, etc. to train basic cadres and obtain professional licenses. Internal training focuses on environmental protection, employee safety and health protection.</p> <p>2. Long-term training: The Company specially arranges professional training for internal and external lecturers, as in the post-pandemic, global economics reassessing era, the</p>	No Deviation

Promotional Items	Implementation			Deviations from “The Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
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			<p>corporations are facing numerous challenges, and to help cultivate the managers to learn new things anywhere, we promote corporate digital learning courses with learning platforms so that cadres can keep abreast of the new knowledge of global trends and the pulse of the world at any time, from new knowledge to mind, from thinking to function can be comprehensively improved.</p> <p>3. Training abroad: processing customer complaints, receiving orders or project task applications are allowed to go abroad for business negotiations, and the cost of training abroad shall be borne by the Company.</p> <p>4. Assigned training: in accordance with government laws and regulations</p> <p>5. Special training: project training required for business.</p>	
(5) Do the company’s products and services comply with relevant laws and international standards in relation to issues such as customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer or customer protection and grievance procedure policies implemented?	✓		The Company has obtained ISO9001 certification and Oeko-Tex Standard 100 certification to prove that our products are free from hazardous substances to human health. Regarding product and service marketing and labeling requirements, we complied with related regulations and international standards. Considering customer privacy, we observe the confidentiality agreement and the personal data protection laws with designated customer service department and stakeholder area to protect consumer rights and serve as a communication channel.	No Deviation
(6) Has the Company had a supplier management policy and required all its suppliers be compliant with laws and regulations on environmental protection, occupational safety & health, and labor rights and verified their compliance?	✓		<p>1. The Company has established the “ Green Supply Chain System”, requiring all our suppliers to provide the proofs of legally accredit certificates to enhance our social responsibility of the overall supply chain.</p> <p>2. Follow the procurement management process and operating specifications, and regularly evaluate, select suitable suppliers, and establish a long-term cooperation system of mutual trust and coexistence.</p>	No Deviation
5. Does the company prepare sustainability reports and other reports that disclose non-financial information by following international reporting standards or guidelines? Have the		✓	The Company compiles sustainability reports and other reports that disclose the Company's non-financial information in accordance with the internationally common reporting guidelines (GRI Standards) and publishes them on the Public Information Observatory. It has not obtained the assurance or guarantee opinions of third-party verifiers.	Measures will be taken if there are actual demands or if it is required by laws and regulations.

Promotional Items	Implementation			Deviations from “The Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
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reports mentioned above received the confirmation or guarantee of a third-party authenticator?				

6. If the company has its own code of practice for sustainable development in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", please describe the differences between its operation and the Principles: The Sustainable Development Best Practice Principles has been in place for more than 40 years and has been gradually adjusted in line with changes in the times and world trends, and will continue to be implemented and refined in the future.

7. Other important information to facilitate a better understanding of the company's implementation of sustainable development:

(1) The Company places great importance to environmental protection, labour safety and employee welfare, and has long been actively involved in social welfare. Participating in public welfare with employees has become one of the corporate culture. This year, we have donated and sponsored the following organizations:

Year	Organizations Received Donations	Total NTD1000
2023	1. Shih Chien University 2. Chinese Culture University 3. Erh-Lin Rotary Club 4. National Erh-Lin Industrial & Commercial Vocational High School (In total 23 Schools received donations) 5. Wu Jun Community Development Association 6. Fang Yuan Community Development Association 7. Ho Liao Community Development Association 8. The Presbyterian Church in Taiwan 9. Taiwan Silk & Filament Weaving Industrial Web 10. Huashan Social Welfare Foundation 11. Changhwa love and care Association 12. Corporation Changhua County Joyce-Polio Care Association 13. Friends of Changhua County Police Association 14. Fangyuan Township Office ChangHua County. 15. Chang Hwa County Fangyuan Sea Buffalo Tourism Association 16. Association of Industrial Relation, Changhua County. 17. Chang Hwa County Erlin Volunteer Fire Prevention Team	1,084

(2) The Company supports local produces, and started the activity of “One Acre of Field” since 2008, which will purchase rice as a gift for employees or customers to protect farmland from being suppressed.

(3) Hosts blood donation events periodically since 2023, which not only helps others but also beneficial to the blood donor.

4.6 Implementation Status of Climate-related Information

Items	Implementation Status								
1. Description of how the Board of Directors and managers supervise and governance of the climate related risks and opportunities.	1. Although the Company has not yet set up the ESG Functional Committee through the approval of Board of Directors, the chairman, senior managers, and the general management department have jointly planed and implemented greenhouse gas inventory and emission reduction measures related to climate change to implement sustainable development.								
2. Description of how the identified climate risks and opportunities will impact the Company’s business, strategy, and finance (in short, medium, and long-term).	2. Even though, in the short term, climate-related risks and opportunities will not have major impact to the industry that the Company is in, climate issues will have greater impact to the Company in the long term. In the short term, the Company will continue to improve the production process to save the resources and reduce the carbon emission, and in the long term we will expand the scope of green design, green production process, and green product to achieve the goal of energy saving and carbon reduction.								
3. Description of the financial impact of extreme climate and transformation actions.	<p>3.</p> <table border="1" data-bbox="590 884 1420 1265"> <thead> <tr> <th data-bbox="590 884 890 918">Climate risks</th> <th data-bbox="890 884 1420 918">Potential financial impact</th> </tr> </thead> <tbody> <tr> <td data-bbox="590 918 890 1030">Natural disaster (typhoon, flood, and drought)</td> <td data-bbox="890 918 1420 1030">It may cause damage to the Company's equipment or cause serious shutdowns, resulting in increased operating costs.</td> </tr> <tr> <td data-bbox="590 1030 890 1142">Total volume control of greenhouse gas and carbon tax and carbon fee.</td> <td data-bbox="890 1030 1420 1142">It will impact the operation and cost structure of the Company and impact the Company’s financial profitability consequently.</td> </tr> <tr> <td data-bbox="590 1142 890 1265">Temperature increase</td> <td data-bbox="890 1142 1420 1265">It will increase electricity consumption which will increase production costs and carbon emissions.</td> </tr> </tbody> </table>	Climate risks	Potential financial impact	Natural disaster (typhoon, flood, and drought)	It may cause damage to the Company's equipment or cause serious shutdowns, resulting in increased operating costs.	Total volume control of greenhouse gas and carbon tax and carbon fee.	It will impact the operation and cost structure of the Company and impact the Company’s financial profitability consequently.	Temperature increase	It will increase electricity consumption which will increase production costs and carbon emissions.
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Total volume control of greenhouse gas and carbon tax and carbon fee.	It will impact the operation and cost structure of the Company and impact the Company’s financial profitability consequently.								
Temperature increase	It will increase electricity consumption which will increase production costs and carbon emissions.								
4. Description of how the identification, assessment and management process can be consolidated into the risk management system as a whole.	<p>4.</p> <table border="1" data-bbox="590 1299 1420 2051"> <thead> <tr> <th data-bbox="590 1299 890 1332">Risk items</th> <th data-bbox="890 1299 1420 1332">Management strategies</th> </tr> </thead> <tbody> <tr> <td data-bbox="590 1332 890 1635">Greenhouse gas emission and energy management</td> <td data-bbox="890 1332 1420 1635"> <ul style="list-style-type: none"> • Production process improvement management • Process equipment adopts the lowest energy consumption technology • Recycle waste heat from production process • Promote energy saving • Recycle of scraps and waste water • Reduce energy consumption per unit </td> </tr> <tr> <td data-bbox="590 1635 890 2051">Disposals management</td> <td data-bbox="890 1635 1420 2051"> <ul style="list-style-type: none"> • Implement a circular economy and use recycled raw materials to replace petrochemical raw materials to make environmentally friendly products, increase resource use efficiency and recycling rate, and reduce waste generation. • Implement waste disposal in accordance with the law and entrust qualified manufacturers certified by the government to carry out removal and treatment to reduce the impact on the environment. </td> </tr> </tbody> </table>	Risk items	Management strategies	Greenhouse gas emission and energy management	<ul style="list-style-type: none"> • Production process improvement management • Process equipment adopts the lowest energy consumption technology • Recycle waste heat from production process • Promote energy saving • Recycle of scraps and waste water • Reduce energy consumption per unit 	Disposals management	<ul style="list-style-type: none"> • Implement a circular economy and use recycled raw materials to replace petrochemical raw materials to make environmentally friendly products, increase resource use efficiency and recycling rate, and reduce waste generation. • Implement waste disposal in accordance with the law and entrust qualified manufacturers certified by the government to carry out removal and treatment to reduce the impact on the environment. 		
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Items	Implementation Status
<p>5. If using scenario analysis to assess the resilience toward climate change risks, descriptions should be provided about the scenarios, parameters, assumptions, factors, and main financial impact.</p>	<p>5. Currently we are not using scenario analysis to assess the resilience toward climate change risks.</p>
<p>6. If there is a plan of transformation toward management of climate-related risks, please describe the content and index and goals for discriminate and manage physical risks and transformational risks.</p>	<p>6. Currently there is no transformation plans toward management of climate-related risks.</p>
<p>7. If using internal carbon pricing as a planning tool, please explain the pricing basis.</p>	<p>7. Currently there is no planning tools for carbon pricing.</p>
<p>8. If climate related goals are set, description should be provided about the activities covered, greenhouse gas emission category, timeline planned, progress status of every year, etc. If the Company use Carbon Offset Credit or Renewable Energy Certificate (RECs) to achieve related goals, descriptions should be provided about where the Carbon offset quota is from and the number or RECs number.</p>	<p>8. Currently there is no climate related goals set.</p>
<p>9. Greenhouse gas inventory and assurance status, and reduction goal, strategy and action plans (provided in 1-1 and 1-2).</p>	<p>9. Provided in 1-1 and 1-2. In the future, greenhouse gas inventory will be included in the Taipei office and subsidiaries.</p>

1-1 Greenhouse gas inventory and assurance status in past 2 years

1-1-1 Greenhouse gas inventory information

Li Peng Nylon general plant and Yangmei plant have completed internal inventory of ISO 14064-1 category 1 and 2 in 2023, and the third-party verification will be done by October 2024.

Greenhouse gas emission amount in past 2 years: (data covering both Nylon General Plant and Yangmei Plant)

Item	2022	2023
Category 1	115,796	127,606
Category 2	109,007	80,509
Total emission amount (MT CO ₂ e)	224,803	208,115
Emission density (Ton CO ₂ e/ Revenue in NT\$ million)	20.8247	23.1342

1-1-2 Greenhouse gas assurance information

We have appointed SGS Taiwan to perform the third-party verification of the 2022 greenhouse gas emission amount on the Nylon General Plant and Yangmei Plant, adopting ISO 14064-3:2006. We also appointed SGS Taiwan to continue the verification of the 2023 greenhouse gas emission.

1-2 Goals, strategy, and action plans for greenhouse gas reduction

The Company wishes to further implement its greenhouse gas reduction policy through the following specific actions:

1. Increase the proportion of green electricity usage.
2. Encourage colleagues to come up with ideas for process improvements for energy conservation and environmental protection, and award personal incentive bonuses based on the proportion of cost savings.
3. Purchase of the energy-saving machines
4. Construct solar energy system

Through the above-mentioned items, we will gradually implement the company's net-zero emission goals and strive to complete the assurance of individual company greenhouse gas inventory information in 2027.

4.7 Fulfillment of Code of Ethics and Business Conduct and Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies,” and Reasons:

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and Reasons
	Yes	No	Summary	
<p>1. Stipulating policies and plans for ethical corporate management</p> <p>(1) Has the Company established the Code of Ethics and Business Conduct, which have been approved by the Board of Directors, and clearly stipulated regulations and policies for ethical business conduct and relevant guidelines in company articles and external documents? Does the Company’s Directors and management team actively fulfil their commitment to corporate policies?</p> <p>(2) Has the Company established a risk assessment mechanism against unethical conduct, regularly analysed business activities within their business scope which are at a higher risk of being involved in unethical conduct? Does the company establish prevention programs accordingly including measures prescribed in Article 7 Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?</p> <p>(3) Has the Company established action plans to prevent unethical conduct? Has the Company clearly prescribed procedures, code of conduct, punitive measures for violations and appeal systems within the said plan? Did the action plans be implemented accordingly?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(1) The Company has formulated “Ethical Corporate Management Best Practice Principles” and has been approved by the Board of Directors. In the Principles, Article 5, 6, & 8 clearly stipulate integrity management policy, practice, and commitment.</p> <p>(2) The Company has formulated “Working Rules”, “Code of Ethical Conduct”, “Ethical Corporate Management Best Practice Principles”, “Operating Procedures for the Prevention of Inside Trading”, and various other management principles. These are important educational training tools to link employees closely together with Company’s determination, policy, and prevention measures, as well as making people understand the consequences of violating the rules.</p> <p>(3) In the new recruits orientation training, there are legal documentations for new employees to sign: “Notes for Employees”, “Employment Contract”, “Employee Guarantor Policy”, and articles requesting employee agreeing if violating their commitment to the Company, in addition to receiving the legal trial, they are also subject to pay back the financial losses to the Company. All these legal rights and obligations will be updated and giving training periodically by the Company to the employees after they are reporting to corresponding posts.</p>	<p>No Deviation</p> <p>No Deviation</p> <p>No Deviation</p>
<p>2. Implementing ethical corporate management</p> <p>(1) Has the Company evaluated ethical records of its counterparty? Does the contract signed by the Company and its trading counterparty clearly provide terms on ethical conduct?</p>		<p>✓</p>	<p>(1) Irregular review the transactions between customers and subcontractors. If any abnormal transactions are found, we will stop the cooperation and contracts.</p>	<p>Measures will be taken if there are actual demands or if it is required by laws and regulations.</p>

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and Reasons
	Yes	No	Summary	
(2) Has the Company designated exclusively (or concurrently) dedicated unit reports its ethical business management policy, action plans to prevent unethical conduct, and implementation status of supervisory measures to the Board of Directors?		✓	(2) No.	Measures will be taken if there are actual demands or if it is required by laws and regulations.
(3) Has the Company established policies preventing conflict of interests, provided proper channels of appeal, and enforced these policies and channels accordingly?	✓		(3) Any of the proposals in the Board of Director meetings involving interest recusal, the principle of recusal is complied. Employees may report violations and fill petition directly to the relevant supervisor or the auditing unit of the Board of Directors.	No Deviation
(4) Has the Company established effective accounting systems and internal control systems for enforcing ethical corporate management? Did internal auditors establish relevant audit plan to verify the status of compliance with unethical conduct prevention action plans based on the result of risk assessment on unethical conduct? Did the Company entrust audits to a CPA?	✓		(4) A. The Company has prudential accounting system and appoints a specific accounting department. All the financial reports have been reviewed and audited by CPAs to ensure the fairness of the financial statements. B. The Company has established effective internal audit system, self-audit system, legal compliance system, and risk management mechanism to maintain effective and appropriate internal operational system. In addition, each year, we appoint external CPAs to hold an internal control audit system review.	No Deviation
(5) Does the Company regularly organize internal and external training for ethical corporate management?		✓	(5) No.	Measures will be taken if there are actual demands or if it is required by laws and regulations.
3. Status for enforcing whistle-blowing systems in the Company				
(1) Has the Company established concrete whistle-blowing and reward systems as well as accessible whistle-blowing channels? Does the Company assign a suitable and dedicated individual for the case being exposed by the whistle-blower?	✓		(1) Employees may submit suggestions or complaints in writing, verbally, by telephone or by e-mail to the head of the management department or to a trusted supervisor at any level.	No Deviation
(2) Has the Company established standard operating procedures (SOP) for whistleblowing cases, follow-up measures and relevant systems of confidentiality after the investigation?	✓		(2) After the former supervisor accepts the employee's suggestion or complaint, he/she will immediately report it to the President and the President will designate someone to handle it. The designated staff will handle any serious cases as soon as possible with confidentiality.	No Deviation

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and Reasons
	Yes	No	Summary	
(3) Has the Company adopted protection measures against inappropriate disciplinary actions for the whistleblower?	✓		(3) If a complaint is investigated and found to be inappropriate or suspected of being illegal, the staff who is neglected of his/her duty shall be penalized pursuant to the relevant company rules and regulations or shall be held legally responsible in accordance with the relevant laws and regulations, and the person who made the complaint shall be protected in his/her identity and privacy.	No Deviation
4. Improvement of information disclosure Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company's website and MOPS?	✓		The ethical corporate management policies and the results of its implementation are disclosed on the Company's website and MOPS.	No Deviation
5. If the Company has established the Code of Ethics and Business Conduct based on the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", please describe any deviations between the Code of Ethics and Business Conduct and their implementations: No deviation.				
6. Other information helpful for understanding the principle of integrity of the Company's operations (e.g., the Company's amendment of its principles of integrity): None				

4.8 Other Company-established corporate governance rules and regulations

Please refer to the Company's website (<http://www.lipeng.com.tw>) for the Company's Corporate Governance Code of Practice or log on to the Market Observation Post System website for more information.

4.9 Other important Corporate Governance information that may be disclosed to enhance understanding of corporate governance operations

The Company continues to invest resources in strengthening its corporate governance operations. On the Company's website, the Corporate Governance section is set up to explain the status of Corporate Governance, attached the rules and regulations related to corporate governance for inquiry and download, and promptly discloses material information and regularly hold briefing sessions for corporations.

The most recent (2023) year for directors and corporate governance officer to further their studies:

Job Title	Name	Training Date	Organizer	Course	Training Hours
Chairman	Kuo, Shao-Yi	23 Nov2023	Taiwan Corporate Governance Association	Artificial Intelligence Booming: The Technology Development and Application Opportunities of the Chatbot	3
		27 Dec 2023	Taiwan Corporate Governance Association	How the Board of Directors Formulate ESG Sustainability Governance Strategies	3

Job Title	Name	Training Date	Organizer	Course	Training Hours	
Director	Kuo, Shu-Chen	23 Nov2023	Taiwan Corporate Governance Association	Artificial Intelligence Booming: The Technology Development and Application Opportunities of the Chatbot	3	
		27 Dec 2023	Taiwan Corporate Governance Association	How the Board of Directors Formulate ESG Sustainability Governance Strategies	3	
Director	Chen, Ping-Huang	23 Nov2023	Taiwan Corporate Governance Association	Artificial Intelligence Booming: The Technology Development and Application Opportunities of the Chatbot	3	
		27 Dec 2023	Taiwan Corporate Governance Association	How the Board of Directors Formulate ESG Sustainability Governance Strategies	3	
	Tung, Min-Hsiung	23 Nov2023	Taiwan Corporate Governance Association	Artificial Intelligence Booming: The Technology Development and Application Opportunities of the Chatbot	3	
		27 Dec 2023	Taiwan Corporate Governance Association	How the Board of Directors Formulate ESG Sustainability Governance Strategies	3	
	Kuo, Chi-Kang	23 Nov2023	Taiwan Corporate Governance Association	Artificial Intelligence Booming: The Technology Development and Application Opportunities of the Chatbot	3	
		27 Dec 2023	Taiwan Corporate Governance Association	How the Board of Directors Formulate ESG Sustainability Governance Strategies	3	
	Kuo, Ko-Chung	23 Nov2023	Taiwan Corporate Governance Association	Artificial Intelligence Booming: The Technology Development and Application Opportunities of the Chatbot	3	
		27 Dec 2023	Taiwan Corporate Governance Association	How the Board of Directors Formulate ESG Sustainability Governance Strategies	3	
	Independent Director	Lin, Yao-Chuan	23 Nov2023	Taiwan Corporate Governance Association	Artificial Intelligence Booming: The Technology Development and Application Opportunities of the Chatbot	3
			27 Dec 2023	Taiwan Corporate Governance Association	How the Board of Directors Formulate ESG Sustainability Governance Strategies	3
Kao, Cheng-Shang		23 Nov2023	Taiwan Corporate Governance Association	Artificial Intelligence Booming: The Technology Development and Application Opportunities of the Chatbot	3	
		27 Dec 2023	Taiwan Corporate Governance Association	How the Board of Directors Formulate ESG Sustainability Governance Strategies	3	

Job Title	Name	Training Date	Organizer	Course	Training Hours
Independent Director	Lee, Su-Chin	23 Nov2023	Taiwan Corporate Governance Association	Artificial Intelligence Booming: The Technology Development and Application Opportunities of the Chatbot	3
		27 Dec 2023	Taiwan Corporate Governance Association	How the Board of Directors Formulate ESG Sustainability Governance Strategies	3
Corporate governance officer	Yuan, Pei-Huan	27 Mar 2023	Chinese National Association of Industry and Commerce	Corporate Resilience and Taiwan's Competitiveness	3
		27Apr 2023	Taiwan Stock Exchange / OTC	Promotion on sustainable development action plans for listed companies	3
		16 Nov2023	Accounting Research and Development Foundation	2023 ESG Summit- Sustainability disclosure and ESG implementation professional training	3
		16 Nov2023	Accounting Research and Development Foundation	2023 ESG Summit – Example sharing for Sustainability disclosure	2
		23 Nov2023	Taiwan Corporate Governance Association	Artificial Intelligence Booming: The Technology Development and Application Opportunities of the Chatbot	3
		29 Nov2023	Taipei Bar Association	2023 Seminar on Civil Liability and Damage Compensation for False Financial Reports	3

4.10 The implementation status of the internal control system should disclose the following matters

1. The statement of Internal Control Systems

**Li Peng Enterprise Co., Ltd.
Statement of Internal Control Systems**

Date: 15 March 2024

The Company states the following with regard to its internal control system in 2023, based on the findings of a self-assessment:

1. The Company is fully aware that establishing, operating, and maintaining an internal control system are the responsibility of its Board of Directors and management. The Company has established such a system aimed at providing reasonable assurance of the achievement of objectives in the effectiveness and efficiency of operations (including profits, performance, and safeguard of asset security), reliability, timeliness, transparency, and regulatory compliance of reporting, and compliance with applicable laws, regulations, and bylaws.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three goals mentioned above. Furthermore, the effectiveness of an internal control system may change along with changes in environment or circumstances. The internal control system of the Company contains self-monitoring mechanisms, however, and the Company takes corrective actions as soon as a deficiency is identified.
3. The Company judges the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the "Regulations"). The internal control system judgment criteria adopted by the Regulations divide internal control into five elements based on the process of management control: 1. Control environment 2. Risk assessment 3. Control activities 4. Information and communications 5. Monitoring activities. Each element further contains several items. Please refer to the Regulations for details.
4. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the findings of the assessment mentioned in the preceding paragraph, the Company believes that on December 31, 2023 its internal control system (including its supervision and management of subsidiaries), encompassing internal controls for understanding of the degree of achievement of operational effectiveness and efficiency objectives, reliability, timeliness, transparency, and regulatory compliance of reporting, and compliance of reporting, and compliance with applicable laws, regulations, and bylaws, was effectively designed and operating, and reasonably assured the achievement of the above-stated objectives.
6. This Statement will become a major part of the content of the Company's Annual Report and Prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. This statement has been passed by the Board of Directors Meeting of the Company held on March 15, 2024 where 0 of the 9 attending directors expressed dissenting opinions, and the remainder all affirmed the content of this Statement.

Li Peng Enterprise Co., Ltd.

Chairman: Kao Shao-Yi

President: Chen Ping-Huang

2. If the Company appointed a CPA to review the internal control system, the accountant's review report should be disclosed: None.

4.11 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, during the most recent fiscal year or during the current fiscal year up to the publication date 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 condition of improvement: None.

4.12 Major resolutions reached in the Shareholders’ Meeting and Board meeting in recent fiscal year and as of the publication date of the annual report.

Key Resolutions made by Shareholders’ Meeting in 2023 and Status of Implementation:

1. Approved 2022 Annual Business Report and Financial Statements

Implementation Status: Passed by the resolution of the Annual General Meeting

2. Approved the Loss Off-set Plan for the year 2022.

Implementation Status: Passed by the resolution of the Annual General Meeting

Important Resolutions by the Board of Director

Date	The Board of Directors	Contents of Motions	Independent Directors’ Opinion	The Company’s Response to the Independent Directors’ Opinion
12 May 2023	The 22 th Meeting	Revision of certain articles of the “Rules of Procedure for Board of Directors Meetings”.	Approved	None
26 July 2023	The 23 th Meeting	1. Borrowing from subsidiary companies. 2. Proposal on the fund of subsidiaries lent to others. 3. Endorsements and guarantees.	Approved	None
18 September 2023	The 25 th Meeting	1. Proposal on setting the base date for share cancellation and capital reduction of cancellation of treasury shares. 2. Proposal on the fund of subsidiaries lent to others.	Approved	None
25 October 2023	The 26 th Meeting	1. Proposal on the appointment of Accounting officer. 2. Proposal on auditing fee for business tax assurance.	Approved	None
13 November 2023	The 27 th Meeting	1. Proposal on funds lent to Subsidiaries. 2. Proposal on the fund of subsidiaries lent to others. 3. Endorsements and guarantees.	Approved	None
21 December 2023	The 28 th Meeting	1. Proposal to formulate and approve the audit plan for the year 2024. 2. Proposal to formulate and approve the business operation plan for the year of 2024. 3. CPAs’ Compensation in 2023. 4. Amendment to the “Regulations on the Enterprise Organizational Systems and Classifications of Job Titles”. 5. Endorsements and guarantees.	Approved	None
30 January 2024	The 29 th Meeting	1. Proposal on changes and appointment of CAP 2. The proposal to allocate staff remuneration and directors' remuneration rates. 3. The bonus base and calculation method 4. Proposal on manager transfer and remuneration in January 2024. 5. Capital lending to the other companies. 6. Proposal on the fund of subsidiaries lent to others. 7. Endorsements and guarantees.	Approved	None

Date	The 20 th Board of Directors	Contents of Motions	Independent Directors' Opinion	The Company's Response to the Independent Directors' Opinion
15 March 2024	The 30 th Meeting	1. The 2023 business reports and financial statements. 2. Report on Allocation of Remuneration to Board of Directors and Employees. 3. The 2023 proposals for Loss Appropriation. 4. Election of new directors. 5. Discussion to approve the lifting of non-competition restrictions for directors. 6. Preparation for 2024 Regular Shareholders' Meeting. 7. 2023 Internal Control System Declaration. 8. Partial amendments of the "Rules of Procedure for Board of Directors Meetings". 9. Revision of certain articles of the "Organizational Rules of the Audit Committee". 10. Capital lending to the other companies.	Approved	None
25 April 2024	The 31 th Meeting	1. Review the list director candidates. 2. Endorsements and guarantees.	Approved	None

4.13 The objections of the directors or supervisors against the major resolutions reached in the Board meeting recorded or documented in writing in the most recent fiscal year and as of the publication date of the annual report: None

4.14 Resignation or discharge of the Chairman, President, head of accounting, head of finance, chief internal auditor, or head of R&D in the most recent year up till the publication date of this annual report:

Resignation or Dismissal of Personnel Involved in Preparation of Financial Reports:

31 Mar 2024

Job Title	Name	Date of Appointment	Date of Termination	Reasons for Resignation or Dismissal
President	Kuo, Shao-Yi	1 March 2014	31 May 2023	The Chairman and the President are the same person and resigned as the President upon the completion of his duties on 5/31 in order to comply with the corporate governance.
Accounting Manager	Ko, Pei-Chun	1 Nov 2019	6 Oct 2023	Other life plan

5. Information on CPA professional fees

Unit: NTD1000

Accounting Firm	Name of CPAs	Period Covered by CPA's Audit	Audit Fee	Non-Audit Fee (Note)	Total	Remarks
Deloitte & Touches	Wu,Ke-Chang	Jan 2023 ~Dec 2023	3,150	180	3,330	
	Hong,Guo-Tian					

Note: The non-audit fee includes NT\$50 thousand non-managerial salary checklist and NT\$130 thousand for business tax direct deduction method.

- (1) When the non-auditing fee paid to the independent auditors, the CPA firm, and the affiliated companies is more than one fourth of the auditing fee, company shall disclose the amount of auditing and non-auditing fee and the content of non-auditing services: None.
- (2) If the auditing fee paid in the year of changing to another CPA firm is less than the auditing fee paid in the prior year, shall state the amount of reduction and reasons: None
- (3) When the auditing fee is decreased by over 10% from the prior year, shall state the amount of auditing fee reduced, ratio and reasons: Auditing fee reduced NT\$500 thousand, reduction rate is 13.69%. It is because the previous year's auditing fee included the review of the acquisition price allocation report of the subsidiary.

6. Information on replacement of CPAs

6.1 About the former CPA

Replacement Date	January 30, 2024		
Reason and description of the replacement	Our original CPAs were Wu,Ke-Chang and Hong, Guo-Tian of Deloitte & Touche Taiwan. In order to coordinate with the internal organization adjustment of Deloitte & Touche Taiwan, the financial report from the first quarter of 2024 was signed by CPAs Huang-,I-Min and Hong, Guo-Tian CPA.		
Description of the termination or non-acceptance of the appointment by the appointer or CPA	The Party		Appointed person
	Situation	CPA	Not applicable
Opinions and reasons for issuing unqualified opinions and audit reports within the latest two years	No such things.		
No disagreement with the issuers.	Yes		Accounting principles or practices
			Disclosure of financial reports
			Audit scope or steps
			Other
	No.	✓	
	Description		
Other disclosures (items 1-4 to 1-7 of paragraph 6 of Article 10 of these standards shall be disclosed)	Nil		

Replacement Date	January 26, 2022		
Reason and description of the replacement	Our original CPAs were Wu,Ke-Chang and Chiu,Ming-Yu of Deloitte & Touche Taiwan. In order to coordinate with the internal organization adjustment of Deloitte & Touche Taiwan, the financial report from the first quarter of 2022 was signed by CPAs Wu,Ke-Chang and Hong, Guo-Tian CPA.		
Description of the termination or non-acceptance of the appointment by the appointer or CPA	The Party		Appointed person
	Situation	CPA	Not applicable
Opinions and reasons for issuing unqualified opinions and audit reports within the latest two years	No such things.		
No disagreement with the issuers.	Yes		Accounting principles or practices
			Disclosure of financial reports
			Audit scope or steps
			Other
	No.	✓	
	Description		
Other disclosures (items 1-4 to 1-7 of paragraph 6 of Article 10 of these standards shall be disclosed)	Nil		

6.2 About succession CPAs

Name of the CPA firm	Deloitte & Touche Taiwan
Names of CPAs	Huang-,I-Min 、Hong, Guo-Tian
Date of Appointment	January 30, 2024
Matters and results of consultation on the accounting process or accounting principles of specific transactions and possible issuance of financial reports before appointment.	Not applicable
Written opinions of the successor CPAs on matters of different opinions of the former CPAs	Not applicable

Name of the CPA firm	Deloitte & Touche Taiwan
Names of CPAs	Wu,Ke-Chang 、Hong, Guo-Tian
Date of Appointment	January 26, 2022
Matters and results of consultation on the accounting process or accounting principles of specific transactions and possible issuance of financial reports before appointment.	Not applicable
Written opinions of the successor CPAs on matters of different opinions of the former CPAs	Not applicable

6.3 Replies from the former CPAs to Article 10, paragraph 6, Item 1 and Item 2, Item 3 of the Standards:

Not applicable.

7. Where the company's Chairperson, General Manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at CPA office or at its affiliates, the name and position of the person, and the period during which the position was held, shall be disclosed. The term "affiliated enterprise of a certified public accountant's accounting firm" means one in which the certified public accountants at the accounting firm of the attesting certified public accountant hold more than 50 percent of the shares, or of which such accountants hold more than half of the directorships, or a company or institution listed as an affiliated enterprise in the external publications or printed materials of the accounting firm of the certified public accountant:

None.

8. Equity transfer and equity change of the directors, supervisors, managers and shareholders with over 10% shareholding in fiscal year in the latest fiscal year and as of the publication date of the annual report

8.1 Changes in Shareholding of the Directors, Supervisors, Managers, and Major Shareholders

Title	Name	Year 2023		Up to April 23 of the Year	
		Number of Holding Shares Increased (Decreased)	Increase (Decreased) Number of Shares Collateralized	Number of Holding Shares Increased (Decreased)	Increase (Decreased) Number of Shares Collateralized
Chairman	Kuo, Shao-Yi	638,000	0	0	0
Director	LEALEA Enterprise Co., Ltd.	1,839,000	0	4,862,000	0
Director	Representative: Tung, Min-Hsiung	0	0	0	0
Director	Li Mao Investment Co., Ltd.	0	0	0	0
Director	Representative: Kao, Shu-Chen	0	0	0	0
Director	Shun Yu Investment Co., Ltd.	0	0	0	0
Director	Representative:Kuo, Ko-Chung	0	0	0	0
Director	Chen, Ping-Huang	0	0	0	0
Director	Kuo, Chi-Kang	0	0	0	0
Independent Director	Lin, Yao-Chuan	0	0	0	0
Independent Director	Kao, Cheng-Shang	0	0	0	0
Independent Director	Lee, Su-Chin	0	0	0	0
President	Chen, Ping-Huang	0	0	0	0
Managerial Officer	Tung, Min-Hsiung	0	0	0	0
Managerial Officer	Chen Yu-Chou	0	0	0	0
Managerial Officer	Yuan, Pei-Huan	0	0	0	0
Managerial Officer	Kuo, Li-Ching	0	0	0	0
Managerial Officer	Su, Yen-Ming	(99,000)	0	0	0
Managerial Officer	Wang, Chun-Fa	0	0	0	0
Managerial Officer	Yang, Han-Hsing	0	0	0	0
Finance Manager	Huang, Mei Yen	0	0	0	0
Accounting Manager	Su, Pei-Yu (Note)	0	0	0	0
Major Shareholder	LEALEA Enterprise Co., Ltd.	0	0	0	0

Note: Took office on 2023.10.06

8.2 The information regarding the transaction of equity interests and the counterparty as a related party of a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent: None

8.3 Information regarding the pledge of equity interests and the counterparty as a related party of a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent: None.

9. Relationship information, if among the company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another:

Name	Current Shareholding		Spouse's/Minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives within Two Degrees		Remarks
	No. of Shares	%	No. of Shares	%	No. of Shares	%	Title (or Name)	Relationship	
LEALEA Enterprise Co., Ltd.	152,054,853	16.71%	N/A	N/A	N/A	N/A	Li Hao Investment Li Zan Investment	Invested Company with controlling power	None
							Li Mou Investment Hung Shing Investment	Invested Company evaluated by Equity Method	
Representative: Kuo, Shao-Yi	10,222,819	1.12%	838,153	0.09%	8,346,403	0.92%	KUO, Chuan - Ching	Brother	None
Li Hao Investment Co., Ltd.	44,322,968	4.87%	N/A	N/A	N/A	N/A	LEALEA Enterprise Co., LTD. Li Zan Investment Li Mou Investment Hung Shing Investment	Investor with Controlling Power Substantial Related Party	None
Representative: Chen,Hui-Chen	0	0	0	0	0	0	None	None	
Li Zan Investment Co., Ltd	41,727,763	4.59%	N/A	N/A	N/A	N/A	LEALEA Enterprise Co., LTD. Li Hao Investment Li Mou Investment Hung Shing Investment	Investor with Controlling Power Substantial Related Party	None
Representative: Lin Hsiu Ling	1,173,888	0.13%	0	0	0	0	None	None	
Li Mou Investment Co., Ltd.	34,177,995	3.76%	N/A	N/A	N/A	N/A	LEALEA Enterprise Co., LTD. Li Hao Investment Li Zan Investment Hung Shing Investment	Investor using equity method valuation Substantial Related Party	None
Representative: Lin Hsiu Ling	1,173,888	0.13%	0	0	0	0	None	None	
Hung Shing Investment Co., Ltd.	24,618,087	2.69%	N/A	N/A	N/A	N/A	LEALEA Enterprise Co., LTD. Li Hao Investment Li Zan Investment Li Mao Investment	Investor using equity method valuation Substantial Related Party	None
Representative: Huang Yi Ping	0	0	0	0	0	0	None	None	
Chin Hsiang Investment Co., Ltd.	22,868,383	2.50%	N/A	N/A	N/A	N/A	Shun Yu Investment	The same Chairperson	None
Representative: Cao Yong-tian	0	0	0	0	0	0			None
Kai Hsiang Investment Co., Ltd	15,201,631	1.66%	N/A	N/A	N/A	N/A	None	None	None
Representative: Huang Hui Lan	0	0	0	0	0	0	None	None	None
Hong Yi Investment Co., Ltd	15,033,292	1.64%	N/A	N/A	N/A	N/A	None	None	None
Representative: Ko, Pei-Chun	0	0	0	0	0	0	None	None	None
Kuo Chuan Ching	12,689,591	1.39%	0	0	0	0	Kuo, Shao-Yi	Brothers	None
Shun Yu Investment Co., Ltd	11,991,397	1.31%	N/A	N/A	N/A	N/A	Chin Hsiang Investment	The same Chairperson	None
Representative: Cao Yong-tian	0	0	0	0	0	0			None

10. The Shareholding of the Company and The Company's Directors, Supervisors, Managers, and the Enterprises directly or indirectly controlled by the Company in the same invested company, and the consolidated shareholding ratio

Consolidated Shareholding Ratio

23 April 2024
Unit: Share: %

Reinvested Companies (Note)	Investment of Li Peng		Investment of the directors, supervisors, managers, and companies that are directly or indirectly controlled by Li Peng		Total Investment	
	Shares	%	Shares	%	Shares	%
Li Mao Investment Co., Ltd	40,356,000	53.38%	35,244,000	46.62%	75,600,000	100.00%
Hung Hsing Investment Co., Ltd.	26,296,000	53.02%	23,304,000	46.98%	49,600,000	100.00%
Li Shing Investment Co., Ltd.	42,400,000	53.00%	37,600,000	47.00%	80,000,000	100.00%
Li Hao Investment Co., Ltd.	35,244,000	46.62%	40,356,000	53.38%	75,600,000	100.00%
Li Zan Investment Co., Ltd	21,540,000	46.83%	24,460,000	53.17%	46,000,000	100.00%
Rich Development	51,117,852	6.87%	74,306,333	9.99%	125,424,185	16.86%
LEALEA Technology Co., Ltd.	9,797,555	18.20%	15,951,287	29.63%	25,748,842	47.83%
LEA JIE Energy Co., Ltd.	9,000,000	30.00%	21,000,000	70.00%	30,000,000	100.00%
Fu Li Transportation Co., Ltd.	2,800,000	20.00%	3,500,000	25.00%	6,300,000	45.00%
In Talent Investments Limited	2,000,000	100.00%	0	0%	2,000,000	100.00%
Li Ling Film Co., Ltd.	600,000	3.33%	1,826,550	10.15%	2,426,550	13.48%
Libolon Energy Co., Ltd	2,100,000	70.00%	0	0	2,100,000	70%
Pt. Indonesia Libolon Fiber System	6,930,000	30.00%	16,170,000	70.00%	23,100,000	100.00%
Eton Petrochemical Co., Ltd.	900,000	75.00%	0	0	900,000	75.00%
Pt. Indonesia Hwalin Knitting	7,550,000	82.07%	0	0	7,550,000	82.07%

Note: The Company is using Equity Method Evaluation for Investment.

IV. Capital Overview

1. Capital and Shares

1.1 Source of Equity

1. The Process of Capital Formation

Month/ Year	Offering Price	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Volume	Shares	Volume	Source of Capital	Property other than cash is paid for shares by Subscriber	Others
Jun 1992	10	80,000,000	800,000,000	102,000,000	1,020,000,000	See Note 1	None	None
Jun 1993	10	150,000,000	1,500,000,000	122,400,000	1,224,000,000	See Note 2		
Jun 1994	10	230,000,000	2,300,000,000	170,760,000	1,707,600,000	See Note 3		
Jun 1995	10	230,000,000	2,300,000,000	187,836,000	1,878,360,000	See Note 4		
Jun 1996	10	230,000,000	2,300,000,000	206,619,600	2,066,196,000	See Note 5		
May 1997	10	500,000,000	5,000,000,000	325,000,000	3,250,000,000	See Note 6		
Jun 1998	10	500,000,000	5,000,000,000	496,250,000	4,962,500,000	See Note 7		
Aug 1999	10	680,000,000	6,800,000,000	570,687,500	5,706,875,000	See Note 8		
Jul 2007	10	880,000,000	8,800,000,000	627,756,250	6,277,562,500	See Note 9		
Jul 2008	10	880,000,000	8,800,000,000	652,866,500	6,528,665,000	See Note 10		
Jul 2011	10	880,000,000	8,800,000,000	718,153,150	7,181,531,500	See Note 11		
Jun 2012	10	880,000,000	8,800,000,000	754,060,807	7,540,608,070	See Note 12		
Jun 2013	10	880,000,000	8,800,000,000	791,763,847	7,917,638,470	See Note 13		
Jul 2014	10	880,000,000	8,800,000,000	870,940,231	8,709,402,310	See Note 14		
Jul 2015	10	1,200,000,000	12,000,000,000	914,487,242	9,144,872,420	See Note 15		
Nov 2023	10	1,200,000,000	12,000,000,000	910,071,242	9,100,712,420	See Note 16		

Note 1: Decree No. 01113 (81) issued by the MOF, registration effective on 1 June 1992: Issuance of Common Shares for Cash Capital Increase was NTD 300,000 thousand; Capital Increase by Retained Earning was NTD60,000 thousand; Capitalization by Capital Reserves was NTD60,000 thousand.

Note 2: Decree (82) No. 01466 (1) issued by MOF, registration effective on 18 June 1993: Capital Increase by Retained Earning was NTD 102,000 thousand; Capitalization by Capital Reserves was NTD102,000 thousand.

Note 3: Decree (83) No. 28458 (1) issued by MOF: registration effective on 23 June 1994: Issuance of Common Shares for Cash Capital Increase was NTD 300,000 thousand; Capital Increase by Retained Earning was NTD85,680 thousand; Capitalization by Capital Reserves was NTD97,920 thousand.

Note 4: Decree (84) No. 33111 (1) issued by MOF, registration effective on 6 June 1995: Capital Increase by Retained Earning was NTD 85,380 thousand; Capitalization by Capital Reserves was NTD85,380 thousand.

Note 5: Decree (85) No. 39031 (1) issued by MOF, registration effective on 24 June 1996: Capital Increase by Retained Earning was NTD 131,485.2 thousand; Capitalization by Capital Reserves was NTD56,350.8 thousand.

Note 6: Decree (86) No. 40520 (1) issued by MOF, registration effective on 30 May 1997: Issuance of Common Shares for Cash Capital Increase was NTD873,875 thousand; Capital Increase by Retained Earning was NTD206,619 thousand; Capitalization by Capital Reserves was NTD103,310 thousand.

Note 7: Decree (87) No. 51849 (1) issued by MOF, registration effective on 25 June 1998: Issuance of Common Shares for Cash Capital Increase was NTD 900,000 thousand; Capital Increase by Retained Earning was NTD390,000 thousand; Capitalization by Capital Reserves was NTD422,500 thousand.

Note 8: Decree (88) No. 77675 (1) issued by MOF, registration effective on 25 Aug 1999: Capital Increase by Retained Earning was NTD 397,000 thousand; Capitalization by Capital Reserves was NTD347,375 thousand.

Note 9: Decree No. 0960035050 issued by FSC, registration effective on 9 July 2007: Capitalization by Capital Reserves was NTD 570,687 thousand.

Note 10: Decree No. 0970032564 issued by FSC, registration effective on 1 July 2008: Capitalization by Capital Reserves was NTD 251,102 thousand.

Note 11: Decree No. 1000030447 issued by FSC, registration effective on 1 July 2011: Capitalization by Capital Reserves was NTD 652,866 thousand.

Note 12: Decree No. 1010028245 issued by FSC, registration effective on 28 June 2012: Capitalization by Capital Reserves was NTD 359,076 thousand.

Note 13: Decree No. 1020025030 issued by FSC, registration effective on 27 June 2013: Capitalization by Capital Reserves was NTD 377,030 thousand.

Note 14: Decree No. 1030025255 issued by FSC, registration effective on 3 July 2014: Capital Increase by Retained Earning was NTD 791,763 thousand.

Note 15: Decree No. 1040026159 issued by FSC, registration effective on 13 July 2015: Capital Increase by Retained Earning was NTD 435,470 thousand.

Note 16: Approved by the Ministry of Economic Affairs on Nov 14, 2023, by letter No. 11230195660 · Approved to cancel 4,416,000 treasury shares, reducing paid-in capital by NTD44,160,000.

Category of Shares	Authorized Capital				Remarks
	Outstanding Shares	Treasury Stocks	Un-issued Shares	Total	
Common Shares	910,071,242	0	289,928,758	1,200,000,000	Listed Shares

2. Shelf registration: None

1.2 Structure of Shareholders

23 April 2024

Structure of Shareholders	Government Institutions	Financial Institutions	Other Institutional Shareholders	Personal Shareholders	Foreign Institutions & Foreigners	Total
Quantity						
No. of Holders	2	10	49	41,463	95	41,619
Shares	205	1,849,198	428,775,265	425,981,408	53,465,166	910,071,242
%	0.00%	0.20%	47.11%	46.81%	5.88%	100.00%

Note: Companies primarily listed on the TWSE and the TPEx shall disclose the proportion of their shares held by investors from Mainland China. Investors from Mainland China refer to natural persons, legal persons, organizations, institutions, or companies in areas other than Taiwan and Mainland China that are invested by persons of such identity as stipulated in Article 3 of the Regulations Governing Investment of Mainland Chinese in Taiwan.

1.3 Distribution of Equity

23 April 2024

Class of Shareholding	No. of Shareholders	No. of Shares Held	%
1 to 999	12,947	3,521,101	0.39%
1,000 to 5,000	18,842	43,098,858	4.73%
5,001 to 10,000	4,398	35,801,877	3.93%
10,001 to 15,000	1,531	19,608,934	2.15%
15,001 to 20,000	1,094	20,533,286	2.26%
20,001 to 30,000	972	25,102,520	2.76%
30,001 to 40,000	445	16,027,596	1.76%
40,001 to 50,000	306	14,285,854	1.57%
50,001 to 100,000	557	41,327,866	4.54%
100,001 to 200,000	287	41,370,240	4.55%
200,001 to 400,000	108	29,920,977	3.29%
400,001 to 600,000	36	17,910,919	1.97%
600,001 to 800,000	14	10,036,470	1.10%
800,001 to 1,000,000	10	8,625,694	0.95%
1,000,001 above	72	582,899,050	64.05%
Total	41,619	910,071,242	100.00%

Preferred Shares: Unissued.

1.4 List of Major Shareholders

23 April 2024

Major Shareholder	Shares	Shares Held	%
LEALEA Enterprise Co., Ltd.		152,054,853	16.71%
Li Hao Investment Co., Ltd.		44,322,968	4.87%
Li Zan Investment Co., Ltd.		41,727,763	4.59%
Li Mao Investment Co., Ltd.		34,177,995	3.76%
Hung Shing Investment Co., Ltd.		24,618,087	2.71%
Chih Hsiang Investment Co., Ltd.		22,868,383	2.51%
Kai Hsiang Investment Co., Ltd.		15,201,631	1.67%
Hong Yi Investment Co., Ltd.		15,033,292	1.65%
Kuo Chuan Ching		12,689,591	1.39%
Shun Yu Investment Co., Ltd.		11,991,397	1.32%

1.5 Market Price per Share, Net Worth Per Value, Earnings Per Share (EPS), Dividends Per Share (DPS) and Related Information in the Most Recent Two Fiscal Years

Item	Year		2022	2023
Market Price Per Share (Note 1)	Highest		10.50	8.57
	Lowest		7.29	7.30
	Average		8.75	7.95
Net Worth Per Value (Note 2) (Note 10)	Before Distribution		11.10	10.72
	After Distribution		11.10	10.72(Note 9)
Earnings Per Share	Weighted Average Shares		874,411,015	874,411,015
	Earnings Per Share(Note 3)	Before Adjustment	(0.04)	(0.51)
		After Adjustment	(0.04)	(0.51) (Note 9)
Dividends Per Share	Cash Dividend		0	0(Note 9)
	Stock Grant	Allotment by Earning		0 (Note 9)
		Allotment by Capital Surplus		0 (Note 9)
	Accumulative non-distributed Dividends (Note 4)		-	-
Return on Investment Analysis	Price/Earnings Ratio (Note 5)		(214)	(15.39)
	Price/Dividend Ratio (Note 6)		-	-
	Cash Dividend Yield Rate (Note 7)		-	-

Note 1: Denotes the common shares with highest and lowest market value for each year, calculated the average annual market value based on the trading value and the trading volume of each year.

Note 2: Please use the number of share outstanding by the end of the year as the base line, and filled out by the distribution status of the resolutions made by the Board of Directors or Shareholders Meeting of the second year.

Note 3: In the event of free allotment and requires tracing for adjustment, each EPS shall be listed before and after adjustment.

Note 4: In case the condition of outstanding equity security is distributed according to the undistributed dividends of that year accumulated to the year with earnings, the accumulated undistributed dividends of that year shall be disclosed respectively.

Note 5: Price / Earnings Ratio = Average Market Price / Earnings Per Share

Note 6: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share

Note 7: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

Note 8: Net worth per share and EPS shall be filled to the date of publication of the annual report with the data attested (reviewed) by the CPA in last quarter. The other columns should also be filled up data during the current fiscal year up to the date of publication of the annual.

Note 9: The proposed distribution plan by the Board of Directors is subject to the resolution of the Annual General Meeting in 2024.

Note 10: The number of shares outstanding at the end of the year was those issued by the Company at the end of the year less the number of shares of the parent company held by its subsidiaries.

1.6 Dividend Policy and Implementation Status

1. Dividend Policy stipulated in the Company's Articles of Incorporation

The Company is in the midst of volatile industry environment and the life cycle of the enterprise is at a stable growth stage and is developing towards diversification. Considering the Company's future needs for capital, long term financial planning and cash inflow expectation of our shareholders, when resolving to pay dividends to shareholders in the AGM, the cash dividend shall be no less than 10% of the total dividend. However, if the distributable profit per share in the current fiscal year is less than NT\$0.1, no cash dividends shall be distributed. Instead, stock dividends shall be distributed. Under such circumstance, the Board of Director may change the aforementioned-ratio depending on economic conditions and company's operating conditions.

2. Distribution of dividends proposed at the most recent AGM

The appropriation of the loss for 2023 was approved by the Board of Directors on Mar 15, 2024, and the distribution of the dividends for current year was not made due to the loss, pending the resolution at the AGM.

3. Any expected material changes to the dividend policy in the future: None.

1.7 Effects on the Company's business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent AGM:

There is no proposal of distribution of stock dividends for resolution at the AGM.

1.8 Rewards Distributed to Employees, Directors, and Supervisors

1. Percentage or range of rewards, distributed to employees and directors as stipulated in the Company's Articles of Incorporation:

As stipulated in Article 28 of the Articles of Incorporation of the Company: If the Company is profitable in the current fiscal year, no less than 2% of the profit shall be allocated as the employee rewards and no more than 5% of the profit shall be allocated as the Directors' compensation. However, the Company shall reserve its profit to cover its loss, if cumulative loss is recorded before the aforementioned ratios are distributed to employees and Directors. The Board of Directors shall resolve if employee rewards are to be paid in the form of stock or cash. The payees of the employee rewards also include the employees working for the subordinate companies who meet the criteria set by the Board of Directors.

2. Basis for estimating the amount of rewards to be distributed to employees, directors and supervisors, basis for calculating the number of shares to be distributed as employee rewards and accounting treatment for discrepancies between the actual and the estimated rewards to be distributed for this period:

(1) Basis for estimating the amount of rewards to be distributed to employees, directors, and supervisors:

As the Company recorded loss in the year 2023, the amount of rewards to employees, directors, and supervisors were not estimated.

(2) Basis of calculating the number of shares to be distributed as employee rewards: N/A

(3) Accounting treatment for discrepancies between the actual and estimated amount of rewards to be distributed: N/A

3. Distribution of the rewards for the fiscal year of 2023 approved by the Board of Directors' Meeting in 2024

(1) Rewards for employees and directors shall be distributed in the form of cash or shares. If there is any discrepancy between the above-mentioned amount and estimated amount of recognized expenses for the current fiscal year, the amount, causes and treatment of such discrepancy shall be explained:

As the Company recorded loss in the year 2023, the amount of rewards to employees, directors, and supervisors were not estimated.

(2) Amount of employee rewards distributed in the form of shares and its proportion to NIAT provided in the parent company-only or individual financial statements, as well as its proportion to the total amount of employee rewards: N/A

4. If there is any discrepancy between the actual amount of rewards distributed to employees and directors (including number and dollar amount of shares distributed, as well as share price) and the recognized amount of rewards for employees and directors in the previous fiscal year, the amount, causes and treatment of such discrepancies shall be stated:

As the Company recorded loss in the year 2023, the amount of rewards to employees, directors, and supervisors were not estimated.

1.9 The Company buys back the Company's Common Shares

31 Mar 2024

Series of Buyback	The 5 th
Purpose of Buyback	To Transfer to Employee
Period for the Buyback	1 Aug 2018 ~ 30 Sep 2018
Price Range of the Buyback	NTD5.65 ~12
Types and Number of Shares to be Repurchased	8,000,000 Common Shares
Monetary Amount of Share Repurchased	NTD74,665,600
The ratio of the quantity repurchase to the quantity expected repurchase (%)	100%
No. of Shares already cancelled and transferred	8,000,000 shares
Accumulated number of Shares held by the Company	0 shares
Ratio of the number of buyback shares / the planned number of shares to be bought back. (%)	0%

2. Domestic Corporate Bonds: None.

3. Preferred Shares: None

4. Overseas Depositary Receipts: None

5. Employee Stock Options: None

6. Restricted Stock Awards (New Restricted Shares for employees' subscription): None

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

8. Implementation of the Company's capital allocation plans

8.1 Content of the Plan: None

8.2 Implementation Status: None

V. Operational Highlights

1. Business Scope

1.1 Business Items

1. The company's major lines of business and the relative weight (%) of each

Business Line Ratio

Product	Ratio to Net Operating Income (%)
Petrochemicals	68.89
Nylon Chips	13.03
Woven (Knitted) Fabrics	10.32
Nylon Filament	3.59
Others	4.17
Total	100.00

2. Current Products (Services)

The main products manufactured by the Consolidated Company are divided into two areas: In the upstream of the textile industry, we have nylon chips and nylon filament; in the downstream, we have outdoor sports Textiles, fashion fabrics, upholstery & furnishing fabrics; in the post-processing section of manufacturing processes, we provide dyeing and finishing services, others are trading businesses.

3. Products (Services) under development

(1) Nylon Chips

1) BOPA Nylon Film Development

The Company collaborates with Li Ling Film to develop nylon film product, which has the advantages of higher intensity and better air resistance than PE and BOPP film; the new nylon film product also requires lesser costs in manufacturing and is more environmentally friendly than EVOH and PVDC film. With the rising awareness of food safety in the recent years, BOPA films features in freezing, steaming, vacuum packaging, and non-toxic and non-hazardous recyclability, make BOPA -- widely used for food preservation.

2) Development of Eco-plastics for Electricals and Electronics

The Company uses recycled nylon and polyester fiber waste to develop new environmentally friendly plastic materials. In addition, we collaborate with electronics material manufacturers to develop environmentally friendly recycled plastics for electronics products, automobiles as well as related component accessories, machinery and tool cases. The Company's increasing use of recycled plastics not only conserves the earth's resources, but also demonstrates our determination on environmental protection.

3) Development of Fishing Net Nylon Yarn

Developing functional nylon chips with various value-added features for fishing net and derivate products by recycling fishing net wastes.

4) Environmentally Friendly Recycled Pallets

To Reduce the secondary solid wastes generated in the recycling and reproduce processes of waste yarns and to respond to the market demand for replacing wood pallets.

5) Nylon materials are suitable for a variety of automotive parts due to their high strength and impact resistance, such as automotive wheel frames, lampshades, water, fans/sheaths, hoods, automotive air intake manifolds, airbag parts, automotive exterior and interior parts, timing belt cover parts, etc. The domestic and foreign companies are competing to invest in the application and development of nylon materials in automotive products, driving the strong demand for nylon materials in the automotive industry.

6) Under the transportation safety policy norms, the demand for flame retardant materials in industries including railways, automobiles, aircraft, and shipping continues to increase. Among them, the electric vehicle industry has created a new market for flame retardant materials.

Electric vehicle materials need to pay attention to two characteristics:

A. In order to reduce power losses, use a high-voltage electric system.

B. Unsupervised charging situation.

In order to ensure driving and charging safety, the materials used in electric vehicles require higher flame retardant properties. Nylon is the ideal material choice.

(2) Nylon Filament

1) Compound anti-bacteria Nylon Yarns

We use engineering plastics to develop compound Multi-functional Masterbatch (with silver) with JIS 1902 anti-bacterial value >2.0. Our formula and improved manufacturing process reduce silver content and increase anti-bacterial stability after dyeing and finishing.

2) Low Hygroscopic Nylon Yarns

The low hygroscopic nylon yarns self-developed through engineering plastics is to replace externally purchased low moisture absorption nylon yarns (N610, N1010, N12). Our newly developed yarn has better features such as thermal retention, avoiding heat dissipation, water repellent effect, anti-abrasion, and anti-hook effects.

(3) Application of Engineering Plastics

Apart from the original nylon chips for spinning, we have developed nylon chips for other usage in the engineering plastics and films to replace the original imported special-purpose nylon chips and increase the sales of nylon chips in the future with cost advantage.

In addition, to meet the demand of energy saving, we have developed lightweight material nylon to be used by related nylon and polyester modified material.

(4) Functional Masterbatch

We use the existing nylon 6 as the base material, applying them with color masterbatch processing, to derive functional masterbatches. In response to the trend of environmental recycling at the same time supplying to existing spinning additives and engineering plastic modifiers with added value, we add GRS and recycled spinning grade nylon chips to produce environmentally friendly recycled nylon yarns.

1.2 Industry Outlook

1. Current Status and Development of the Industry

Nylon production volume in Taiwan ranks third globally, after China and the United States. In addition to supplying domestic use, Taiwan actively exports nylon products to global markets. In the recent years, facing the fierce low-price competition from China, the Company shifted our strategies to customization, reduced quantity with choice of diversification and development of Dope-dyed filament yarns.

As for woven fabrics, due to export increase from developing countries such as China, India, Pakistan and Vietnam, Taiwan's textile industry has shifted focus on high value-added functional fabrics in order to upgrade our industrial structure to non-price related competition advantage, which has gradually taken effect and will be able to address the pressure of low-price competition in the international market.

2. Correlations between Upstream, midstream and downstream industry

Our main products are Nylon Chips, Nylon Yarn, Woven Fabrics, Knitted Fabrics.

- (1) In addition to supplying some of the nylon chips for our own use, we also sell them to major domestic and foreign manufacturers. Domestic customers have Li Ling Film, Acelon Chemicals & Fiber Corporation, Chain Yarn Co., LTD., etc. Foreign customers have MADURA INDUSTRIAL TEXTILES LIMITED、Marubeni Plax Corporation、Kolon Global Corporation, etc. The market covers Japan, Indonesia, Vietnam, India, Korea, Europe and America.
- (2) The nylon chips required for the production of nylon yarns are all produced in our company and the nylon yarns are sold not only for our own use but also to other countries, such as Taiwan LEALEA, Lovetex Industrial Corp., Honmyue Enterprise Co., Ltd., Ho Yu Textile Co., Ltd., etc. It is also exported to other countries such as China, Japan, Turkey, Brazil, etc.
- (3) The main raw material required for the production of woven or knitted fabrics is processed yarns, the main suppliers of which are LEALEA and Taiwan E Tex, Shenyua etc. The finishing products are sold to the garment factories or steel factories of various domestic and foreign designer brands, such as H&M, Adidas, SALEWA, Arc'teryx, Decathlon, Patagonia, etc.

3. Product development trends and competition situations

Taiwan's textile industry has excellent competitiveness - in terms of capacity and quality. Considering the advance in its technologies, the future will be determined by applying nylon chips to engineering plastic field and developing products with functionalities and with novelty usages to appeal to environmental protection demands. The Company's nylon plant has economies of scale, with the latest technology equipment, low manufacturing cost and high quality, which makes it highly competitive. Although woven fabrics are facing the rapid catch-up speed from Mainland China and other developing countries, the establishment of the R&D center has greatly enhanced the Company's competitiveness and has addressed threats from global competitions.

1.3 R&D Outlook

1. Foreword

In response to the global trend of consumers' concern about climate change, depletion of natural resources, industrial pollution and non-toxic and safe products, we are developing green recycled fibre products "RePET® recycled polyester fiber", "ReEcoya® recycled dope dyeing fiber", "NylonPlus® recycled nylon fiber", and RePET+LiFRA products. All these products are developed based on green concepts of recycling and reuse to expand our business with high standards and new perspectives. Our company maintains the advantages of the one-stop shop by integrating the upstream and downstream factories - and setting up Indonesia Libolon Fiber System and Indonesia Hwalin Knitting as an additional production base in Indonesia to diversify product lines and focus on customization. Apart from the woven fabric business, expanded into knitted fabrics and yarn dyeing, so that we can develop to a higher level of professionalism, technology and management. Across all our departments, we have talented professionals. Based on this foundation, we are able to establish the one-stop shop from "polymerization, yarn, weaving, dyeing and finished fabric" to create high value-added and stable finishing products. Based on this, we develop towards engineering plastics and electronic materials. On the aspect of customer services which emphasize rapid response to customers' demands, we have setting up an imminent project to build up the knowledge management system for all R&D's projects.

2. Research and development expenses for the most recent year and up to the printing date of the annual report

Unit: NTD1000

Item	Year	
	2023	(January to March) 2024
R&D Expense	109,899	30,702
R&D Expense as % of Net Revenue	0.37%	0.33%

3. Technology or products successfully developed in the most recent fiscal year and up to the date of publishing of the Annual Report
 - (1) Elastic Nylon Chip/Yarn
 - (2) Modified/Industrial Nylon Chip
 - (3) Film grade Nylon Chip
 - (4) Functionalized Monofilament from Nylon Chip
 - (5) Antibacterial nylon yarn
 - (6) Low moisture absorption nylon yarn
 - (7) Nylon recycled yarn
 - (8) Nylon Chips and Fiber for Electric Vehicles/ Lightweight Nylon Grain and Fiber
 - (9) Recycle Tire Carbon yarn
4. Future Annual Research Development Plan

Our company has been continuing to maintain the advantages of one-stop shop operations with excellent high-tech R&D team. In 2017, we expanded our production base to Indonesia and established Indonesia LIBOLON in response to global competition. To be aligned with the recent sports trend, we have focused more on the development and manufacturing of knitted fabrics. At the beginning of 2022, the company invested in Indonesian Hwalin Knitting equity by cash capital increase. This has enabled us to lead the product development ahead our competitions and our customers. From a batch-to-batch quality and stability of raw material all the way to accuracy of delivery dates, we are able to maintain our competitive edge.

Our products are all consumer-oriented, with a wide range of customers and diversified categories of products to meet market demands for different price points. In response to future market demand, the company will continue to expand its product range, continue to develop vertically in addition to apparel fabrics, and is committed to the expansion of home furnishing fabrics and industrial fabrics. Through several years of hard working, we have seen the achievements and have received affirmation from our customers.

In the future, we will continue to invest in the development of products related to environmental protection and combine with industries in related fields to form an environmental alliance to work together for environmental protection.

Through self-development of upstream raw materials, the Company's development of differentiated and multifunctional products will grow significantly, creating another wave of peak point in the textile industry and laying the foundation for sustainable management.

1.4 Long-term and short-term business development plans

- Short Term Business Development Plan
 1. In the nylon yarn and grain section, in addition to the existing new products that have been developed and matured, we have also developed new products in line with the overall marketing strategy and customer needs. This year, we also broke through the technical bottleneck and produced 30D/1F monofilament, achieving the predetermined results.
 2. Nylon yarn's advantages are exceptional strong, fast dyeing, easy wash, quick dry, brighter dyeing and printing effects, which make Nylon yarn irreplaceable in the textile market. In industrial applications, Nylon chips has even wider usages, where we have seen strong demand, for example, in automobile accessories, computer components, package films, etc. This along with nylon chips demand from the upper and midstream weaving manufacturers, especially in Taiwan, has helped us to decrease nylon chips inventory.
 3. Due to the cross-border transportation problems that caused over-ordering during the pandemic, the demand decreased after the pandemic was gradually lifted, and brands reduced their orders to reduce inventory. However, due to the transformation of the eco-friendly material - Ecoya, the order volume remained stable. In addition to curtains, the Company also successfully expanded the sofa fabric and entered the hotel channel

with 3M flame retardant blackout orders, and the development of yarns on Lealea's new drawn texturing yarn machine has successfully penetrated Japanese uniform trays and wear-resistant outdoor fabrics for European and American snow coats without Lycr elasticity.

4. The large amount of inventory caused by the COVID-19 pandemic globally has led to brand clients adjusting their inventory without the need for pre-stock preparation, resulting in a large number of urgent orders. Apart from utilizing ERP to establish a rapid response mechanism upstream and downstream, we also hold weekly video discussions with clients to discuss market conditions and future development directions.

➤ Long Term Business Development Plan:

1. Our daily production capacity of nylon chips is 1,300 tons. However, in the face of intense competition from China, we have been actively exploring other markets, such as America, Japan, and Southeast Asia. The Company maintains stable relationships with major suppliers of CPL raw materials and actively developing the supply of CPL raw materials from other regions.
2. In the four product areas of industrial fabrics, fashion apparel, sports and outdoor casual apparel, and home furnishing fabrics, we actively cooperate with brand vendors, establish strategic alliances with garment factories, and strengthen cooperation with brand vendors. In response to the demand for 3M curtain fabrics in Europe and America, we purchased 40 sets of 3.6m TOYOTA air jet looms to provide high-end hotel fabrics and to meet the trend of elasticity of garment materials, the weaving factory replaced the old with the new and introduced 70 sets of 230-width 2-shrink and 3-shrink Japanese TOYOTA high-speed water weaving machines.
3. By strengthening our R&D center, we have been able to integrate the advantages of our yarn, weaving, dyeing, and coating in a consistent manner to maintain a flexible supply of diversified products and further improve the quality of our products.
4. As global warming has become increasingly serious, the protection of the ecosystem to preserve our beautiful planet for the future generation has become a social responsibility and imperative for every enterprise on the planet. Our company has developed RePET Recycle fabrics, which is extracted from recycled PET bottles. RePET is highly regarded by multinational brands such as H&M, Decathlon, Arc'terys, Patagonia, etc; Furthermore, in cooperation with Sheico's matured development of tire recycling yarn, there will be a gradual increase in production in 2024. In addition, to meet the carbon-neutral/net-zero requirements of various brands by 2050, textile design is not only focused on development through Reduce/Reuse/Recycle but also aims for zero waste by incorporating CRZ garment recycling.
5. The dyeing and finishing are the most polluting steps in the textile manufacturing processes. It is due to heavy oil used in the process which release massive amount of CO₂, which is the root cause of global warming. In response to the major issue of global carbon reduction, the company has developed Ecoya environmentally friendly solution-dyed yarns, which not only greatly reduce CO₂ emissions, but also reduce wasted water and chemicals use. At the same time, Ecoya has proven to be superior in features such as color fastness to sunlight, fastness to water perspiration, etc. The Company has been strengthened to develop Ecoya ATY cotton-like fabrics, based on which we worked with several European and American brands such as Lafuma, Arc'terys, Decathlon, JackWolfskin, Patagonia, etc. to design Ecoya ATY check pattern shirts, snow jackets, stretch wearable pants and hiking backpacks, not only contributing to environmental protection, but also more competitive - pricing. Ecoya has replaced some of the sales T/C solid check fabrics. ReEcoya fabric type combining recycled yarns with Ecoya. This has won us a large order from Patagonia for climbing backpack materials. In addition, due to outbreak of COVID-19, we received medical curtains orders, which will be manufactured by 3-meter set-stretching machines in the dyeing and finishing plant. We have also set up a special unit to work with upstream LEALEA company, which is the supplier of the yarns used in one of the Apple's devices. This unit will work harder to see if we could be built in the supply chain and win more orders from Apple's suppliers to develop higher margin electronic product fabrics.
6. Established an electronic material service team to cooperate with Lealea to provide yarn for Apple, and continue to obtain orders from other 3C brands to develop a high-value market.

2. Markets and Sales Status

2.1 Market Analysis

1. Markets of Major Products (Net Amount)

Unit: 1000

Year \ Area	Taiwan	Export			Total
		Asia	Americas	Others	
2023	12,509,609	10,051,248	5,825,992	1,282,888	29,669,737

2. Market Share of Major Products

The domestic market share of nylon filament is about 10%; the domestic market share of nylon chips is about 41%.

3. Supply & Demand of the Market in the Future and Growth

(1) Nylon Chips, Nylon Filament:

We are the only company in the world that can provide integrated one stop shop processes, from upstream to downstream services, including nylon chips, nylon filaments, weaving, dyeing and finishing to the entire operation processes. Therefore, our nylon chips and nylon filaments are very competitive in the market.

(2) Textiles:

Taiwan's textile industry already leads - the world technologically in - apparel textiles. In response to the industrial transformation and upgrading to meet the increasing demand for functional textiles from Europe and the United States and to avoid low-price competition from emerging textile countries, our R&D center will have to respond even faster to all the changing needs of the industry.

4. Competitive Niches and Development Prospects: Advantageous and Disadvantageous Factors

(1) Advantageous Factors

- Taiwan has excellent nylon chips and nylon filament manufacturing technologies, which differentiate us from the nylon products made by the competitors in China. Because of the technological merits, Taiwan's nylon products enjoy certain competitive advantages in the world.
- Through unremitting efforts over the years, the single market dependency of the nylon chips orders from Mainland China have reduced significantly. We have opened Southeast Asia market, seeing the sales of Southeast Asia increased significantly. Moreover, we have been able to open the market in Japan, which requires high quality products. We believe that that in the future we will see increased turnover and profitability.
- With the improvement of dye ability, the factory environment complies with more stringent environmental protection requirements. This move has enabled us to invest in the manufacturing of high-unit price fabrics to increase profitability. After the pandemic was lifted, customers were less willing to place orders due to the digestion of inventory. However, through the relaunch of the industry, we could not only showcase the products developed by the Company, which are in line with the most popular environmental issues - fine denier polyester/nylon Ecoya lightweight fabrics, but also visit customers to understand the latest direction of fabric development.

(2) Disadvantageous Factors

- In the employment mindset of young generation, lots of the professionals are looking for jobs in the high-tech industries. The younger generation is hesitant to join the textile industry, resulting talent shortage and affecting the development and marketing of new products.
- On fabric dyeing and finishing, many of our domestic competitors have moved to mainland China and Southeast Asia to set up factories for low labor wages and mass manufacturing costs to compete with low price strategy for easier market entry. Compounded to that, the branded customers are affected by weak global economic environment with reduce orders. This in addition to the increasingly regulatory requirements on chemical restrictions on textile products in Europe and in the USA, have made it more

difficult to receive orders with our products manufactured under the domestic specification requirements, in other words, lacking competitive edge internationally.

(3) Coping Strategies:

With regard to talent shortage, we cooperate with the government to work on academic-industry collaboration projects and education programs. We accept resources from Taiwan Textile Federation, Taiwan Textile Research Institution, etc. to improve the abilities of employees and cultivate employees, and to train foreign supervisors by the project, to facilitate the passing on of technology and management in the future.

On the structures of products, we focus on limited quantity with diversified choices, and developing high quality products. As the world is facing the dilemma and challenge of climate change, - and concern for ecological conservation has become increasingly important, the company actively approves relevant safety certified products and services, such as GRS and Blue sign certifications, to comply with the requirements of international laws and regulations management, improve brand trust, and enhance international competitive edge. In addition, to upgrade manufacturing automation for labor-saving machines to replace labor costs, we are able to surpass competitors, create extraordinary performance and move toward the goal of sustainable business.

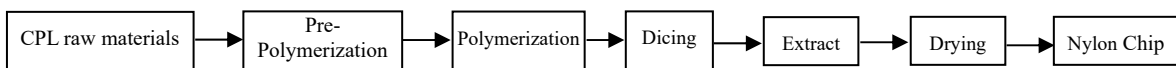
2.2 Major Usages of Core Products and Manufacturing Process

1. Major Usage of Core Products

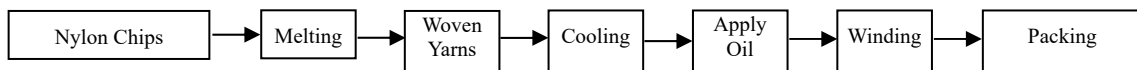
In addition to nylon chips, filaments, and woven fabrics, our company produces a wide range of products, including microfiber fabrics, new synthetic fabrics, lycra, artificial suede fabrics, strong-twister fabrics, trouser (skirt) materials, furniture fabrics, nylon fabrics, and other long-fiber fabrics. Apart from sports, casual clothes, our fabrics can also be applied to industrial usages, such as lamination, luggage (bags), shoe materials and other diversified applications.

2. Manufacturing Process

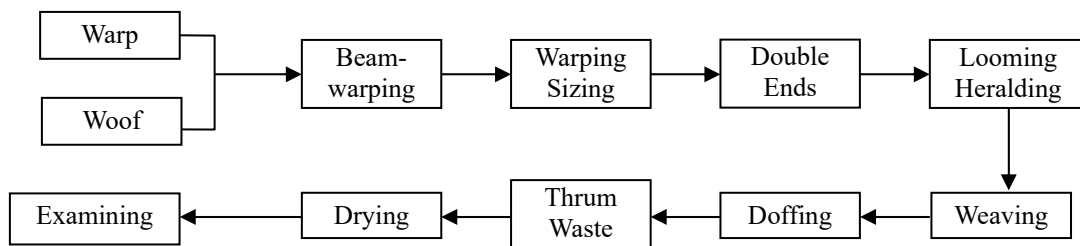
Nylon Chip Manufacturing Process



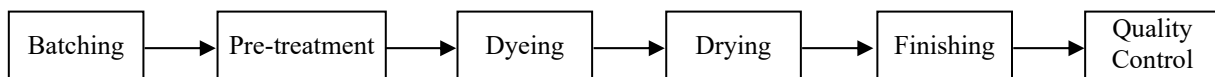
Nylon Filament Manufacturing Process



Woven Fabrics Manufacturing Process



Dyeing and Finishing Process



2.3 Supply Conditions of Major Raw Materials

The major raw materials of the Company are CPL and Textured Yarn

1. CPL

China Petrochemical Development Corporation (CPDC) is the only supplier of CPL in Taiwan. We have maintained long-term supply relationship with CPDC. In Taiwan as the demand for CPL is higher than supply, we have signed long-term supply contracts with large international companies, such as, UBE, FIBRANT, SCC etc. In addition, we have also increases the purchase amount from the open market with main source from Russia. This is to reduce the purchase cost of CPL to increase overall profitability.

2. Textured Yarn

The suppliers of the textured yarns are Lealea, Tuntelon, Toung Loong and Taiwan E Tex etc. Because of the large production volume and good quality, the Company is able to obtain the right amount of high-quality raw material with a good price to lower the purchase cost and thus increase the Company's profitability.

2.4 Information of the Suppliers in the Most Recent Two Years

Unit: NTD1000

Item	2022				2023			
	Name	Amount	As a percentage of net purchase for the year %	Relationship with Issuer	Name	Amount	As a percentage of net purchase for the year %	Relationship with Issuer
1	TOTAL	6,813,338	27	None	TOTAL	7,380,972	29	None
2	IDEMITSU	4,078,842	16	None	Formosa Chemicals	4,124,390	16	None
3	Formosa Chemicals	3,705,291	15	None	IDEMITSU	4,111,972	16	None
	Other	10,324,925	42		Other	10,258,747	39	
	Net Purchase	24,922,396	100		Net Purchase	25,876,081	100	

Note: The manufacturers who made more than 10% of the net purchases in 2022 and 2023 were chemical importers.

2.5 Information of Major Customers in the Most Recent Two Years

Unit: NTD1000

Item	2022				2023			
	Name	Amount	As a percentage of net purchase for the year %	Relationship with Issuer	Name	Amount	As a percentage of net purchase for the year %	Relationship with Issuer
1	TOTAL	5,917,490	21	None	TOTAL	8,416,222	28	None
2	Oriental Petrochemical	3,036,031	11	None	CAPCO	3,194,217	11	None
	Other	19,547,872	68		Other	18,059,298	61	
	Net Sales	28,501,393	100		Net Sales	29,669,737	100	

Note: Customers accounting for more than 10% of net sales in 2022 and 2023 are chemical product sales customers.

Reasons for changes: the merged company has a long-term cooperative relationship with its major sales customers. However, the operations of each customer are different. Changes in customer demand may lead to differences in sales.

2.6 Production volume table for the last two years

Volume Unit: Woven Fabrics: Thousand Yard; Knitted Fabrics, Yarns, Chips: Ton
 Currency Unit: 1000

Production Volume & Vale Major Product	Year	2022			2023		
		Capacity	Volume	Value	Capacity	Volume	Value
Woven Fabrics – Self made	69,602	32,253	1,867,042	76,893	29,022	1,648,390	
Woven Fabrics – OEM		18,353	273,724		14,697	226,161	
Knitted Fabrics – Self made	11,877	1,195	178,871	11,877	867	136,606	
Knitted Fabrics – OEM		4,482	206,000		2,999	141,070	
Nylon Filament Yarn	39,600	17,503	1,693,961	39,600	11,972	1,043,310	
Nylon Chips	411,754	86,662	5,844,772	411,754	78,680	4,633,109	
Total			10,064,370			7,828,646	

Note: Other business lines are trading operations or products of smaller production volume and sales value. Therefore, they are not disclosed in the above table.

2.7 Sales Volume and Value in the Most Recent two Years

Volume Unit: Woven Fabrics: Thousand Yard; Knitted Fabrics, Yarns, Chips: Ton
 Currency Unit: 1000

Sales Value & Volume Major Products	Year	2022				2023			
		Domestic		Export		Domestic		Export	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Woven Fabrics	14,462	676,951	37,044	2,557,880	8,434	445,575	37,202	2,454,259	
Knitted Fabrics	326	64,102	899	166,098	212	45,247	628	115,537	
Nylon Filament Yarn	15,866	1,536,444	1,481	179,025	11,934	978,095	847	87,117	
Nylon Chips	25,016	1,601,585	39,880	2,823,756	24,159	1,331,712	44,424	2,535,504	
Petrochemicals	292,529	9,535,879	251,385	8,183,799	300,750	9,033,887	398,673	11,405,696	
Others		877,517		298,357		675,093		562,015	
Total		14,292,478		14,208,915		12,509,609		17,160,128	

3. Employees

Year		2022	2023
Employees Headcount	Staff	247	253
	Technicians	164	167
	Operators	852	868
	Total	1263	1288
Average Age		40.17	40.91
Average Years of Service		9.93	10.21
Academic Qualification %	Doctoral	0%	0%
	Master	2.61%	2.64%
	University	30.72%	29.27%
	Senior High School	24.70%	24.53%
	Below Senior High School	41.97%	43.56%

4. Environmental Protection Expenditure

4.1 Description: For the past two years and as of the issue date of this annual report, losses suffered due to pollution (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspections, specifying the deposition dates, disposition, reference numbers, the provisions of law violated, and the content of the dispositions): None

4.2 Current and Future Estimated Amounts and Countermeasures : None

5. Employer/Employee Relationship

We have always cared about and emphasized on the employees' welfare and growth, and we have focused on the training and education of our employees. Building good rapport with employees is one of the keys to the success of business management. In the recent years, due to fast changing pace of economic development, the industry is facing the challenge of structural transformation. Therefore, the awareness of the importance of the labor relations to employers has been especially highlighted. Since the establishment of our company, labor relations have always been harmonious, -, thus no labor disputes have ever occurred.

Our benefits are described as below:

5.1 The Company's Welfares

(1) Labor Insurance (2) National Health Insurance (3) Festivals, Wedding & Funeral Subsidies (4) Health Examine (5) Annual Bonus (6) Profit Sharing & Stock Ownership

5.2 The Employee Welfare Committee's Benefits

(1) Small Group Social Gathering (2) Festivals, Wedding & Funeral Subsidies (3) Scholarship and Grants (4) Club Activities (5) Travel Subsidies (6) Year End Party (7) Birthday Gift (8) Festival Gift (9) Year End Gift Draw (10) Book, Magazines, Newspapers (11) Group Insurance (12) Cultural & Recreational Activities (13) Employee's Children Scholarship

5.3 On Job Training

In order to improve the quality of human resources and to enhance the job-related knowledge and skills of our employees, to improve their competitiveness both within and outside the enterprise and to give them the stage to fully expand their potential, based on the needs of employees and according to their ranks and different business types, the Company has established an on-the-job training program for the employees, which is implemented as follows:

1. Short-term Training:

Assigned to or approved to undergo training at various training centers, consultants, associations, etc. In 2023, the Company assigned employees to undergo education and training courses, among which external training focused on professional knowledge and skills certification, including courses like "Compliance review", "Production cycle practice review", "Textile spring and summer fashion trend forecast released", "2023 New Ideas for remuneration", "Financial report review/financial loan/endorsement/withdrawal", "The new ESG regulations and impact to the financial statements", etc. to help cultivate leaders and acquisition of professional license. Internal training focuses on environmental protection with the "GRS Global Recycling Standard," employee safety with "Hazard Awareness" and "Hazard Identification," employee health with "Hearing Protection," "Cardiopulmonary Resuscitation and AED," "Measures for Protecting Physical and Mental Health," and "General Safety and Health Education Training for Migrant Workers."

2. Long-term Training:

The Company has established internal and external, instructor lead professional training programs, the cost are borne by the Company.

(1) In the 2023, the "Team Empowerment and Collective Wisdom" and "Global Economic Outlook" courses were held at the Mabuville Training Center in Hsinchu. Participants enhanced their sense of proactive accountability and effective communication and strengthened execution efficiency to increase the collaborative benefits of enterprises, moving towards better team performance. The series of activities received enthusiastic responses from the participants.

(2) Entering the post-pandemic era with global economic recession, businesses are facing numerous daunting challenges. To cultivate leaders capable of absorbing new knowledge anytime and anywhere, and to promote corporate digital learning courses, regardless of location, a learning platform has been established. This enables leaders to constantly grasp new global trends and worldly dynamics, facilitating comprehensive enhancement from acquiring new knowledge to sharpening mindset, from refining thinking to improving competencies.

(3) We also implement the Youth Education and Employment Savings Account program in conjunction with the Youth Navigator program.

3. Overseas Training:

Employees' handling customer complaints, receiving orders, or responsible for company approved project related international travel, the cost of business travel will be borne by the Company.

4. Assigned Training (In Compliance with Legal Requirements):

Assigned to the following courses in 2023 of the Company: "Labor physical and mental protection measures", "Seed instructor training for cardiovascular disease prevention and treatment", "Return-to-work subsidy for workers suffering from occupational accidents", "Deep dive on legal liability for occupational safety accidents", "Basic trauma life-saving techniques", "TOSHMS- Taiwan Occupational Safety and Health Management System", "First responder", "Occupational Health Nurse", "Level A occupational safety and health affair manager", "Forklift Truck Operator", "ISO14064 Greenhouse gas inventory", "ISO14067 Product Carbon Footprint Counselling", "Anoxic work supervisor - on job training", "Supervisors of operations involving organic solvents and specific chemical substance – on job training", "Dust work supervisor– on job training, etc.

5. Special Training (Special Project Training as required to conduct business):

Assigned the following training courses in 2023 by the Company: "Firefighting management personnel", "Operators for Class 1 pressure vessels", "Safety Inspector", "Introduction to biodegradable fiber", "How to perform damage assessment", "How to use protective equipment", "Respiratory protection plan", "Fire training and emergency response plan", "Prevention plan for illegal violations while on duty and maternal health protection plan in the workplace", "Exception tracking work specifications", "Competency of functional textiles", etc.

5.4 Pension System

1. The Company has established a retirement plan in accordance with the Labor Standards Law and established the Labor Pension Fund Supervisory Committee to regularly monitor the allocation status of the pension fund and review of the retirement applications.
2. In addition to setting up the retirement plan in accordance with the Labor Standards Law, the Company also designed better retirement measures for employees.
3. Starting from 1 July 2005, in accordance with the government's implementation of the Labor Pension Act (hereinafter referred to as the "new system"), the Company has been making monthly contributions to the designated pension accounts of the Labor Insurance Bureau for employees who choose the new system.

5.5 As of now, there has been no labor dispute occurred in the Company.

6. Cyber security management

6.1 Cyber security risk management structure, cyber security policy, specific management plan and resources invested in cyber security management:

1. Cyber security risk management structure:

To comprehensively manage information security policies and resource allocation matters, our company established a cybersecurity supervisor in June 2023 and allocated one part-time staff member. They are responsible for promoting and implementing information security policies. The Company entrusts the related company LEAEA TECHNOLOGY CO., LTD. and the information security division to coordinate and implement the Cyber security policy, advocate Cyber security Cyber, and collect and improve the performance and effectiveness of the organization's Cyber security management system technology, products or procedures.

2. Cyber security policy:

To implement the security management, the Company has established an internal control system, and through the joint efforts of all colleagues, it is expected to achieve the following policy objectives

- (1) Confidentiality and integrity of information
- (2) Ensure that data access is regulated according to the functions of the department
- (3) To ensure the continuous operation of the cyber system
- (4) Prevent unauthorized modification or use of data and systems

3. Specific management plan:

- (1) Internet security control: set up firewalls, regular virus scanning, etc.
- (2) Data access control: different access rights are granted according to functions, the original authority of the transferred personnel is cancelled, and the remote login information system should be properly approved.
- (3) Strain recovery mechanism: implementation of off-site backup, regular review of network security control measures, etc.

4. Invest resources in cyber security management:

In order to implement the security policy, the resources invested are as follows:

- (1) Network hardware devices such as firewalls, email anti-virus, and spam filtering
- (2) Software systems such as backup management software, VPN authentication and encryption software.
- (3) Invest manpower such as regular backup and backup of the implementation of off-site storage of media, annual CPA audit, etc.

6.2 Losses, possible impacts and measures suffered as a result of major cyber security incidents in the most recent year and as of the date of publication of the annual newspaper, if it cannot be reasonably estimated, shall state the facts that it cannot reasonably estimate: there is no such thing.

7. Major Contracts

Nature of Contract	Party	Effective Period	Main Content	Restriction Terms
Long-term Loan Agreement	Bank of Taiwan	30 March 2021 ∩ 30 March 2028	Changhwa Nylon Plant and land were used as collaterals to make a loan of NTD1 billion. Starting from 30 Sep 2023, every 6 months, one installment is paid back; for the first 9 payment terms, each repayment is NTD55 million. The remaining principal shall be paid in full when the loan is due.	None
Long-term Loan Agreement	Export-Import Bank	25 March 2023 ∩ 25 March 2028	Long-term credit loan with month interest payment; total principal, NTD144 million. Starting from 25 Sep 2024, one installment is paid back every 6 months, and a total of 8 installment to pay the principal of NT\$18,000.	None
Long-term Loan Agreement	KGI Commercial Bank	25 Dec 2023 ∩ 2 Nov 2025	Long-term credit loan with month interest payment; total principal, NTD500 million. The principal is to be paid when the loan is matured.	
Long-term Loan Agreement	Chang Hwa Commercial Bank	27 Dec 2023 ∩ 27 Dec 2026	The collateralized loans on land and buildings of Taipei Company are interest-bearing on a monthly basis. The total loan amount is NT\$375 million and the principal amount is repayable in one lump sum at maturity.	None

VI. Financial Information

1. Condensed balance sheets and composite income sheet for the past 5 fiscal year

1.1 Condensed Balance Sheets and Composite Income Sheets - International Financial Reporting Standards (Consolidated Financial Report)

Condensed Balance Sheet – International Financial Reporting Standards (parent company only)

Unit: NTD1000

Item		Year (Note 1)	Financial Information of the Past 5 Years				
			2019	2020	2021	2022	2023
Current Assets			7,465,967	6,088,742	7,932,919	7,569,232	7,565,953
Property, Plant, Equipment (Note 2)			6,006,963	5,518,193	5,465,726	5,479,132	4,984,932
Intangible Assets			9,630	8,055	5,352	5,145	4,168
Other Assets			3,872,763	5,478,157	5,329,787	5,284,465	5,423,949
Total Assets			17,355,323	17,093,147	18,733,784	18,337,974	17,979,002
Current Liabilities	Before Distribution		6,574,025	5,352,555	6,884,963	6,798,493	6,739,396
	After Distribution		6,574,025	5,352,555	6,884,963	6,798,493	(Note 3)
Non-current Liabilities			1,511,665	2,258,701	2,198,772	2,178,259	2,205,671
Total Liabilities	Before Distribution		8,085,690	7,611,256	9,083,735	8,976,752	8,945,067
	After Distribution		8,085,690	7,611,256	9,083,735	8,976,752	(Note 3)
Consolidated Net Income Attributed to Stockholders of the Company			9,269,633	9,481,891	9,650,049	9,361,222	9,033,935
Capital Stock			9,144,872	9,144,872	9,144,872	9,144,872	9,100,712
Capital Surplus			134,044	134,620	185,591	187,282	191,201
Retained Earnings	Before Distribution		879,221	466,089	712,701	683,920	240,884
	After Distribution		879,221	466,089	712,701	683,920	(Note 3)
Other Equity			(456,101)	168,713	(62,608)	(324,345)	(209,570)
Treasury Stocks			(432,403)	(432,403)	(330,507)	(330,507)	(289,292)
Non-Controlling Interests			-	-	-	-	-
Total Equity	Before Distribution		9,269,633	9,481,891	9,650,049	9,361,222	9,033,935
	After Distribution		9,269,633	9,481,891	9,650,049	9,361,222	(Note 3)

Note 1: The above financial information of various years has been audited by the independent auditor.

Note 2: The Company has conducted the land re-appraisal on 31 Oct 2011, the amount of which was NTD 478,404 thousand.

Note 3: The Loss Offset Proposal has not been approved by the AGM of 2024.

Condensed Balance Sheet – International Financial Reporting Standards (Consolidated)

Unit: NTD1000

Item	Year (Note 1)	Financial Information of the Past 5 Years				
		2019	2020	2021	2022	2023
Current Assets		7,915,967	6,751,925	8,970,215	9,131,519	8,766,420
Property, Plant, Equipment (Note 2)		6,041,544	5,550,279	5,494,382	5,575,680	5,072,169
Intangible Assets		9,697	8,055	5,352	6,240	4,918
Other Assets		3,946,293	5,534,548	5,286,848	4,989,758	5,198,185
Total Assets		17,913,501	17,844,807	19,756,797	19,703,197	19,041,692
Current Liabilities	Before Distribution	6,400,331	5,156,420	6,954,021	7,197,231	6,803,153
	After Distribution	6,400,331	5,156,420	6,954,021	7,197,231	(Note 3)
Non-current Liabilities		1,512,635	2,259,172	2,199,254	2,209,333	2,235,945
Total Liabilities	Before Distribution	7,912,966	7,415,592	9,153,275	9,406,564	9,039,098
	After Distribution	7,912,966	7,415,592	9,153,275	9,406,564	(Note 3)
Consolidated Net Income Attributed to Stockholders of the Company		9,269,633	9,481,891	9,650,049	9,361,222	9,033,935
Capital Stock		9,144,872	9,144,872	9,144,872	9,144,872	9,100,712
Capital Surplus		134,044	134,620	185,591	187,282	191,201
Retained Earnings	Before Distribution	879,221	466,089	712,701	683,920	240,884
	After Distribution	879,221	466,089	712,701	683,920	(Note 3)
Other Equity		(456,101)	168,713	(62,608)	(324,345)	(209,570)
Treasury Stocks		(432,403)	(432,403)	(330,507)	(330,507)	(289,292)
Non-Controlling Interests		730,902	947,324	953,473	935,411	968,659
Total Equity	Before Distribution	10,000,535	10,429,215	10,603,522	10,296,633	10,002,594
	After Distribution	10,000,535	10,429,215	10,603,522	10,296,633	(Note 3)

Note 1: The above financial information of various years has been audited by the independent auditor.

Note 2: The parent company, Li Peng Enterprise Co., Ltd., has conducted the land re-appraisal on 31 Oct. 2011, the amount of which was NTD 478,404 thousand.

Note 3: The Loss Offset Proposal has not been approved by the AGM of 2024.

**Condensed Statement of Comprehensive Income –
International Financial Reporting Standards (Individual)**

Unit: NTD1000
(Except EPS (Loss Per Share))

Item	Year (Note2)	Financial Information of the Past 5 Years				
		2019	2020	2021	2022	2023
Operating Revenues		14,452,347	10,369,775	12,268,967	10,795,406	8,996,009
Gross Profit		364,229	196,233	1,057,030	264,810	(165,487)
Operating Income (Loss)		(297,467)	(359,968)	327,192	(384,265)	(701,303)
Non-Operating Income (Expenses)		(24,620)	(173,838)	(2,110)	317,727	169,091
Income before Income Tax		(322,087)	(533,806)	325,082	(66,538)	(532,212)
Net Income (Loss) from Continued Department		(249,366)	(412,009)	269,155	(37,008)	(445,006)
Loss from Discontinued Department		0	0	0	0	0
Net Profit (Loss) of the Current Term		(249,366)	(412,009)	269,155	(37,008)	(445,006)
Other Comprehensive Income (Loss) of the Current Term (Net of Tax)		(112,880)	623,691	(253,864)	(252,954)	116,745
Total Comprehensive Income (Loss) of the Current Term		(362,246)	211,682	15,291	(289,962)	(328,261)
Net Income (Loss) Attributable to Owner of the Company		-	-	-	-	-
Net Income (Loss) Attribute to non-controlling Interests		-	-	-	-	-
Total Comprehensive Income (Loss) Attribute to Owner of the Company		-	-	-	-	-
Total Comprehensive Income (Loss) attribute to non-controlling Interests		-	-	-	-	-
EPS (Loss per Share) (Note 1)		(0.29)	(0.48)	0.31	(0.04)	(0.51)

Note 1: The financial information of the various years disclosed in the above table has been audited by the independent auditors.

Note 2: The above calculation of EPS is retroactively adjusted.

**Condensed Statements of Comprehensive Income
International Financial Reporting Standards (consolidated)**

Unit: NTD1000
(Except EPS (Loss Per Share))

Item \ Year(Note 2)	Financial Information of the Past 5 Years				
	2019	2020	2021	2022	2023
Operating Revenues	14,579,347	13,559,461	24,252,436	28,501,393	29,669,737
Gross Profit	378,093	234,568	1,141,562	506,764	230,758
Operating Income (Loss)	(309,853)	(356,736)	354,397	(335,226)	(598,781)
Non-Operating Income (Expenses)	(2,894)	(176,123)	(12,749)	300,712	96,961
Income (Loss) before Income Tax	(312,747)	(532,859)	341,648	(34,514)	(501,820)
Net Income (Loss) from Continued Department	(244,051)	(414,333)	275,768	(17,916)	(433,294)
Loss from Discontinued Department	0	0	0	0	0
Net Profit (Loss) of the Current Term	(244,051)	(414,333)	275,768	(17,916)	(433,294)
Other Comprehensive Income (Loss) of the Current Term (Net of Tax)	(129,039)	830,872	(353,635)	(312,879)	148,781
Total Comprehensive Income (Loss) of the Current Term	(373,090)	416,539	(77,867)	(330,795)	(284,513)
Net Income (Loss) Attributable to Owner of the Company	(249,366)	(412,009)	269,155	(37,008)	(445,006)
Net Income (Loss) Attribute to non-controlling Interests	5,315	(2,324)	6,613	19,092	11,712
Total Comprehensive Income (Loss) Attribute to Owner of the Company	(362,246)	211,682	15,291	(289,962)	(328,261)
Total Comprehensive Income (Loss) attribute to non-controlling Interests	(10,844)	204,857	(93,158)	(40,833)	43,748
EPS (Loss per Share)(Note 1)	(0.29)	(0.48)	0.31	(0.04)	(0.51)

Note 1: The financial information of the various years disclosed in the above table has been audited by the independent auditors.

Note 2: The above calculation of EPS is retroactively adjusted.

1.2 Names and Opinions of Independent Auditors in the Most Recent Five Years

Year	2019	2020	2021	2022	2023
CPA	Wu, Ke Chang	Wu, Ke Chang	Wu, Ke Chang	Wu, Ke Chang	Wu, Ke Chang
	Chiu, Ming-Yu	Chiu, Ming-Yu	Chiu, Ming-Yu	Hong, Guo-Tian	Hong, Guo-Tian
Auditing Opinion	Unmodified Opinion	Unmodified Opinion	Unmodified Opinion	Unmodified Opinion	Unmodified Opinion with Other Matters

2. Financial analyses for the past 5 fiscal years
Financial Information based on International Financial Reporting Standards (parent company only statement)

Analysis Item (Note 2)		Financial Analysis of the Past 5 Years				
		2019	2020	2021	2022	2023
Financial Structure (%)	Debt to assets ratio	46.58	44.52	48.48	48.95	49.75
	Ratio of long-term capital to property, plant and equipment	179.48	212.76	216.78	210.60	225.47
Liquidity Analysis (%)	Current Ratio	113.56	113.75	115.22	111.33	112.26
	Quick Ratio	74.24	75.52	69.44	65.11	78.79
	Times interest Earned	(3.92)	(8.25)	8.59	0.11	(3.89)
Operating Ability	Accounts Receivables Turnover (Times)	5.49	4.9	6.94	8.56	9.24
	Average Collection Turnover (Times)	66.48	74.48	52.59	42.64	39.50
	Inventory Turnover Days (Times)	4.70	4.50	4.41	3.48	3.55
	Accounts Payables Turnover (Times)	12.05	13.93	9.82	11.81	18.02
	Average Days in Sales (Days)	77.65	81.11	82.76	104.88	102.81
	Property, Plant, and Equipment Turnover (Times)	2.35	1.79	2.23	1.97	1.71
	Total Assets Turnover (Times)	0.81	0.60	0.68	0.58	0.49
Profitability Analysis	Return on total assets(%)	(1.11)	(2.12)	1.69	0.12	(1.97)
	Return on stockholders' equity(%)	(2.61)	(4.39)	2.81	(0.38)	(4.83)
	Pre-tax income to paid-in capital (%)	(3.52)	(5.83)	3.55	(0.72)	(5.84)
	Profit Ratio(%)	(1.72)	(3.97)	2.19	(0.34)	(4.94)
	Earnings Per Share (Loss per share)(NTD)(Note 3)	(0.29)	(0.48)	0.31	(0.04)	(0.51)
Cash Flow (Note 4)	Cash flow ratio(%)	14.12	19.63	12.22	2.60	17.53
	Cash flow adequacy ratio(%)	92.96	122.15	123.81	100.37	97.32
	Cash reinvestment ratio(%)	3.36	4.46	3.48	0.73	4.87
Leverage	Operating Leverage	(8.80)	(7.57)	8.77	(5.59)	(2.69)
	Financial Leverage	0.81	0.86	1.15	0.83	0.86

Note 1: The financial information of the various years disclosed in the above table has been audited by the independent auditors.

Note 2: The formulas of various financial ratios as follows:

1. Financial Structure

(1) Debt ratio = Total liabilities / Total assets

(2) Long-term fund to property, plant and equipment ratio =(Total equity +non-current liabilities) / Net property, plant and equipment

2. Liquidity

(1) Current ratio =Current assets / Current liabilities

(2) Quick ratio = (Current assets – inventory – prepaid expenses) / Current liabilities

(3) Times interest earned = Net Income before tax and interest expenses / Interest expenses

3. Operating Ability

- (1) Account receivable turnover (including accounts receivable and notes receivable) = Net sales / Average account receivable (including account receivable and notes receivable) balance
- (2) Days sales outstanding = 365 / Receivable turnover
- (3) Inventory turnover = Cost of goods sold / Average inventory
- (4) Account payable turnover (including accounts payable and notes payable) = Cost of goods sold / Average account payable (including account payable and notes payable) balance
- (5) Inventory turnover days = 365 / Inventory turnover
- (6) Property, plant and equipment turnover = Net sales / Average net property, plant and equipment
- (7) Total assets turnover = Net sales / Average total assets

4. Profitability

- (1) Return on total assets = [Net income after tax + interest expense x (1-interest rate)] / Average total assets
- (2) Return on total equity = Net income after tax / Average shareholders' equity
- (3) Pre-tax income to paid-in capital ratio = Income before tax / paid-in capital
- (4) Net margin = Net income / Net sales (Note 3)
- (5) Earnings per share = (Net income - preferred stock dividend) / Weighted average number of shares outstanding

5. Cash Flow (Note 4)

- (1) Cash flow ratio = Net cash flow provided by operating activities / Current liabilities
- (2) Cash flow adequacy ratio = Five-year sum of cash from operations / Five-year sum of capital expenditures, inventory additions, and cash dividend
- (3) Cash flow reinvestment ratio = (Cash provided by operating activities – cash dividends) / (Gross property, plant and equipment + long-term investments + other noncurrent assets + working capital)

6. Leverage

- (1) Operating leverage = (Operating revenues – variable cost and expense) / Operating Income
- (2) Financial leverage = Operating income / (Operating income – interest expenses)

Note 3: Special attention shall be paid to the following matters when using the calculation formula of earning per share above:

1. It should be based on the weighted average number of shares of common stock rather than the number of shares issued at the end of the year.
2. Where there is cash replenishment or treasury stock transaction, its circulation period should be considered when calculating the weighted average number of shares.
3. In the case of capital increase through surplus or through capital reserve, the annual and semi-annual earnings per share of the previous years shall be retrospectively adjusted as per the proportion of capital increase without considering its issuance period.
4. If the preferred share cannot be converted into cumulative preferred share, then the dividend of the year (whether paid or not) is deducted from net income after tax (NIAT), or included as a net loss after tax. If a preferred stock is designated as non-cumulative, the dividend on it should be deducted from the net profit after tax if the balance sheet has profit after tax; dividend is not paid in case of loss.

Note 4: Special attention should be paid to the following matters when measuring cash flow analysis:

1. Net cash flow from operating activities is the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure is the annual cash outflow of capital investment.
3. The increase in inventory is counted only when the balance at the end of the period is greater than at the beginning. If the inventory decreases at the end of the year, it is considered as zero.
4. Cash dividends include the cash dividends of common stocks and preferred stocks.
5. Gross value of PP&E shall refer to the total value of PP&E minus accumulated depreciation.

Note 5: The Company has classified the operating costs and operating expenses as fixed or variable in accordance with their nature.

Financial Information based on International Financial Reporting Standards (Consolidated Statement)

Analysis Item (Note 3)		Financial Analysis of the Past 5 Years				
		2019	2020	2021	2022	2023
Financial Structure (%)	Debt to assets ratio	44.17	41.55	46.32	47.74	47.47
	Ratio of long-term capital to property, plant and equipment	190.56	228.60	233.01	224.29	241.28
Liquidity Analysis (%)	Current Ratio	123.68	130.94	128.99	126.87	128.85
	Quick Ratio	82.75	89.49	80.75	79.09	90.25
	Times interest Earned	(3.90)	(8.43)	9.21	0.55	(3.59)
Operating Ability	Accounts Receivables Turnover (Times)	7.18	6.84	9.64	10.30	11.46
	Average Collection Turnover (Times)	50.83	53.36	37.86	35.43	31.84
	Inventory Turnover Days (Times)	4.70	5.75	8.82	8.73	10.21
	Accounts Payables Turnover (Times)	11.81	15.76	13.66	13.05	14.18
	Average Days in Sales (Days)	77.65	63.47	41.38	41.80	35.74
	Property, Plant, and Equipment Turnover (Times)	2.36	2.33	4.39	5.14	5.57
	Total Assets Turnover (Times)	0.79	0.75	1.28	1.44	1.53
Profitability Analysis	Return on total assets (%)	(1.05)	(2.06)	1.64	0.22	(1.78)
	Return on stockholders' equity (%)	(2.37)	(4.05)	2.62	(0.17)	(4.26)
	Pre-tax income to paid-in capital (%)	(3.41)	(5.82)	3.73	(0.37)	(5.51)
	Profit Ratio (%)	(1.67)	(3.05)	1.13	(0.06)	(1.46)
	Earnings Per Share (Loss per share)(NTD)(Note4)	(0.29)	(0.48)	0.31	(0.04)	(0.51)
Cash Flow (Note 5)	Cash flow ratio(%)	7.33	13.48	1.63	11.60	12.60
	Cash flow adequacy ratio(%)	83.24	112.14	109.36	87.15	70.00
	Cash reinvestment ratio(%)	1.32	2.83	0.45	3.32	3.39
Leverage	Operating Leverage	(8.84)	(16.56)	41.86	(58.68)	(37.21)
	Financial Leverage	0.82	0.86	1.13	0.81	0.84
Reasons for changes over 20% in various financial ratios in the most recent two fiscal years: 1. Changes within 2 years of times interest earned is mainly due to the increase of loss before income tax and interest expense in 2023 compared with 2022. 2. All ratios of profitability analysis have a change more than 20% within 2 years, mainly due to the 2023 loss increased significantly compared with 2022. 3. Changes of operating leverage in 2 years is mainly due to the operation loss of 2023 increased from that of 2022.						

Note 1: The financial information of the various years disclosed in the above table has been audited by the independent auditors.

Note 2: The formulas of various financial ratios as follows:

1. Financial Structure

(1) Debt ratio = Total liabilities / Total assets

(2) Long-term fund to property, plant and equipment ratio = (Total equity + non-current liabilities) / Net property, plant and equipment

2. Liquidity

- (1) Current ratio = Current assets / Current liabilities
- (2) Quick ratio = (Current assets – inventory – prepaid expenses) / Current liabilities
- (3) Times interest earned = Net Income before tax and interest expenses / Interest expenses

3. Operating Ability

- (1) Account receivable turnover (including accounts receivable and notes receivable) = Net sales / Average account receivable (including account receivable and notes receivable) balance
- (2) Days sales outstanding = 365 / Receivable turnover
- (3) Inventory turnover = Cost of goods sold / Average inventory
- (4) Account payable turnover (including accounts payable and notes payable) = Cost of goods sold / Average account payable (including account payable and notes payable) balance
- (5) Inventory turnover days = 365 / Inventory turnover
- (6) Property, plant and equipment turnover = Net sales / Average net property, plant and equipment
- (7) Total assets turnover = Net sales / Average total assets

4. Profitability

- (1) Return on total assets = [Net income after tax + interest expense x (1-interest rate)] / Average total assets]
- (2) Return on total equity = Net income after tax / Average shareholders' equity
- (3) Pre-tax income to paid-in capital ratio = Income before tax / paid-in capital
- (4) Net margin = Net income / Net sales (Note 3)
- (5) Earnings per share = (Net income - preferred stock dividend) / Weighted average number of shares outstanding

5. Cash Flow (Note 4)

- (1) Cash flow ratio = Net cash flow provided by operating activities / Current liabilities
- (2) Cash flow adequacy ratio = Five-year sum of cash from operations / Five-year sum of capital expenditures, inventory additions, and cash dividend
- (3) Cash flow reinvestment ratio = (Cash provided by operating activities – cash dividends) / (Gross property, plant and equipment + long-term investments + other noncurrent assets + working capital)

6. Leverage

- (1) Operating leverage = (Operating revenues – variable cost and expense) / Operating Income
- (2) Financial leverage = Operating income / (Operating income – interest expenses)

Note 3: Special attention shall be paid to the following matters when using the calculation formula of earning per share above:

1. It should be based on the weighted average number of shares of common stock rather than the number of shares issued at the end of the year.
2. Where there is cash replenishment or treasury stock transaction, its circulation period should be considered when calculating the weighted average number of shares.
3. In the case of capital increase through surplus or through capital reserve, the annual and semi-annual earnings per share of the previous years shall be retrospectively adjusted as per the proportion of capital increase without considering its issuance period.
4. If the preferred share cannot be converted into cumulative preferred share, then the dividend of the year (whether paid or not) is deducted from net income after tax (NIAT), or included as a net loss after tax. If a preferred stock is designated as non-cumulative, the dividend on it should be deducted from the net profit after tax if the balance sheet has profit after tax; dividend is not paid in case of loss.

Note 4: Special attention should be paid to the following matters when measuring cash flow analysis:

1. Net cash flow from operating activities is the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure is the annual cash outflow of capital investment.
3. The increase in inventory is counted only when the balance at the end of the period is greater than at the beginning. If the inventory decreases at the end of the year, it is considered as zero.
4. Cash dividends include the cash dividends of common stocks and preferred stocks.
5. Gross value of PP&E shall refer to the total value of PP&E minus accumulated depreciation.

Note 5: The Company has classified the operating costs and operating expenses as fixed or variable in accordance with their nature.

3. Audit committee's report for the most recent year's financial statement

Audit Committee's Review Report

The audit committee reviewed the business report, the proposal for surplus distribution or loss allowances and the 2023 financial statements which were prepared by the Board of Directors. The financial statements were audited by Deloitte's accountants, Wu, Ker-Chang and Hong, Guo-Tian and an audit report was issued. It is believed that there is no discrepancy, and they were submitted for revision in accordance with Article 14-4 of the Securities Exchange Act and Article 219 of the Article of association.

Regards,

The company's 2024 regular shareholders' meeting

Li Peng Enterprise Co., LTD.
Audit committee convener
Lin, Yao-Chuan

29 March 2024

4. Financial Statements of the most recent fiscal year: Please refer to p.92 to p.178

5. Parent company only financial statement for the most recent fiscal year:

Please refer to p.179 to p.254

6. If the company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, notes on how this affects the company's financial situation: None.

VII. Review and Analysis of the Financial Condition, Performance Review and Risk Management

1. Financial Position

Review and analysis on financial status

Unit: NTD1000

Item	Yea	2022	2023	Difference	
				Amount	%
Current assets		9,131,519	8,766,420	(365,099)	(4.00)
Non-Current assets		10,571,678	10,275,272	(296,406)	(2.80)
Current Liabilities		7,197,231	6,803,153	(394,078)	(5.48)
Non-Current Liabilities		2,209,333	2,235,945	26,612	1.20
Total Stockholders'		10,296,633	10,002,594	(294,039)	(2.86)
Analysis of Changes over 20% in financial ratios: The change in each item was not over 20% in both periods, so it was not analyzed.					

2. Financial Performance

Analysis of Financial Performance Table

Unit: NTD1000

Item	2022	2023	Increase (Decrease) Amount	Difference Ratio (%)
Gross Sales	28,501,393	29,669,737	1,168,344	4.10
Cost of Sales	27,995,196	29,438,180	1,442,984	5.15
Gross Profits (Loss)	506,197	231,557	(274,640)	(54.26)
Unrealized profit s(loss) on transactions with associates	567	(799)	(1,366)	(240.92)
Operating Expenses	841,990	829,539	(12,451)	(1.48)
Operating Income (Loss)	(335,226)	(598,781)	(263,555)	(78.62)
Non-operating Income and Losses	300,712	96,961	(203,751)	(67.76)
Net profit (loss) before tax	(34,514)	(501,820)	(467,306)	(1,353.96)

2.1 The main reasons for the significant changes in operating income, operating profit and income before tax for the most recent two years.

1. The operating profit decreased NT\$263,555 thousand mainly due to the operating profit of Nylon Department decreased NT\$202,829 thousand, and the operating gross profit decreased by NT\$ 310,317 thousand. The analysis of the gross profit changes for the Nylon department is shown in the below Table:

Unit: NTD1000

Operating Gross Profit	Changes of increase or decrease in relation to the prior or later period	Reasons for Differences			
		Price Difference	Cost Difference	Sales Mix Difference	Volume Difference
	(310,317)	(1,184,944)	906,908	(270,914)	238,633
Explanation	The main issue in 2023 was the significant decrease in selling prices, resulting in an unfavorable variance, which led to a decrease in gross profit compared to the 2022.				

2. The non-operating income and expenses reduced by NT\$203,751 thousand, mainly because of the depreciation of the NTD against USD in 2023 was not as significant as in 2022. This was due to the substantial USD positions held by the consolidated companies, resulting in a decrease in exchange gains by NT\$164,184 thousand compared to 2022. Additionally, the net loss from financial assets and liabilities measured at fair value through profit or loss increased by NT\$47,577 thousand compared to the 2022.

2.2 Sales volume forecast and the basis therefor and the effect upon the Company's financial operations as well as measures to be taken in response:

The Company does not disclose the financial forecast for the year of 2024. Therefore, it does not intend to reveal the estimate sales volume.

3. Cash Flow

3.1 Cash Flow Analysis

Unit: NTD1000

Cash at the Beginning of Year	Full Year Net Cash Flow from Operating Activities	Full Year Net Cash Outflow	Cash Surplus (Deficit)	Remedy for Cash Shortage	
				Investment Plan	Financial Plan
2,360,351	857,611	4,065,995	2,102,831	48,864	2,902,000

1.2 Analysis of change in cash flow in the current year

During the 2023, the Company experienced a cash outflow of NT\$4,065,995 thousand primarily due to the repayment of long-term loans, short-term commercial papers, and an increase in advances from related parties. To address the insufficient funds, the Company primarily utilized an increase in long-term loans to support its financial needs.

3.3 Cash Flow Analysis for the coming year

Unit: NTD1000

Cash at the Beginning of Year	Full Year Net Cash Flow from Operating Activities	Full Year Net Cash Outflow	Cash Surplus (Deficit)	Cash Surplus (Deficit)	
				Investment Plan	Financial Plan
2,102,831	(148,992)	434,403	1,519,436	-	-

4. Impact of Major Expenditures on Finances during the most recent fiscal year: None.

5. Reinvestment policy for the most recent fiscal year, main reasons for profits/losses generated, plans for improving profitability and investment plans for the coming year:
None.

6. Risk assessment and analysis:

6.1 Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Profit and loss, and Future Response Measures

In 2023, major countries adopted monetary tightening policies to curb high inflation, leading to a significant decrease in global economic momentum compared to 2022. Terminal consumer demand remained sluggish, and the industrial inventory adjustment cycle proved longer than expected. Additionally, escalating tensions in the Middle East due to conflicts like the Israel-Hamas conflict are likely to increase trade costs, and geopolitical tensions may have subsequent effects on global energy prices, inflation, and financial markets, potentially causing the supply chain to become once again unstable. The Company will closely observe the global economic situation and central bank movements in order to plan ahead for interest rates hedging.

In the foreign exchange market, as data indicates easing economic and inflationary pressures, there is a widespread market expectation that the Federal Reserve (Fed) interest rate hike cycle has come to an end. Although some Fed officials have indicated that inflation is persistent and that a high-interest rate environment should be maintained for an extended period, the focus for most has shifted to the timing of rate cuts. With the ongoing conflict in Ukraine and the Israel-Hamas conflict, which has yet to be resolved, it is expected that the stock market and exchange rates will fluctuate with international developments this year. Our company will closely monitor the potential impact of the foreign exchange market and manage exchange rate risks based on the actual future inflows and outflows of the US dollar.

6.2 Policies on High Risk, Highly Leveraged Investments, Loans to other Parties, Endorsements, and Derivative Trading Polices, main Reasons for Profits or Losses, and Future Response Measures:

In the most recent year, the Company and its subsidiaries have prudent financial management and do not engage in high-risk and highly leveraged investments. The Company's subsidiary, Eton Petrochemical Co., Ltd. and Eton Petrochemical International Co., Ltd. is currently applying for a letter of credit from its bank for its material purchase needs, in order to enable the subsidiary to proceed smoothly, so this guarantee is in place. The Company and its subsidiaries have established comprehensive policies and internal control procedures for loans of funds to others and derivative transactions, and regularly report to the Board of Directors on the status of loans of funds and gains and losses on derivative transactions.

The Company engages in derivative swap transactions, primarily for the purpose of diversifying assets, increasing the flexibility of capital deployment, allocating capital efficiently and enhancing profitability under the principle of risk diversification, and all transactions for 2023 and up to date have been in compliance with the relevant regulations.

6.3 Future Research & Development Projects and Corresponding Budget

Research Item	Budget Research Expenditure (NTD1000)
Nylon Chips	90,000
Engineering Plastics	50,000
Eco-friendly Dope Dyed Yarn	40,000
Modified Nylon Fibre	20,000
Special Function Fibre	30,000

6.4 Effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad and measures to be taken in response.

The Company's financial operations are all handled in accordance with related regulatory requirements. As of today, all important domestic policies and legal changes have no major effects on the Company's financial operations. In the future, the Company will pay attention to all relation information and will obtain relevant information and new on timely basis to study and come up with necessary responsive measures to meet the operation requirements of the Company.

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

1. In the recent years, manufacturers of CPL and Nylon slices have expanded capacity significantly and lately the China market has reached self-sufficient. The only small gap which remains unsatisfied is the high-end special function nylon slice. We will maximize the opportunity to keep selling our nylon slice to Mainland China. Recently we have successfully developed non fiber applications, such as thin filament, film, engineering plastic, etc. We have seen steady growth of orders in these products. We will use this opportunity to gradually increase the manufacturing facility utilization of nylon chips.
2. To increase our competitive advantage and to increase the sophistication of our products, in the recent years, we continued to retire old type of water-jet looms, and purchased new Broad Width water-jet looms. Among those new machines, 40 sets are used to produces stretch cloth to create flexibility for order combination. With installation of new machines, we are able to improve production efficiency, lower overall manufacturing costs, allowing new development possibilities for special equipment, such as Dual Beam or Picks of multiple colors. Especially the marketing of home decoration cloth, we began to see good marketing results through a focused sales effort on the 3- meter width blackout fabric, flame retardant series and sofa fabric for domestic sales.
3. Furthermore, due to the rapid advancements in technology, companies are frequently targeted by hacker attacks. To ensure information security, the Company also regularly updates its security equipment.

6.6 Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response.

The Company has always been operating on stability and integrity to continuously deepening the strength and capability of the management team. Our corporate image is sound and fair. No major change is foreseen.

6.7 Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken: None.

6.8 Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken: None.

6.9 Risks associated with any consolidation of sales or purchasing operations and mitigation measures being or to be taken.

1. Explanation of Purchase Consolidation:

The Company has established long-term partnership relationship with upstream suppliers. We have adopted multiple supplier strategy with multiple supply resources and all of them signed contracts with us. Therefore, there is no consolidation of purchase situation.

2. Explanation of Sales Consolidation:

The Company has set a credit limit for each customer and strictly control collection of payment from each customer. Meanwhile, we actively explore new customers and new geographic areas to spread the risk of sales concentration or the operation impact of losing single largest customer.

6.10 Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken:

There is no significant transfer or change of ownership.

6.11 Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken:

None.

6.12 Litigious and non-litigious matters. List major litigious, non-litigious or administrative disputes that involve the company and/or any company director, any company supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company; 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, the annual report shall 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:

There is no litigious, non-litigious matters, nor administrative disputes.

6.13 Other important risks, and mitigation measures being or to be taken: None.

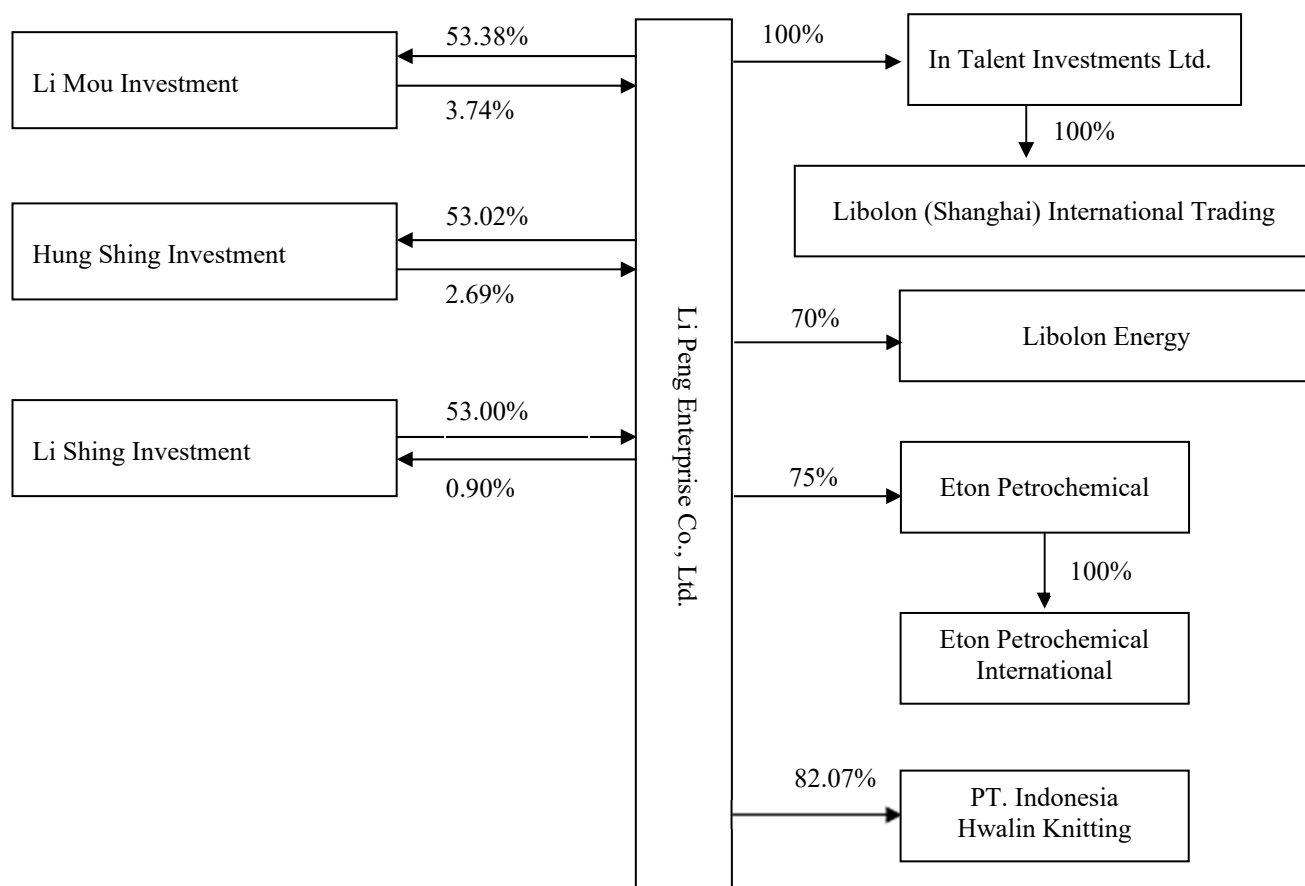
7. Other important matters: None

VIII. Special Disclosure

1. Subsidiaries

1.1 Information on Affiliated Companies

1. The organization chart of subsidiaries



2. Name, Date of Establishment, Address, Paid-in Capitals, and Main Business Items:

Name	Date of Establishment	Date of Investment	Address	Paid-in Capitals	Main Business Items
In Talent Investments Limited	28 July 2005	23 Jan 2006	Offshore Chambers, P.O. Box 217, Apia, Samoa	USD2,000 thousand	Investment
Libolon (Shanghai) International Trading	4 Jan 2006	23 Jan 2006	Room 532, 5 th Floor, No. 88, Taigu Road, Waigaoqiao Free Trade Zone, Shanghai City, China	USD2,000 thousand	Wholesales of synthetic fabrics, woven textiles, etc., trading of tangible goods
Li Mou Investment	30 March 1993	30 March 1993	11 th Floor, No. 162, Songjiang Road, Taipei City, Taiwan	NTD756,000 thousand	Investment
Hung Shing Investment	17 Jan 1997	17 Jan 1997	11 th Floor, No. 162, Songjiang Road, Taipei City, Taiwan	NTD496,000 thousand	Investment
Li Shing Investment	31 March 1998	31 March 1998	11 th Floor, No. 162, Songjiang Road, Taipei City, Taiwan	NTD800,000 thousand	Investment
Libolon Energy	14 Feb 2020	14 Feb 2020	No. 38, Gongye Road, Houliau Village, Fangyuan Township, Changhwa County	NTD30,000 thousand	Self-usage power generation equipment utilizing renewable energy industry; steam/electricity co-generation system
Eton Petrochemical	9 July 2020	9 July 2020	4 th Floor, No.162, Songjiang Road, Taipei City, Taiwan	NTD12,000 thousand	Wholesales of Chemical Feedstock

Name	Date of Establishment	Date of Investment	Address	Paid-in Capitals	Main Business Items
Eton Petrochemical International	3 Aug 2020	4 Nov 2020	Vistra Corporate Services Centre, Ground Floor Building, Beach Rd, Apia, Samoa	USD1000	Wholesales of Chemical Feedstock
PT. Indonesia Hwalin Knitting	23 Aug 2017	03 Jan 2022	Jl. Raya Ubrug RT 003 RW 001 Kembang Kuning, Jatiluhur Kab. Purwakarta Jawa Barat	USD9,200 thousand	Processing and manufacturing of telescopic nylon knitted fabrics, various man-made fibre fabrics, embryonic fabrics and other import and export trade businesses

3. Presumption of a relationship of control or subordination: None.

4. The industries covered by the business operated by the affiliates overall.

- (1) Sales of print paper, figure stained paper, plate moulding; printing, processing and manufacturing businesses;
- (2) Sales and manufacturing of Synthetic fiber, artificial fiber and its processed goods;
- (3) Sales and manufacturing of plastic raw materials;
- (4) Sales of industrial chemicals;
- (5) Sales and manufacturing of various of artificial, natural textiles, printing fabrics, cotton fabrics, silk, woven fabrics, garment fabrics, false twist woven fabrics; dyeing & finishing, processing businesses;
- (6) Sales, trading, and manufacturing of natural cotton, linen, silk, wool, synthetic textile, chemical fabrics, blended yarn, woven fabrics, etc.
- (7) Import & export of all the raw materials listed in the preceding paragraphs;
- (8) Import & Export trading of cloth;
- (9) General investment business;
- (10) Self-usage power generation equipment utilizing renewable energy industry; steam/electricity co-generation system
- (11) Processing and manufacturing of telescopic nylon knitted fabrics, various man-made fiber fabrics, embryonic fabrics and other import and export trade business.

5. The names of the directors, supervisors, and president of each affiliate and the details of their shareholding or capital contribution in such affiliate:

Name	Title	Name or Representative	Shareholding	
			No. of Shares	%
In Talent Investments Limited.	Director	Li Peng Enterprise	2,000,000	100%
		Representative: Kuo, Shao-Yi	0	0%
LIBOLON (Shanghai) International Trading	Director	In Talent Investments Limited.	N/A	100%
		Representative: Liu, Chun-Hsien		0%
Li Mou Investment	Chairman	Li Peng Enterprise	40,356,000	53.38%
		Representative: Lin Hsiu Ling	0	0%
	Supervisor	LEALEA Enterprise	35,244,000	46.62%
		Representative: Chen Yu-Chou	0	0%
Hung Shing Investment	Chairman	Li Peng Enterprise	26,296,000	53.02%
		Representative: Huang Yi Ping	0	0%
	Supervisor	LEALEA Enterprise	23,304,000	46.98%
		Representative : Wu, Kun-Ming	0	0%
Li Shing Investment	Chairman	Li Peng Enterprise	42,400,000	53.00%
		Representative: Chen, Hui-Chen	0	0%
	Supervisor	LEALEA Enterprise	37,600,000	47.00%
		Representative : Chen Han-Ching	0	0%

Special Disclosure

Name	Title	Name or Representative	Shareholding	
			No. of Shares	%
LIBOLON Energy	Chairman	Kuo, Shao-Yi	0	0
	Supervisor	Li Peng Enterprise Representative: Tung, Min-Hsiung	2,100,000 0	70.00% 0%
Eton Petrochemical	Chairman	Kuo, Shao-Yi	0	0%
	Director	Li Tian Co., Ltd. Representative: Kuo Chen Hai	300,000 0	25.00% 0%
	Director	Li Peng Enterprise Representative: Chen Yu-Chou	900,000 0	75.00% 0%
	Supervisor	Tung, Min-Hsiung	0	0%
Eton Petrochemical International	Chairman	Eton Petrochemical Representative: Kuo, Shao-Yi	1,000 0	100.00% 0%
PT.INDONESIA HWALIN KNITTING	Chairman	Kuo, Shao-Yi	0	0%
	Director	Tung, Min-Hsiung	0	0%
	Director	Su Yen-Ming	0	0%
	Director	Hung Tsung-Chi	0	0%
	Director	Wang, Chun-Fa	0	0%

6. The overview of the operations of the affiliates

Unit: NTD1000

Name of Enterprise	Paid-in Capital	Total Asset Value	Total Liabilities	Total Equity	Operating Income	Net Operating Profit (Loss)	Current Profit (Loss) (after Tax)	EPS (Loss per share) (NTD) (After Tax)
Libolon (Shanghai) International Trading (Note2)	65,893	380,505	116,544	263,961	410,305	180	10,106	5.05
Li Mou Investment	756,000	943,901	1,275	942,626	2,490	2,349	1,160	0.02
Hung Shing Investment	496,000	710,903	749	710,154	(1,119)	(1,260)	(2,111)	(0.04)
Li Shing Investment	800,000	851,425	1,230	850,195	10,420	10,274	8,717	0.11
Libolon Energy	30,000	8,369	348	8,021	0	(2,499)	(2,399)	(0.80)
Eton Petrochemical	12,000	2,253,837	2,193,505	60,332	20,405,964	95,057	37,945	31.62
Eton Petrochemical International (Note 3)	29	5,700	103	5,597	92,192	3,541	(389)	(389)
PT.INDONESIA HWALIN KNITTING(Note 4)	250,128	285,101	36,756	248,345	67,047	(4,180)	(6,688)	(0.73)

Note 1: The above data are the amount that have been readjusted and edited by the Company.

Note 2: Based on the exchange rate on 31 Dec 2023, RMB : NTD = 1 : 4.327.

while the annual average exchange rate for RMB : NTD = 1 : 4.3956.

Note 3: Based on the exchange rate on 31 Dec 2023, USD : NTD = 1 : 30.705.

while the annual average exchange rate for USD : NTD = 1 : 31.1773.

Note 4: Based on the exchange rate on 31 Dec 2023, IDR : NTD = 1 : 0.0019918.

while the annual average exchange rate for IDR: NTD = 1 : 0.0020437.

1.2 Declaration for the Consolidated Financial Statements of Affiliated Enterprises of the Company

Representation Letter

The entities that are required to be included in the combined financial statements of LI PENG ENTERPRISE COMPANY LIMITED as of and for the year ended 31 December 2023, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in the conformity with the International Accounting Standard 10, "Consolidated and Separated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, LI PENG ENTERPRISE COMPANY LIMITED and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,
Li Peng Enterprise Co., Ltd.
By

Chairman: Kuo, Shao-Yi

15 March 2024

2. Issuance of Private Placement Securities in the latest year: None.

3. The Company's shares held or disposed by subsidiaries in recent years until the Annual Report being published

3.1 Holding or disposal of company shares in the most recent fiscal year up to the publication date of this annual report

Unit: Share/NTD1000

Subsidiary Title	Paid-in Capital	Source of Capital	The Company Shareholding %	Date of Acquisition or Disposition	Number and amount of shares acquired	Number and amount of shares disposed	Gain and loss on investment	Number and amount of shares as of the publication date of this annual report	Pledge Status	Amount of endorsement and guarantees provided to subsidiaries by the company	Loans provided to subsidiaries by this Company
Li Mou Investment	756,000	-	53.38	-	-	None	None	34,177,995 \$420,971	None	None	None
Li Shing Investment	800,000	-	53.00	-	-	None	None	8,233,024 \$99,860	None	None	None
Hung Shing Investment	496,000	-	53.02	-	-	None	None	24,618,087 \$297,630	None	None	None

3.2 Impacts on the Company's operating results and financial status: None

4. Other supplementary information: None

5. Pursuant to the Article 36-3-2 of Security Exchange Act, event having material impact on shareholder's equity or share price: None

Consolidated Financial Statements

Independent Auditor's Report

To Li Peng Enterprise Corporation Limited

Opinion

We have audited the accompanying consolidated financial statements of Li Peng Enterprise Corporation Limited and its subsidiaries (the “Company”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the Other Matter paragraph), 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 consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the 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 consolidated financial statements of the Company for the year 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, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's consolidated financial statements for the year 2023 are stated as follows:

The authenticity of the sales revenue of specific customers of nylon products

Li Peng Enterprise Corporation Limited and its subsidiaries comprises of nylon department, weaving department, and trading department. Nylon product sales revenue in 2023 will decline compared with 2022, but some new customers or non-recurring transaction customers will increase compared with the previous period and are significantly different from the expected performance of the industry environment. Therefore, in the 2023 annual audit, we listed the authenticity of sales of nylon product sales to new customers in the current period or non-recurring trading customers whose sales revenue is growing as a key audit matters. Please refer to Note 4 in the consolidated financial report for the reference of the related accounting policy concerning income recognition.

Our audit procedures related to the evaluation of the above-mentioned key audit matter, include the understanding and sampling of selected internal control design with effectively execution to have identified the transaction of sales revenue.

Other Matter

In the consolidated financial report for 2023, the financial statements of some investee companies for using the equity method were audited by other auditors. Our opinion, on the consolidated financial report the amounts listed in the financial statements of the investee companies that are treated using the equity method are based on the audit reports of other auditors. As of December 31, 2023, the aggregate carrying amount of the equity-method investments in the related party was NT\$943,064 thousand, representing 4.95% of the Group's consolidated total assets. From January 1 to December 31, 2023, the share of the above-mentioned investee company's comprehensive profits and losses of affiliated enterprises recognized using the equity method was NT\$29,404 thousand, accounting for (10.33%) of the comprehensive profits and losses for that year.

We have also audited the parent company only financial statements of the Company for the years ended December 31, 2023 and 2022 on which we have issued an unmodified plus other matters paragraph opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the

Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the 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 members of the Audit Committee) are responsible for overseeing the Company'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 of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, 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 statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or revise the audit opinions, if such disclosures are inadequate. Our conclusions are based on the audit evidence obtained up to the date of our

auditors' report. However, future events or conditions may cause the Company and subsidiaries to cease operations.

5. Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significant in the audit of the 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 regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Wu,Ke-Chang and Hong, Kuo-Tyan.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 22, 2024

LI PENG ENTERPRISE CORPORATION LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
For The Years Ended December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars)

Code	Assets	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
	Current Assets				
1100	Cash and cash equivalents (Note 6)	\$ 2,102,831	11	\$ 2,360,351	12
1110	Financial assets at fair value through profit or loss - current (Note 7)	220,250	1	232,015	1
1150	Notes receivable, net (Note 8)	50,450	-	56,251	-
1160	Notes receivable from related parties, net (Note 29)	96,940	1	109,777	1
1170	Accounts receivable, net (Note 8)	2,373,291	12	2,273,747	12
1180	Accounts receivable from related parties, net (Note 29)	124,890	1	91,413	-
1210	Loan to related parties (Note 29)	778,145	4	321,710	2
130X	Inventory (Note 9)	2,512,764	13	3,248,825	16
1410	Prepayments	113,690	1	190,094	1
1476	Other financial assets - current (Note 10,29 and 30)	381,308	2	217,250	1
1479	Other current assets	11,861	-	30,086	-
11XX	Total current assets	<u>8,766,420</u>	<u>46</u>	<u>9,131,519</u>	<u>46</u>
	Non-current assets				
1510	Financial assets at fair value through profit or loss—non-current (Note 7)	6,333	-	6,333	-
1517	Financial assets at fair value through other comprehensive income—non-current (Note 11)	2,054,730	11	1,938,250	10
1550	Investment adjustments for Using Equity Method (Note 13)	2,660,888	14	2,640,045	14
1600	Property, plant, equipment (Note 14)	5,072,169	27	5,575,680	28
1755	Right of use asset (Note 15)	24,506	-	27,125	-
1821	Other intangible assets (Note 16)	4,918	-	6,240	-
1840	Deferred tax assets (Note 23)	444,662	2	357,121	2
1915	Prepayment for equipment	927	-	769	-
1990	Other non-current assets	6,139	-	20,115	-
15XX	Total non-current assets	<u>10,275,272</u>	<u>54</u>	<u>10,571,678</u>	<u>54</u>
1XXX	Total Assets	<u>\$ 19,041,692</u>	<u>100</u>	<u>\$ 19,703,197</u>	<u>100</u>
	Liability and Equity				
	Current liability				
2100	Short-term loan (Note 17)	\$ 3,608,000	19	\$ 3,675,000	19
2110	Short-term corporate bonds payable (Note 17)	10,000	-	520,000	3
2120	Financial liability at fair value through profit or loss (Note 7)	43,414	-	529	-
2150	Notes payable	31,975	-	41,127	-
2160	Notes payable – related parties (Note 29)	86,318	-	52,484	-
2170	Accounts payable	1,941,963	10	1,873,922	9
2180	Accounts payable—related parties (Note 29)	62,596	-	60,369	-
2219	Other payable (Note 29)	630,102	3	597,177	3
2220	Loan from related parties (Note 29)	113,000	1	105,000	1
2230	Current tax liabilities (Note 23)	10,421	-	6,918	-
2250	Current provisions	1,062	-	945	-
2280	Lease liability—current (Note 15)	2,632	-	2,348	-
2320	Long-term loan due in a year (Note 18)	141,250	1	117,500	1
2399	Other current liability	120,420	1	143,912	1
21XX	Total current liabilities	<u>6,803,153</u>	<u>35</u>	<u>7,197,231</u>	<u>37</u>
	Non-current liability				
2540	Long-term loan (Note 18)	1,854,000	10	1,786,875	9
2570	Deferred income tax liability (Note 23)	149,089	1	149,538	1
2580	Lease liability—non-current (Note 15)	25,986	-	28,047	-
2640	Accrued pension liability, net—non-current (Note 19)	204,796	1	242,715	1
2670	Other non-current liability	2,074	-	2,158	-
25XX	Total non-current liabilities	<u>2,235,945</u>	<u>12</u>	<u>2,209,333</u>	<u>11</u>
2XXX	Total liability	<u>9,039,098</u>	<u>47</u>	<u>9,406,564</u>	<u>48</u>
	Equity Attributable to Shareholders of the Parent (Note 20)				
3110	Common stock	9,100,712	48	9,144,872	46
3200	Capital reserve	191,201	1	187,282	1
	Retained earning				
3310	Legal reserve	525,527	3	525,527	3
3320	Special reserve	229,670	1	229,670	1
3350	Accrued loss	(514,313)	(3)	(71,277)	-
3300	Total retained earnings	240,884	1	683,920	4
3400	Other equity	(209,570)	(1)	(324,345)	(2)
3500	Treasury stock	(289,292)	(1)	(330,507)	(2)
31XX	Total Equity to Shareholders of the Parent	<u>9,033,935</u>	<u>48</u>	<u>9,361,222</u>	<u>47</u>
36XX	Non-controlling interests (Note 20 and 25)	968,659	5	935,411	5
3XXX	Total equity	<u>10,002,594</u>	<u>53</u>	<u>10,296,633</u>	<u>52</u>
	Total of Liability and Equity	<u>\$ 19,041,692</u>	<u>100</u>	<u>\$ 19,703,197</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 22, 2024)

Chairman: Kuo, Shao-Yi

Manager: Chen, Ping-Huang

Accounting Supervisor: Su, Pei-Yu

LI PENG ENTERPRISE CORPORATION LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For The Years Ended December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars, Except Earnings per Share)

Code		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (Note 4, 21, 29)	\$ 29,669,737	100	\$ 28,501,393	100
5000	Operating cost (Note 9, 29)	<u>29,438,180</u>	<u>99</u>	<u>27,995,196</u>	<u>98</u>
5900	Operating profit	231,557	1	506,197	2
5910	Unrealized profit on sales to associates	(1,116)	-	(317)	-
5920	Realized profit on sales to associates	<u>317</u>	<u>-</u>	<u>884</u>	<u>-</u>
5950	Realized operating profit	<u>230,758</u>	<u>1</u>	<u>506,764</u>	<u>2</u>
	Operating expense (Note 29)				
6100	Sales expense	485,375	2	502,304	2
6200	Management expense	234,750	1	247,511	1
6300	R&D expense	109,899	-	94,768	-
6450	Expected credit gain on reversal of impairment loss	(<u>485</u>)	<u>-</u>	(<u>2,593</u>)	<u>-</u>
6000	Total operating expenses	<u>829,539</u>	<u>3</u>	<u>841,990</u>	<u>3</u>
6900	Operating net loss	(<u>598,781</u>)	(<u>2</u>)	(<u>335,226</u>)	(<u>1</u>)
	Non-operating income and expenses				
7100	Interest income (Note 22, 29)	106,212	1	44,389	-
7010	Other income (Note 22, 29)	44,237	-	100,619	-
7020	Other profit and loss (Note 22, 29)	52,561	-	245,129	1
7050	Finance cost (Note 22)	(109,282)	-	(77,414)	-
7060	Share of profits of associates	<u>3,233</u>	<u>-</u>	(<u>12,011</u>)	<u>-</u>
7000	Total non-operating income and loss	<u>96,961</u>	<u>1</u>	<u>300,712</u>	<u>1</u>

(Continued)

Code		2023		2022	
		Amount	%	Amount	%
7900	Net loss before tax	(\$ 501,820)	(1)	(\$ 34,514)	-
7950	Income tax profit (Note 4, 23)	68,526	-	16,598	-
8200	Net loss of the year	(433,294)	(1)	(17,916)	-
	Other comprehensive income (net)				
8310	Uncategorized items profit and loss :				
8311	Measure on defined benefit plans	8,512	-	2,895	-
8316	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	106,804	-	(209,026)	(1)
8320	Share of other comprehensive gain of associates and joint ventures	23,897	-	(109,409)	-
8360	Items that may be reclassified subsequently to profit or loss :				
8361	Exchange differences resulting from translation on foreign operations	9,568	-	2,661	-
8300	Total other comprehensive income of the year	148,781	-	(312,879)	(1)
8500	Total comprehensive income of the year	(\$ 284,513)	(1)	(\$ 330,795)	(1)
	Net (loss) profit attributable to :				
8610	Shareholder of the parent	(\$ 445,006)	(1)	(\$ 37,008)	-
8620	Non-controlling interests	11,712	-	19,092	-
8600		(\$ 433,294)	(1)	(\$ 17,916)	-
	Comprehensive income attributable to :				
8710	Shareholders of the parent	(\$ 328,261)	(1)	(\$ 289,962)	(1)
8720	Non-controlling interests	43,748	-	(40,833)	-
8700		(\$ 284,513)	(1)	(\$ 330,795)	(1)
	Loss Per Share (Note 24)				
9710	Basic	(\$ 0.51)		(\$ 0.04)	

(Concluded)

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

(With Deloitte & Touche auditors' report dated March 22, 2024)

Chairman: Kuo, Shao-Yi Manager : Chen, Ping-Huang Accounting Supervisor : Su, Pei-Yu

LI PENG ENTERPRISE CORPORATION LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY
For The Years Ended December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars)

Code		Equity Attributable to Shareholders of the Parent											Non-Controlling interests	Total equity	
		Retained Earning						Other Equity Items							
		Capital Stock-Common Stock		Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings (Unappropriated deficit)	Foreign Organization Financial report Exchange difference	Financial assets unrealized profit and loss at fair value through other comprehensive income			Treasury Stock			Total
Shares (In Thousands)	Amount	Parent Company	Subsidiary using Equity Method						Associates using Equity Method						
A1	BALANCE JANUARY 1, 2022	914,487	\$ 9,144,872	\$ 185,591	\$ 525,527	\$ 229,670	(\$ 42,496)	(\$ 45,610)	\$ 247,105	(\$ 214,364)	(\$ 49,739)	(\$ 330,507)	\$ 9,650,049	\$ 953,473	\$ 10,603,522
	Adjustments to other capital surplus:														
C7	Adjustments to share of changes in equities of associates	-	-	(196)	-	-	(556)	-	-	-	-	-	(752)	-	(752)
M5	Difference between consideration and carrying amount of subsidiaries acquired or disposed (Note26)	-	-	1,887	-	-	-	-	-	-	-	-	1,887	(75,312)	(73,425)
O1	Cash dividends of the Company received by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(6,750)	(6,750)
Q1	Associates' disposal of equity tool through other comprehensive income	-	-	-	-	-	598	-	-	-	(598)	-	-	-	-
O1	NCI (Note20 and 25)	-	-	-	-	-	-	-	-	-	-	-	-	104,833	104,833
D1	Net loss in 2022	-	-	-	-	-	(37,008)	-	-	-	-	-	(37,008)	19,092	(17,916)
D3	Other comprehensive income (loss) in 2022, net of income tax	-	-	-	-	-	8,185	1,634	(78,917)	(69,171)	(114,685)	-	(252,954)	(59,925)	(312,879)
D5	Total comprehensive income (loss) in 2022	-	-	-	-	-	(28,823)	1,634	(78,917)	(69,171)	(114,685)	-	(289,962)	(40,833)	(330,795)
Z1	BALANCE DECEMBER 31, 2022	914,487	9,144,872	187,282	525,527	229,670	(71,277)	(43,976)	168,188	(283,535)	(165,022)	(330,507)	9,361,222	935,411	10,296,633
	Adjustments to other capital surplus:														
C7	Adjustments to share of changes in equities of associates	-	-	974	-	-	-	-	-	-	-	-	974	-	974
L3	Retirement of treasury stock (Note20)	(4,416)	(44,160)	2,945	-	-	-	-	-	-	-	41,215	-	-	-
O1	Cash dividends of the Company received by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(10,500)	(10,500)
Q1	Associates' disposal of equity tool through other comprehensive income	-	-	-	-	-	(5,979)	-	-	(65)	6,044	-	-	-	-
D1	Net loss in 2023	-	-	-	-	-	(445,006)	-	-	-	-	-	(445,006)	11,712	(433,294)
D3	Other comprehensive income (loss) in 2023, net of income tax	-	-	-	-	-	7,949	8,627	40,357	35,328	24,484	-	116,745	32,036	148,781
D5	Total comprehensive income (loss) in 2023	-	-	-	-	-	(437,057)	8,627	40,357	35,328	24,484	-	(328,261)	43,748	(284,513)
Z1	BALANCE DECEMBER 31, 2023	910,071	\$ 9,100,712	\$ 191,201	\$ 525,527	\$ 229,670	(\$ 514,313)	(\$ 35,349)	\$ 208,545	(\$ 248,272)	(\$ 134,494)	(\$ 289,292)	\$ 9,033,935	\$ 968,659	\$ 10,002,594

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

(With Deloitte & Touche auditors' report dated March 22, 2024)

Chairman: Kuo, Shao-Yi

Manager : Chen, Ping-Huang

Accounting Supervisor : Su, Pei-Yu

LI PENG ENTERPRISE CORPORATION LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For The Years Ended December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars)

Code		2023	2022
	Cash Flows from Operating Activities		
A10000	Loss before income tax	(\$ 501,820)	(\$ 34,514)
A20010	Adjustments to reconcile profit (loss)		
A20100	Depreciation expense	617,684	617,052
A20200	Amortization expense	3,839	11,581
A20300	Expected credit gain for bad debt expense	(485)	(2,593)
A29900	Amortized prepayment	56,330	73,608
A20400	Financial assets and liability at fair value through (profit) or loss	43,242	(4,335)
A20900	Finance costs	109,282	77,414
A21200	Interest income	(106,212)	(44,389)
A21300	Dividend income	(1,188)	(60,602)
A22300	Share of income to associates using equity method	(3,233)	12,011
A22500	Loss (Gain) on disposal or retirement of property, plant, equipment	1,246	(2,106)
A23100	Gain on disposal of investment, net	(18,908)	(3,210)
A23700	Impairment loss on non-financial assets	-	25,782
A23800	Impairment loss (gain) on inventory	(58,288)	117,393
A23900	Unrealized profit on sales to associates	799	(567)
A24100	Loss (Gain) on foreign exchange, net	(78,735)	870
	Changes in operating assets and liabilities		
A31115	Collect financial assets at fair value through profit or loss	29,105	274,079
A31130	Notes receivable	18,738	116,084
A31150	Accounts receivable	(87,144)	369,287
A31200	Inventory	793,897	(197,988)
A31230	Prepayments	21,204	(70,489)
A31240	Other current assets	27,196	(7,718)
A31990	Other non-current assets	7,662	25
A31250	Other financial assets	(162,699)	(17,348)
A32130	Notes payable	24,682	(30,319)
A32150	Accounts payable	97,241	(196,685)
A32180	Other payables	84,850	(186,501)
A32200	Current provisions	117	(4,254)
A32240	Accrued pension liabilities	(29,407)	(13,154)
A32230	Other current liability	(17,810)	(33,570)
A33000	Cash inflow generated from operations	871,185	784,844
A33100	Interest income	104,248	41,755
A33200	Dividend income	1,188	60,602

(Continued)

Code		2023	2022
A33200	Dividend income from associates	\$ 15,320	\$ 40,510
A33300	Interest payable	(109,529)	(75,516)
A33500	Income tax payable	(24,801)	(17,245)
AAAA	Cash inflow from operating activities	<u>857,611</u>	<u>834,950</u>
	Cash Flows from Investing Activities		
B00010	Acquisition of financial assets at fair value through other comprehensive income	(47,135)	-
B00020	Disposal of financial assets at fair value through other comprehensive income	37,459	-
B01800	Acquisition of associates	-	(180,030)
B02200	Cash inflow from acquisition of subsidiaries	-	3,378
B02700	Acquisition of property, plant, equipment	(139,181)	(435,100)
B02800	Disposal of property, plant, equipment	5,133	15,838
B03800	Decrease (Increase) in refundable deposits	6,272	(7,692)
B04500	Acquisition of intangible asset	(2,485)	(5,461)
B05900	Decrease (Increase) in loan to related parties receivables	(<u>448,577</u>)	<u>245,710</u>
BBBB	Cash outflow from investment activity	<u>(588,514)</u>	<u>(363,357)</u>
	Cash Flows from Financing Activities		
C00100	Increase (Decrease) in short-term loan	(67,000)	880,000
C00500	Decrease in short-term bills payable	(510,000)	(280,000)
C01600	Lend long-term loan	2,894,000	2,750,000
C01700	Repay long-term loan	(2,803,125)	(2,702,066)
C04020	Lease principal repayment	(2,683)	(2,195)
C03000	Increase (Decrease) in refundable deposits	(84)	472
C03700	Increase (decrease) in loan to related parties payables	8,000	(8,000)
C05200	Issuance of preference shares by subsidiaries	(10,500)	(6,750)
C05800	Changes to non-controlling interests	<u>-</u>	<u>(73,425)</u>
CCCC	Net cash flows from (used in) financing activities	<u>(491,392)</u>	<u>558,036</u>
DDDD	Effect of exchange rate on cash or cash equivalents	(<u>35,225</u>)	(<u>474</u>)
EEEE	Net Increase (Decrease) in Cash and Cash Equivalents	(257,520)	1,029,155
E00100	Balance of cash and cash equivalents, beginning of the year	<u>2,360,351</u>	<u>1,331,196</u>
E00200	Balance of cash and cash equivalents, end of the year	<u>\$ 2,102,831</u>	<u>\$ 2,360,351</u>

(Concluded)

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

(With Deloitte & Touche auditors' report dated March 22, 2024)

Chairman: Kuo, Shao-Yi Manager: Chen, Ping-Huang Accounting Supervisor : Su, Pei-Yu

LI PENG ENTERPRISE CORPORATION LIMITED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. Company History

Li Peng Enterprise Corporation Limited (the “Li Peng” or “Company”), which was established in August 1975, produced various types of printed papers, decal papers, paper products, and printing boards. In 1985, dyeing plant was built; in 1988, weaving plant was then added to produce synthetic, natural woven fabric, cotton, and printed textile. In 1999, additional nylon plants were built, which were to produce synthetic fibers and nylon filament yarns that would be made into products for trading.

The Company’s factories are located in Yangmei district in Taoyuan city, and another in Fanyuan township in Changhua County.

The Company was listed and traded on the Taiwan Stock Exchange in January 1992.

The Company’s major shareholder is Lealea Enterprise Co. Ltd., with 16.17% and 15.89% of the company’s shares as of December 31, 2023 and 2022.

The Company’s functional currency and the currency stated in the consolidated financial statement are both New Taiwanese Dollar.

2. The Authorization of Financial Statements

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on March 15, 2024.

3. Application of New and Revised International Financial Reporting Standards

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

The application of the revised IFRSs approved and issued by the FSC will not result in a material change in the accounting policies of consolidated company.

b. IFRS endorsed by the Financial Supervisory Commission (FSC) in 2024

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendments to IFRS16” Leases 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 IAS1” 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 : Otherwise stated, the above New, Revised, Amended Standards and Interpretations shall be effective since the start date of annual reporting.

Note 2 : A seller-lessee shall 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 : The amendments provide some transition relief regarding disclosure requirements.

As of the date of approval of this consolidated financial report, the consolidated company assesses that the amendments to the above-mentioned standards and interpretations will not have a significant impact on its financial position and financial performance.

c. The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendments to IFRS10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined
IFRS 17 “Insurance Contract”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17“Initial application IFRS 17 and IFRS 9— Compare Information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

Note 1 : Otherwise stated, the above New, Revised, Amended Standards and Interpretations shall be effective since the start date of annual reporting.

Note 2 : An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings.

When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date of approval of this consolidated financial report, the consolidated company continues in evaluating the impact on its financial position and financial performance as a result of the initial adoption of the aforementioned standards or interpretations and related applicable period. The related impact will be disclosed when the consolidated company completes the evaluation.

4. Summary of Significant Accounting Policies

Statement of Compliance

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis of Preparation

The accompanying consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values and for the net defined benefit liabilities recognized at fair value of the planned assets at the present value of the defined benefit liabilities, as explained in the accounting policies below.

The evaluation of fair value based on the observability and importance of relevant input value is classified into gradings from 1st to 3rd grade:

- a. 1st grade input value : the quotation of equivalent value of the assets or liabilities in the active market on evaluation date (unadjusted).
- b. 2nd grade input value: the observable input value (besides the quotation of 1st grade) on assets and liabilities direct (value) or indirect (derived value).
- c. 3rd grade input value : the unobservable input value on assets or liabilities.

Classification of Current and Noncurrent Assets and Liabilities

Current Assets include :

- a. Assets held for trading purposes
- b. Expected to be converted to cash, sold or consumed within 12 months from the end of the reporting period, and
- c. Cash and cash equivalent (not including the restricted users for exchange or settle liabilities after over 12 months from the balance sheet date.)

Current Liabilities include :

- a. Liabilities held for trading purposes
- b. Liabilities expected to be settled within 12 months from the balance sheet date (including liabilities from long-term refinancing or readjusting payment agreement even if it's after the balance sheet date until the approved release date of financial report), and
- c. The deadline to settle liabilities cannot be deferred unconditionally to later than 12 months after the balance sheet date. The terms of the liability may depend on the counterparty's choice; the issuance of equity instruments to cause its liquidation does not affect the classification.

Items that aren't current assets or liabilities as mentioned above, would be classified as non-current assets or liabilities.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the consolidated company and entities controlled by the consolidated company (its subsidiaries). The income and expenses of subsidiaries acquired or disposed of are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal. When necessary, adjustments are made to the financial statements of subsidiaries to ensure their accounting policies are aligning with those used by the parent. All intra-group transactions, balances, income, and expenses are eliminated in full on consolidation. Total comprehensive income of subsidiaries is attributed to the shareholders of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the consolidated company's ownership interests in subsidiaries that do not result in the consolidated company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the consolidated company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to shareholders of the parent.

The details on items, ratio of shares owned, and operations of the subsidiaries can be referred to Note 12 and Table 7 and 8.

Business Combination

Business combination is through acquisition methods. Expenses related to acquisitions are listed as expenses when expenses incurred from rendering of services as it happened.

Goodwill is the total amount of the fair value of the transfer, the amount of non-controlling interests of the acquiree, and the fair value of the acquiree's previously held equity at the acquisition date, the net measure of identifiable assets acquired, and liabilities assumed beyond the date of acquisition.

The acquiree has the current ownership of equity and is entitled to pro rata non-controlling interests in the acquiree's net assets at the time of liquidation, which is measured by fair value. Other non-controlling interests are measured at fair value.

A business combination concluded in stages is based on the fair value on the acquisition date to re-measure the equity of the acquiree that the merging company has previously held. If any profit or loss arises as a result, it is recognized as a profit or loss. The amount recognized in other comprehensive profits and losses before the acquisition date due to the previously held equity of the acquiree is recognized on the same basis as if the amalgamating consolidated company directly disposes of its previously held equity.

Foreign Currencies

In preparing the financial statements of each individual consolidated entity, transactions in currencies other than the entity's functional currency (foreign currencies) is recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date; such exchange differences are recognized in profit or loss in the period in which they arise.

Amount receivable or payable with relation to the consolidated company's foreign operations' currency, the liquidation of the item is currently neither planned nor possible in the foreseeable future (so it constitutes a part of the net investment in the foreign operations), the exchange difference is originally recognized as other comprehensive gains and losses, and when disposing net investment, reclassify from equity to profit and loss.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other

comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in foreign currencies use exchange rates prevailing on trading day, not retranslated.

As preparing the consolidated financial statements, assets and liabilities of the Company's foreign operations are translated into NTD using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (attributed to the consolidated company's non-controlling interests as appropriate).

Inventories

Inventories include raw materials, materials, finished goods, and processed goods. Inventories are stated at the lower of cost or net realizable value. Inventories are recorded at standard cost and adjusted to approximate weighted-average cost at the end of the reporting period. Net realizable value represents the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventory cost is calculated by the weighted average method.

Investment in Associates

Investment accounted for using equity method are investments in associates, which the consolidated company has significant influence over, they are not subsidiaries.

The consolidated company invested in associates using equity method.

Under the equity method, an investment in an associate is initially recognized in the consolidated statements of financial position at cost and adjusted thereafter to recognize the consolidated company's share of profit or loss and other comprehensive income of the associates as well as the distribution received. The consolidated company also recognizes its share in the changes in the equities of associates.

Any excess of the cost of acquisition over the consolidated company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment. The entire carrying amount of the investment (including goodwill) cannot be amortized. Any excess of the consolidated company's share of the net fair value of the identifiable assets, liabilities, and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the associated company issues new shares, if the consolidated company fails to subscribe according to the shareholding ratio, which causes the shareholding ratio to change, and consequently increases or decreases the net equity value of the investment, the amount of increase or decrease shall be adjusted to the capital reserve - use the equity method to recognize the changes in the net equity of associates and the investment using the equity method. If the shareholding ratio is not subscribed nor obtained, which results in a decrease in the ownership and interest of the associated company, the amount recognized in the other comprehensive profit and loss related to the associated company shall be reclassified according to the reduced portion, and the basis of accounting treatment is related to the associated company, if the relevant assets or liabilities are directly disposed of, the basis must be the same; if the adjustment in the preceding paragraph should be debited to the capital surplus, and the balance of the capital reserve generated by the investment using the equity method is insufficient, the difference is debited to the retained earnings.

When the consolidated company's share of losses in the associated company equals or exceeds its equity in the associated company (including the carrying amount of the investment in the associated company under the equity method and other long-term interests that are essentially part of the consolidated company's net investment in the associated company), that is, stop recognizing further losses. The consolidated company only recognizes additional losses and liabilities within the scope of incurred statutory obligations, deduced obligations, or payments on behalf of associates.

When assessing impairment, the consolidated company regards the overall book value of the investment (including goodwill) as a single asset, compares the recoverable amount with the carrying amount, and conducts an impairment testing. The recognized impairment loss is not allocated to the component of the investment book value. Any assets, including goodwill, any reversal of the impairment loss shall be recognized within the scope of the subsequent increase in the recoverable amount of the investment.

The consolidated company ceases to use the equity method on the day when its investment ceases to be an associated company, and its retained equity in the original associated company is measured at fair value, recorded in the current profit and loss. In addition, for all amounts recognized in other comprehensive profit and loss related to the associated company, the basis of accounting treatment is the same as the basis that the associated company must abide by when and if it directly disposes the assets or liabilities. If an investment in an associated company becomes an investment in a joint venture, or an investment in a joint venture becomes an investment in an associated company, the consolidated company will continue to use the equity method without re-evaluating the retained equity.

The profit and loss arising from the upstream, downstream, and side-current transactions between the consolidated company and the associated company are recognized in the consolidated financial report only to the extent that the consolidated company has no relation to the equity of the associated company.

Property, Plant and Equipment

Property, plant and equipment are listed as expenses, measured at cost less accumulated depreciation and accumulated impairment.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Costs include any incremental costs that are directly attributable to the construction or acquisition of the item of property, plant and equipment. Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other identical categories of property, plant and equipment, commences when the assets are available for their intended use.

Land is not depreciated, other property, plant and equipment's residual values over their useful lives and depreciation are computed using the straight-line method, estimate the depreciated value individually based on every significant part. The consolidated company shall estimate and review their useful lives, residual values, and depreciation method at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Intangible Assets

Other separately acquired intangible assets with finite useful lives are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized using the straight-line method over the estimated useful lives, finite useful lives, residual values, and amortization method should be reviewed at the end of each reporting period by the consolidated company, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with uncertainty useful lives are presented as cost less accumulated impairment losses.

As intangible assets are being removed, the difference between the net disposal value and the asset's book value is recognized in the current profit and loss.

Impairment of Property, Plant and Equipment, Right-of-use Assets, and Intangible Assets (besides goodwill)

The consolidated company reviews the carrying amounts of its property, plant and equipment, right-of-use assets, and intangible assets (besides goodwill) to determine whether there is any indication that those assets have suffered an impairment loss on each balance sheet date. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the consolidated company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Shared assets are allocated to individual cash-generating units for which a reasonable and consistent allocation basis can be identified.

For intangible assets that don't have definite useful life and are not yet available for use, impairment testing shall be carried out at least annually and when there are signs of impairment.

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

When an impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is adjusted to the revised recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in the previous year (minus amortization or depreciation). A reversal of an impairment loss is recognized immediately in profit or loss.

Financial Instruments

Financial assets and financial liabilities are recognized on the consolidated balance sheet when the consolidated company becomes a party to the contract terms of the instrument.

In the initial recognition of financial assets and financial liabilities, if financial assets or financial liabilities are not measured at fair value through profit and loss, they are measured at fair value plus trading costs directly attributable to the acquisition or issuance of financial assets or financial liabilities. Trading costs directly attributable to the acquisition or issuance of financial assets or financial liabilities measured at fair value through profit and loss are immediately recognized as profit and loss.

a. Financial Asset

Conventional transactions of financial assets are recognized and delisted by accounting on the trading day.

(1) Types of Measurement

Types of financial assets held by the consolidated company are financial assets measured at fair value through profit and loss, financial assets measured at amortized cost, and equity instrument investment measured at fair value through other comprehensive gains and losses.

A. Financial Assets Measured at Fair Value through Profit and Loss

Financial assets measured at fair value through profit and loss include mandatory fair value through profit and loss and financial assets designated as fair value through profit and loss. Mandatory financial assets measured at fair value through profit or loss include equity instrument investments that the amalgamating company has not specified to be measured at fair value through other comprehensive profit and loss, and debt instrument investments that are not classified as measured at amortized cost or measured at fair value through other comprehensive profit and loss.

Financial assets are designated at the time of initial recognition as measured at fair value through profit and loss if the designation can eliminate or significantly reduce measurement or recognition inconsistencies.

Financial assets measured at fair value through profit and loss are the dividends and interests generated by fair value measurement, that are recognized in other income and interest income respectively, and the benefits or losses generated by the re-measurement are recognized in other income and loss. Please refer to Note 28 for the method of determining fair value.

B. Financial Assets at Amortized Cost

If the financial assets invested by the consolidated company meet the following two conditions at the same time, they are classified as financial assets measured at amortized cost:

- a. Held under a certain business model, the purpose of this model is to hold financial assets to collect contractual cash flows; and
- b. The terms of the contract generate cash flows on a specific date, and these cash flows are all interests on the payment of the principal and the amount of principal in circulation.

Financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable, notes receivable and other receivables measured at amortized cost) after initial recognition, are measured by the total book amount determined by the effective interest method minus the amortized cost of any impairment loss, and any foreign currency exchange gains and losses are recognized as in profit and loss.

Except for the following two cases, interest income is calculated by multiplying the effective interest rate by the total book value of financial assets:

- a. For purchased or created credit-impaired financial assets, interest income is calculated by multiplying the effective interest rate after credit adjustment by the amortized cost of the financial assets.
- b. For financial assets that are not purchased or originated from credit impairment, but subsequently become credit impairment, calculate the interest income by multiplying the effective interest rate by the amortized cost of the financial asset from the next reporting period after the credit impairment.

Credit impaired financial assets refer to the issuer or debtor who has experienced major financial difficulties, breach of contract, the debtor is likely to apply for bankruptcy or other financial reorganization, or the active market for financial assets disappears due to financial difficulties.

Cash equivalents include time deposits that are highly liquidated and can be converted into fixed cash at any time within 3 months from the date of acquisition, and the risk of changes in value is very low, which is used to meet short-term cash commitments.

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

During initial recognition, the consolidated company can make an irrevocable choice to invest in equity instruments that are not held for trading and not recognized by the purchaser of a business merger and designated to be measured at fair value through other comprehensive income.

Equity instrument investments measured at fair value through other comprehensive income are measured at fair value, and subsequent changes in fair value are reported in other comprehensive income and accumulated in other equity. At the time of investment disposal, the accumulated profits

and losses are directly transferred to retained earnings and are not reclassified as profits and losses.

Dividends derived from equity instrument investments measured at fair value through other comprehensive income are recognized in the profit and loss when the rights of payment collection of the consolidated company were established unless the dividends clearly represent partial investment cost recovery.

(2) Impairment Loss of Financial Assets and Contractual Assets

The consolidated company assesses the financial assets (including accounts receivable) measured at amortized cost based on expected credit losses on each balance sheet date, debt instrument investments measured at fair value through other comprehensive income, operating lease receivables, and impairment loss of contractual assets.

Accounts receivable, operating lease receivables, and contractual assets are all recognized as loss allowance based on expected credit losses during the duration. For other financial assets, first assess whether there is a significant higher credit risk since the initial recognition. If there is no significant higher risk, the loss allowance is recognized based on the 12-month expected credit loss; if the risk has increased significantly, the loss allowance is recognized based on the duration of the expected credit loss.

Expected credit loss is the weighted average credit loss based on the risk of breach of contract. The 12-month expected credit loss refers to the expected credit loss caused by the possible breach of contract event of the financial instrument within 12 months after the reporting date, and the lifetime expected credit loss represents the expected credit loss caused by all possible breach of contract events during the expected lifetime of the financial instrument.

The consolidated company is for the purpose of internal credit risk management, and without considering the collateral held, when it is determined that there is internal or external information showing that the debtor is unable to pay off the debt, it represents that the financial asset has breached the contract. The impairment loss of all financial assets is reduced by the allowance account to reduce its carrying amount, but the loss allowance of debt instrument investment measured at fair value through other comprehensive income is recognized in other comprehensive income and does not reduce its carrying amount.

(3) Delisting of Financial Assets

The consolidated company only delists financial assets when the contractual rights from the cash flow of financial assets have lapsed, or the financial assets have been transferred and almost all the risks and rewards of the ownership of the assets have been transferred to other companies.

When a financial asset measured at amortized cost is delisted, the difference between its book value and the consideration received is recognized in profit or loss. When the debt instrument investment measured at fair value through other comprehensive income is delisted, the difference between the carrying amount and the consideration received plus the sum of any accumulated profits or losses that have been recognized in other comprehensive income is recognized in profit and loss. When equity instrument investments measured at fair value through other comprehensive income are delisted, the accumulated profits and losses are directly transferred to retained earnings and are not reclassified as profits and losses.

b. Financial Liabilities

(1) Subsequent Measurement

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

Financial Liabilities Measured at Fair Value Through Profit and Loss

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

Interest derived from financial liabilities held for trading and designated as fair value through profit and loss are recognized as finance cost, other profits or losses arise from remeasurement are recognized in other profits and losses. Please refer to Note 28 for the method of determining the fair value.

(2) Delisting of Financial Liabilities

When delisting financial liabilities, the difference between its carrying amount and the paid amount (including any transferred non-cash assets or liabilities assumed) is recognized as profit or loss.

c. Derivative Financial Instruments

Derivatives signed by the consolidated company include forward foreign exchange contracts, interest rate exchanges and currency exchanges, which are used to manage the consolidated company's interest rate and exchange rate risks.

Derivative instruments are initially recognized at fair value when the derivative instrument contract is signed, and subsequently re-measured at fair value on the balance sheet date. The profits or losses resulting from subsequent measurement are directly included in the profit and loss, but they are designated as derivatives of effective hedging instruments. The point at which tools are recognized in profit or loss will depend on the nature of the hedging relationship. When the fair value of the derivative is positive, it is classified as a financial asset; when the fair value is negative, it is classified as a financial liability.

If derivative instruments are embedded in the asset master contract within the scope of IFRS 9 "Financial Instruments", the overall contract determines the classification of financial assets. If a derivative is embedded in an asset master contract that is not within the scope of IFRS 9 (such as embedded in a financial liability master contract), and if the embedded derivative meets the definition of a derivative, its risk and characteristics are not closely related to the risk and characteristics of the master contract, when the combined contract is not measured at fair value through profit or loss, the derivative is regarded as a separate derivative.

Current provisions

The amount recognized as a liability reserve is based on the risk and uncertainty of the obligation and is the best estimation of the expenditure required to settle the obligation on the balance sheet date. The liability provision is measured by the discounted value of the estimated cash flow of the obligated settlement.

Income Recognition

After the consolidated company identifies performance obligations in the customer's contract, it allocates the trading price to each performance obligation, and recognizes revenue when each performance obligation is met.

Commodity Sales Revenue

Commodity sales revenue is generated from customers who have the right to determine prices and use the commodities and are responsible for resale, customers bear the consequences of commodity obsolescence. The consolidated company recognizes revenue and accounts receivable at this point.

When the material is removed for processing, the control of the ownership of the processed commodity has not been transferred, so the income is not recognized when the material is removed.

Lease

The consolidated company assesses whether the contract belongs to (or contains) a lease on the date of signing contract.

The consolidated company as Lessor

When the lease clause transfers almost all the risks and returns attached to the ownership of the asset to the lessee, it is classified as a financial lease. All other leases are classified as operating leases.

Under operating leases, lease payments after deduction of lease incentives are recognized as income on a straight-line basis during the relevant lease period. The original direct cost incurred in obtaining an operating lease is added to the book value of the underlying asset and recognized as an expense during the lease period on a straight-line basis.

When the lease includes both land and building elements, the consolidated company assesses whether almost all the risks and returns attached to the ownership of each element have been transferred to the lessee to assess whether each element is classified as a financial lease or an operating lease. Lease payments are apportioned to land and buildings based on the relative proportion of the fair value of the land and building lease rights on the date of signing contract. If the lease payment can be reliably allocated to these two elements, each element is treated according to the applicable lease classification. If the lease payment cannot be allocated to these two elements reliably, the overall lease is classified as a finance lease, but if both of these elements clearly meet the operating lease standards, the overall lease is classified as an operating lease.

The consolidated company as Lessee

Except for lease payments for low-value underlying asset leases and short-term leases that are subject to the applicable recognition exemption, the lease payments are recognized as expenses on a straight-line basis during the lease period, and other leases are recognized as the right-of-use asset and lease liability on the lease start date.

The right-of-use asset is originally measured at cost (including the original measured amount of the lease liability, the lease payment paid before the lease start date minus the lease incentives received, the original direct cost and the estimated cost of restoring the underlying asset), and the subsequent cost minus accumulated depreciation and measure the amount after the accumulated impairment loss, as well as adjust the remeasurement amount of the lease liability.

The right-of-use assets are separately expressed on the consolidated balance sheet.

The right-of-use asset is depreciated on a straight-line basis from the lease start date to

the end of the service life or the expiration of the lease period, whichever is earlier.

The lease liability is originally measured by the present value of the lease payment (including fixed payment). If the implicit interest rate of the lease can be easily determined, the lease payment is discounted using that interest rate. If the interest rate is not easily determined, use the lessee's incremental borrowing interest rate.

Subsequently, lease liability is measured on the amortized cost basis using the effective interest method, and the interest expense is amortized during the lease period.

The consolidated company and the lessor conducted rental negotiations directly related to the Covid-19 pandemic, adjusted the rent due before June 30, 2022, resulting in rent reduction. These negotiations did not significantly change other lease terms. The consolidated company chooses to adopt practical expedients to deal with the rental negotiation that meets the aforementioned conditions and does not assess whether the negotiation is a lease modification, but recognizes the reduction in lease payments in the profit and loss when the concession event or situation occurs, and relatively reduces the lease liability.

Borrowing Cost

The borrowing cost directly attributable to the acquisition, construction or production of a qualified asset is a part of the cost of the asset until almost all necessary activities for the asset to reach its intended use or sale status have been accomplished.

Specific borrowings, such as investment income earned by temporary investment before the capital expenditure that meets the requirements, are deducted from the borrowing cost that meets the capitalization conditions.

Except for the above, all other borrowing costs are recognized as profit or loss in the current period.

Government Subsidies

Government subsidies are recognized only when it is reasonably certain that the combined company will comply with the conditions attached to the government subsidies and will receive such subsidies.

The government subsidies related to income are recognized in the profit and loss on a systematic basis during the period when the related costs that they intend to compensate are recognized as expenses in the merging company.

If the government subsidy is used to compensate for the expenses or losses that have occurred or is for the purpose of providing immediate financial support to the

consolidated company and has no future related costs, it shall be recognized in the profit and loss during the period when it can be received.

Employee Benefits

a. Short-term Employee Benefits

Short-term employee benefit-related liabilities are measured by the expected non-discounted amount of cash paid in exchange for employee services.

b. Retirement Benefits

The determination of the retirement fund for the retirement plan is to recognize the amount of the retirement fund that should be provided as an expense during the employee's service period.

The definite benefit cost (including service cost, net interest and remeasurement) of the definite benefit retirement plan is calculated using the estimated unit benefit method. Service costs, including current service costs and net interest on net defined benefit liabilities (assets) were recognized as employee benefit expenses when incurred. Re-measurement (including actuarial gains and losses and remuneration of planned assets after interest deduction) is recognized when incurred. It is included in other comprehensive profit and loss and included in retained earnings and is not reclassified to profit or loss in subsequent periods.

The net definite benefit liability (asset) is the shortfall (remaining) of the definite benefit retirement plan. The net determined welfare assets shall not exceed the present value of the refund of the withdrawal from the plan or the reduction of the future withdrawal.

The retirement funds of Libolon (Shanghai Co.), Li Mao Co., Hung Hsing Co., Li Shing Co., Eton Petrochemical Co., and Libolon Energy Co. adopt a fixed allocation and retirement method.

Employee share option — Employee share option g to employees

Employee share option shall be given based on the equity instrument measured at the fair value and the estimated vested optimal number of shares, which is recognized as expense by linear basis during the vested period and simultaneously adjusted capital surplus- treasury bonds transaction. If employees vested the stock right on the vested date, it shall be listed the entire amount as recognized expense on the vested date. The paying date of Li Peng enterprise transferring treasury stock to employees is the date when board resolution for employee purchase stock date.

Treasury Stock

When Li Peng Enterprise buys back the issued shares as treasury stock, it debits the cost of treasury stock as a deduction of shareholders' equity.

The transfer of treasury stocks to employees shall be handled in accordance with International Financial Reporting Standards Bulletin No. 2 "Share Basic Benefits".

When canceling treasury stocks, credit "treasury stocks" and debit "capital reserve-stock premium" and "share capital" in proportion to the equity. If the book value of treasury stocks is higher than the total of face value and stock premium, the difference will be offset against the capital reserve generated by treasury stocks of the same type. If there is insufficient, the remaining surplus will be debited; otherwise, the difference will be credited to treasury stocks of the same type with capital reserve generated by the transaction.

The book value of treasury stocks is calculated using the weighted average method.

Income Tax

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

Current Income Tax

The consolidated company determines the current income (loss) in accordance with the laws and regulations established by each income tax reporting jurisdiction and calculates the payable (recoverable) income tax based on it.

The income tax on unappropriated earnings calculated in accordance with the provisions of the Income Tax Law of the Republic of China is subject to additional income tax, which is recognized in the annual shareholders' meeting.

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

Deferred Income Tax

Deferred income tax is calculated based on the temporary difference between the book value of assets and liabilities and the tax basis for calculating taxable income.

Deferred income tax liabilities are generally recognized for all taxable temporary differences, while deferred income tax assets are likely to have taxable income for deduction of temporary differences, loss deductions or purchase of machinery and equipment and research the income tax deductions for development and other expenditures are recognized.

Taxable temporary differences related to investment in subsidiaries and related companies are recognized as deferred income tax liabilities. However, if the consolidated company can control the timing of the reversion of the temporary differences, and the temporary differences are likely to not be in the foreseeable future. Except those who will return. The deductible temporary differences related to this type of investment will be recognized as deferred income tax only if it is likely to have sufficient taxable income to realize the temporary differences, and within the scope expected to return in the foreseeable future assets.

The carrying amount of deferred income tax assets is reviewed on each balance sheet date, and the carrying amount is reduced for those that no longer have sufficient taxable income to recover all or part of their assets. For those that have not been recognized as deferred income tax assets, they are also reviewed on each balance sheet date, and if they are likely to generate taxable income in the future for recovering all or part of their assets, the book amount will be increased.

Deferred income tax assets and liabilities are measured by the current tax rate for the expected debt settlement or asset realization. The tax rate is based on the tax rate and tax law that had been legislated or substantively legislated on the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax consequences arising from the way the consolidated company expects to recover or settle the carrying amount of its assets and liabilities on the balance sheet date.

Current and Deferred Income Tax

Current and deferred income taxes are recognized in profit or loss, but current and deferred income taxes related to items recognized in other comprehensive profit or loss or directly included in equity are recognized in other comprehensive profit or loss or directly included in equity.

5. Critical Accounting Judgments and Key Sources of Estimation and Uncertainty

When the consolidated company adopts accounting policies, management must make relevant judgments, estimates and assumptions based on experience and other relevant factors for the difficulty of obtaining relevant information from other sources. Actual results may differ from estimations.

The management will continue to review the estimations and basic assumptions. If the revision of the estimation only affects the current period, it shall be recognized in the current period of the revision. If the revision of accounting estimations affects both the current period and the future period, it shall be recognized in the current and the future periods of the revision.

6. Cash and Cash Equivalents

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Cash on hand	\$ 1,619	\$ 3,286
Bank cheques and current saving	805,454	1,307,489
Cash equivalent		
Short-term bills	331,614	365,444
Bank foreign currency time		
deposits with maturity in 3		
months	<u>964,144</u>	<u>684,132</u>
	<u>\$ 2,102,831</u>	<u>\$ 2,360,351</u>

As of December 31, 2023, and 2022, there were bank foreign currency time deposits of NT\$78,194 and NT\$74,501 thousand, respectively with a maturity period of more than 3 months, which was listed in other financial assets-current. (Please refer to Note 10)

As of December 31, 2023, and 2022, the following time deposits are pledged and according to liquidity list in other financial assets-current. (Please refer to Note 10 and 30)

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>	<u>Purpose</u>
Time deposit	<u>\$ 4,231</u>	<u>\$ 4,198</u>	Deposit for natural gas and application for a deposit for the development of state-owned land.

7. Financial Instruments Measured at Fair Value through Profit and Loss

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
<u>Financial assets mandatorily</u>		
<u>measured at FVTPL - current</u>		
Derivative financial instruments		
– Cross-currency swap contracts	\$ -	\$ 2,813
Non-derivative financial assets		
– Domestic listed (OTC) stocks	115,221	125,167
– fund beneficiary certificate	46,157	6,058
– financial products	1,965	2,682
Hybrid financial instruments		
– Structured deposits	<u>56,907</u>	<u>95,295</u>
	<u>\$ 220,250</u>	<u>\$ 232,015</u>
<u>Financial assets mandatorily</u>		
<u>measured at FVTPL –current</u>		
Derivative financial instruments		
– Cross-currency swap contracts	<u>\$ 43,414</u>	<u>\$ 529</u>

Financial assets mandatorily
measured at FVTPL – non-current

Non-derivative financial assets

— Domestic not listed (OTC) common stocks	\$ 5,903	\$ 5,903
— Not listed abroad (OTC) common stocks	<u>430</u>	<u>430</u>
	<u>\$ 6,333</u>	<u>\$ 6,333</u>

- a. At the end of the reporting period, outstanding cross-currency swap contracts not under hedge accounting were as follows:

Dec 31, 2023

<u>Currency</u>	<u>Maturity Date</u>	<u>Contract Amount (Thousands)</u>	<u>Rate</u>
USD/NTD	2024.01.08~2024.02.20	USD 70,000/ NTD 2,186,690	31.045~31.355

Dec 31, 2022

<u>Currency</u>	<u>Maturity Date</u>	<u>Contract Amount (Thousands)</u>	<u>Rate</u>
USD/NTD	2023.01.05~2023.02.06	USD 65,000/ NTD 1,990,715	30.556~30.74

The purpose of the consolidated company to engage in cross-currency swap contracts transactions is mainly to avoid the risk of foreign currency assets and liabilities exchange rate fluctuations.

- b. In 2023 and 2022, the net profits and losses of financial products from the current financial assets measured by the fair value of the profits and losses were measured at a net loss of NT\$ 43,242 thousand and a net profit of NT\$ 4,335 thousand, respectively.

8. Notes and Accounts Receivable

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
<u>Notes receivable</u>		
Measured by cost after amortization		
Total book value	\$ 50,950	\$ 56,851
less : allowance for impairment loss	(<u>500</u>)	(<u>600</u>)
	<u>\$ 50,450</u>	<u>\$ 56,251</u>
<u>Accounts receivable</u>		
Measured by cost after amortization		
Total book value	\$ 2,378,705	\$ 2,279,556
Less : allowance for impairment loss	(<u>5,414</u>)	(<u>5,809</u>)
	<u>\$ 2,373,291</u>	<u>\$ 2,273,747</u>

Accounts Receivable

In principle, the credit period of the consolidated company to customers is from 30 days to 120 days on the monthly settlement, and the accounts receivable are not interest-bearing. In addition to the actual credit impairment losses of individual customers, the consolidated company refers to past experience, considers the financial status of individual customers and their respective industries, competitive advantages and prospects, and categorizes individual customers into different risk assessment groups and according to the respective group, the loss rate is recognized as an allowance for impairment loss.

To reduce the credit risk, the management of the consolidated company assigns a dedicated team to be responsible for the determination of credit limits, credit approval and other monitoring procedures to ensure that appropriate actions have been taken in the recovery of overdue receivables. In addition, the consolidated company will review the recoverable amounts of receivables one by one on the balance sheet date to ensure that the unrecoverable receivables have been properly deducted accordingly. Thus, the management of Li Peng Enterprise believes that the credit risk of the consolidated company has been significantly reduced.

The consolidated company measures the accounts and notes receivable (not including related parties), the allowance for impairment loss is as follows (the consolidated company does the assessment on the basis of accounting date):

Dec 31, 2023

	<u>0~60days</u>	<u>61~90days</u>	<u>91~120days</u>	<u>Over121 days</u>	<u>Total</u>
Expected credit loss rate	0.5%~1%	0.5%~1%	0.5%~1%	0.5%~1%	
Total book value	\$ 2,201,539	\$ 193,297	\$ 30,673	\$ 4,146	\$ 2,429,655
Allowance for impairment loss (lifetime expected credit loss)	(<u>5,212</u>)	(<u>440</u>)	(<u>231</u>)	(<u>31</u>)	(<u>5,914</u>)
Cost after amortization	<u>\$ 2,196,327</u>	<u>\$ 192,857</u>	<u>\$ 30,442</u>	<u>\$ 4,115</u>	<u>\$ 2,423,741</u>

Dec 31, 2022

	<u>0~60days</u>	<u>61~90days</u>	<u>91~120days</u>	<u>Over121 days</u>	<u>Total</u>
Expected credit loss rate	0.5%~1%	0.5%~1%	0.5%~1%	0.5%~1%	
Total book value	\$ 2,173,338	\$ 86,379	\$ 55,117	\$ 21,573	\$ 2,336,407
Allowance for impairment loss (lifetime expected credit loss)	(<u>5,994</u>)	(<u>220</u>)	(<u>140</u>)	(<u>55</u>)	(<u>6,409</u>)
Cost after amortization	<u>\$ 2,167,344</u>	<u>\$ 86,159</u>	<u>\$ 54,977</u>	<u>\$ 21,518</u>	<u>\$ 2,329,998</u>

Information on the changes of allowance loss of accounts and notes receivable is as follow:

	<u>2023</u>	<u>2022</u>
Opening balance	\$ 6,409	\$ 8,997
Add : The current period (reversal) is listed as impairment loss	(485)	(2,593)
Foreign currency exchange difference	(<u>10</u>)	<u>5</u>
Closing balance	<u>\$ 5,914</u>	<u>\$ 6,409</u>

9. Inventories

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Raw materials	\$ 529,096	\$ 758,859
Materials	69,171	73,524
Raw materials in transit	57,538	23,018
Processed goods	688,667	934,220
Finished goods	727,880	947,841
Product inventory	<u>440,412</u>	<u>511,363</u>
	<u>\$ 2,512,764</u>	<u>\$ 3,248,825</u>

The inventory-related cost of goods sold in 2023 and 2022 were NT\$ 29,438,180 thousand and NT\$ 27,995,196 thousand, respectively.

Operating costs for 2023 and 2022 included impairment profit on inventory NT\$ 58,288 thousand and loss NT\$117,393 thousand, respectively.

The profit from the rebound in the net realizable value of inventories in 2023 was mainly due to the rebound in the prices of raw materials and the removal of inventories that were originally listed as depreciation losses.

10. Other financial assets - current

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Pledged deposit receipt (Note 6 and 30)	\$ 4,231	\$ 4,198
Other Receivables	280,356	120,488
Other Receivables – related parties (Note 29)	18,527	18,063
Bank foreign currency time deposits with maturity more than 3 months (Note 6)	<u>78,194</u>	<u>74,501</u>
	<u>\$ 381,308</u>	<u>\$ 217,250</u>

11. Financial assets measured at fair value through other comprehensive profits and losses

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Equity instrument investment measured at fair value through other comprehensive profits and losses - non-current Domestic listed stocks	<u>\$ 2,054,730</u>	<u>\$ 1,938,250</u>

The consolidated company invests in the aforementioned equity instruments for mid/long-term hold, and therefore chooses to designate these investments as measured at fair value through other comprehensive profits and losses.

On December 31, 2023 and 2022, there were investments of NT\$44,660 thousand and NT\$44,013 thousand in equity instruments measured at fair value through other comprehensive profits and losses, which were provided as collateral for the issuance of

short-term notes, but as of December 31, 2023 and 2022, the quota has not been used, please refer to Note 30.

12. Subsidiaries

The preparation of this consolidated financial report is as follows :

Investor	Subsidiaries	Business Type	% of Share hold	
			2023 Dec 31	2022 Dec 31
LiPeng Enterprise	In Talent	Reinvestments	100.00%	100.00%
"	Li Mao Co.	Reinvestments in productions, bonds, and banking	53.38%	53.38%
"	Hung Hsing Co.	"	53.02%	53.02%
"	Li Shing Co.	"	53.00%	53.00%
"	Libolon Energy Co.	Renewable energy self-use power generation equipment and cogeneration industry	70.00%	70.00%
"	Eton Petrochemical Co.	Chemical raw material wholesale	75.00%	75.00%
"	PT. INDONESIA HWALIN	Processing and manufacturing of telescopic nylon knitted fabrics, various man-made fiber fabrics, embryonic fabrics and other import and export trade business.	82.07%	82.07%
In Talent	Libolon (Shanghai) Co.	Wholesale of rayon fabrics, fabrics, and sales of tangible goods	100.00%	100.00%
Eton Petrochemical Co., Ltd.	Eton Petrochemical International Co., Ltd.	Chemical raw material wholesale	100.00%	100.00%

PT. INDONESIA HWALIN which insignificant subsidiary, its financial statements in 2023 and 2022 is not audited by the company's Certified Public Accountant, but by another Certified Public Accountant.

13. Investments Using Equity Method

Invested Associates

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Significant Associate		
Lealea Technology Co., Ltd.	\$ 160,742	\$ 142,781
Insignificant Associate	<u>2,500,146</u>	<u>2,486,396</u>
	<u>\$ 2,660,888</u>	<u>\$ 2,640,045</u>
	<u>% of equity and voting rights held</u>	
	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Lealea Technology Co., Ltd.	18.20%	18.54%

For information on the businesses, main location of operation and country of registration of the above-mentioned associates, please refer to the attached Table "Name, Location, and Related Information of Investees" in attached Table 7.

The associates' first-tier fair value information in the public market is as follows :

<u>Company name</u>	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Rich Development Co., Ltd.	<u>\$ 497,377</u>	<u>\$ 440,125</u>

The consolidated company adopts equity measurement for all the above-listed associates.

The following summary of financial information is prepared on the basis of the IFRSs financial reports of each associate, and has reflected the adjustments made when the equity method is adopted.

Lealea Technology Co., Ltd.

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Current assets	\$ 1,446,066	\$ 1,485,690
Non- current assets	335,722	329,461
Current liabilities	(897,618)	(1,044,323)
Non- current liabilities	(945)	(874)
Equity	<u>\$ 883,225</u>	<u>\$ 769,954</u>
Ratio of the share held by the consolidated company	18.20%	18.54%
The consolidated company's rights	\$ 160,747	\$ 142,780
Downstream and upstream transactions	(5)	<u>1</u>
Invested book value	<u>\$ 160,742</u>	<u>\$ 142,781</u>
	<u>2023</u>	<u>2022</u>
Operating income	<u>\$ 3,216,941</u>	<u>\$ 2,770,544</u>
Current net profit	\$ 170,317	\$ 138,432
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income	<u>\$ 170,317</u>	<u>\$ 138,432</u>

Summarized Information on Each Insignificant Associates :

	<u>2023</u>	<u>2022</u>
Consolidated company's share		
Continuing business unit's net profit for the year	(\$ 28,252)	(\$ 37,682)
Other comprehensive income	<u>41,551</u>	<u>(153,690)</u>
Total comprehensive income	<u>\$ 13,299</u>	<u>(\$ 191,372)</u>

The consolidated company's investment using the equity method and its share of profit and loss and other comprehensive profit and loss, the financial statements of Rich Development Co. Ltd., Fu Li Express Co. Ltd. and PT. INDONESIA LIBOLON FIBER SYSTEM are not audited by the consolidated company's Certified Public Accountant, but by another Certified Public Accountant.

14. Property, Plant and Equipment

	Dec 31, 2023	Dec 31, 2022
Owned land	\$ 1,847,871	\$ 1,847,871
Land improvement	6,560	9,203
Building	1,462,868	1,556,601
Machinery equipment	1,526,142	1,887,401
Transportation	10,836	16,737
Office equipment	3,293	5,587
Other equipment	211,136	250,548
Rental assets	3,463	1,732
	<u>\$ 5,072,169</u>	<u>\$ 5,575,680</u>

	Owned Land	Land Improvement	Building	Machinery Equipment	Transportation	Office Equipment	Other Equipment	Lease Assets	Unfinished Construction	Total
Cost										
Jan 1, 2022 balance	\$ 1,847,871	\$ 13,498	\$ 3,163,044	\$10,366,031	\$ 111,117	\$ 44,333	\$ 2,412,660	\$ 14,686	\$ 176,244	\$18,149,484
Acquisition of subsidiaries	-	-	-	90,343	2,594	4,639	-	4,174	-	101,750
Additions	-	1,315	20,374	112,012	3,988	434	18,356	46	-	156,525
Disposals	-	-	(3,753)	(317,832)	(2,950)	(140)	(18,828)	-	(174,512)	(343,503)
Account transfer	-	1,206	76,929	551,938	-	1,191	12,159	-	-	468,910
Net exchange difference	-	-	937	(1,171)	74	31	(20)	32	-	2,226
Dec 31, 2022 balance	<u>\$ 1,847,871</u>	<u>\$ 16,019</u>	<u>\$ 3,257,531</u>	<u>\$10,803,663</u>	<u>\$ 114,823</u>	<u>\$ 50,488</u>	<u>\$ 2,424,327</u>	<u>\$ 18,938</u>	<u>\$ 1,732</u>	<u>\$18,535,392</u>
Jan 1, 2023 balance	\$ 1,847,871	\$ 16,019	\$ 3,257,531	\$10,803,663	\$ 114,823	\$ 50,488	\$ 2,424,327	\$ 18,938	\$ 1,732	\$18,535,392
Additions	-	-	1,740	32,741	-	158	20,272	194	59,793	114,898
Disposals	-	-	(7,719)	(27,990)	(238)	(508)	(15,314)	-	(58,062)	(51,769)
Account transfer	-	-	-	44,781	-	-	13,281	-	-	58,062
Net exchange difference	-	-	(1,187)	2,891	(31)	81	14	72	-	1,840
Dec 31, 2023 balance	<u>\$ 1,847,871</u>	<u>\$ 16,019</u>	<u>\$ 3,250,365</u>	<u>\$10,856,086</u>	<u>\$ 114,554</u>	<u>\$ 50,219</u>	<u>\$ 2,442,580</u>	<u>\$ 19,204</u>	<u>\$ 3,463</u>	<u>\$18,600,361</u>

	Owned Land	Land Improvement	Building	Machinery Equipment	Transportation	Office Equipment	Other Equipment	Lease Assets	Unfinished Construction	Total
Accumulated depreciation and impairment										
Jan 1, 2022 balance	\$ -	(\$ 4,370)	(\$ 1,597,567)	(\$ 8,780,636)	(\$ 92,752)	(\$ 39,909)	(\$ 2,125,182)	(\$ 14,686)	\$ -	(\$12,655,102)
Acquisition of subsidiaries	-	-	-	(23,708)	(750)	(2,263)	-	(1,228)	-	(27,949)
Disposals	-	-	2,930	314,457	2,950	140	16,994	-	-	337,471
Account transfer	-	-	(6,808)	-	-	-	6,808	-	-	-
Depreciation	-	(2,446)	(98,969)	(426,436)	(7,487)	(2,873)	(75,005)	(422)	-	(613,638)
Net exchange difference	-	-	(516)	61	(47)	4	4	-	-	(494)
Dec 31, 2022 balance	<u>\$ -</u>	<u>(\$ 6,816)</u>	<u>(\$ 1,700,930)</u>	<u>(\$ 8,916,262)</u>	<u>(\$ 98,086)</u>	<u>(\$ 44,901)</u>	<u>(\$ 2,176,381)</u>	<u>(\$ 16,336)</u>	<u>\$ -</u>	<u>(\$12,959,712)</u>
Jan 1, 2023 balance	\$ -	(\$ 6,816)	(\$ 1,700,930)	(\$ 8,916,262)	(\$ 98,086)	(\$ 44,901)	(\$ 2,176,381)	(\$ 16,336)	\$ -	(\$12,959,712)
Disposals	-	-	5,640	23,690	238	508	15,314	-	-	45,390
Depreciation	-	(2,643)	(92,969)	(436,951)	(5,927)	(2,492)	(72,774)	(454)	-	(614,210)
Net exchange difference	-	-	762	(421)	57	(41)	6	(23)	-	340
Dec 31, 2023 balance	<u>\$ -</u>	<u>(\$ 9,459)</u>	<u>(\$ 1,787,497)</u>	<u>(\$ 9,329,944)</u>	<u>(\$ 103,718)</u>	<u>(\$ 46,926)</u>	<u>(\$ 2,233,833)</u>	<u>(\$ 16,813)</u>	<u>\$ -</u>	<u>(\$13,528,192)</u>
Dec 31, 2022 Carrying amounts	<u>\$ 1,847,871</u>	<u>\$ 9,203</u>	<u>\$ 1,556,601</u>	<u>\$ 1,887,401</u>	<u>\$ 16,737</u>	<u>\$ 5,587</u>	<u>\$ 250,548</u>	<u>\$ 1,732</u>	<u>\$ -</u>	<u>\$ 5,575,680</u>
Dec 31, 2023 Carrying amounts	<u>\$ 1,847,871</u>	<u>\$ 6,650</u>	<u>\$ 1,462,868</u>	<u>\$ 1,526,142</u>	<u>\$ 10,836</u>	<u>\$ 3,293</u>	<u>\$ 211,136</u>	<u>\$ 3,464</u>	<u>\$ -</u>	<u>\$ 5,072,169</u>

- a. The property, plant and equipment of the consolidated company are depreciated on a straight-line basis based on the following durability years :

Land improvement	5 years
House and building	
Repair and maintenance works	2 to 10 years
New ancillary building	10 to 20 years
Electrical engineering	20 to 30 years
Main building engineering	30 to 45 years
Transportation	
Lift repair and maintenance works	2 to 5 years
Stacker and pallet truck	5 to 6 years
Company car	4 to 8 years
Machinery equipment	
Electrical engineering	2 to 8 years
Machinery engineering	9 to 15 years
Misc. equipment	
Repair and maintenance works	2 to 5 years
Other equipment	4 to 10 years

- b. The amount of property, plant and equipment that the consolidated company sets pledge as loan guarantee, the details are as follows (please refer to Note 17, 18, and 30):

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Land and building	<u>\$ 2,824,989</u>	<u>\$ 2,898,486</u>

15. Lease Agreement

- a. Right of use assets

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Right of use assets carrying amount		
Land	\$ 453	\$ 604
Building	<u>24,053</u>	<u>26,521</u>
	<u>\$ 24,506</u>	<u>\$ 27,125</u>
	<u>2023</u>	<u>2022</u>
Additions to right of use assets	<u>\$ 238</u>	<u>\$ 29,216</u>
Depreciation of right of use assets		
Land	\$ 389	\$ 384
Building	<u>3,085</u>	<u>3,030</u>
	<u>\$ 3,474</u>	<u>\$ 3,414</u>

Except for the recognition of depreciation expenses, the right of use asset of the consolidated company did not have significant sublease and impairment in 2023 and 2022.

- b. Lease Liabilities

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Lease liabilities carrying amount		
Current	<u>\$ 2,632</u>	<u>\$ 2,348</u>
Non-current	<u>\$ 25,986</u>	<u>\$ 28,047</u>

Lease liabilities' discount rate range as follows :

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Land	1.51461%	1.51461%
Building	10.03%	10.03%

- c. Other information on lease

	<u>2023</u>	<u>2022</u>
Short-term lease expenses	<u>\$ 29,775</u>	<u>\$ 29,530</u>
Total of cash outflow from leasing	<u>\$ 35,511</u>	<u>\$ 34,937</u>

16. Other Intangible Assets

	<u>Software costs</u>	<u>Other intangible assets</u>	<u>Total</u>
<u>Cost</u>			
Jan 1, 2022 balance	\$ 14,420	\$ 1,589	\$ 16,009
Acquisition of subsidiaries	-	7,039	7,039
Purchased this period	5,011	450	5,461
Reduction this period	(2,381)	(1,327)	(3,708)
Net exchange difference	(41)	-	(41)
Dec 31, 2022 balance	<u>\$ 17,009</u>	<u>\$ 7,751</u>	<u>\$ 24,760</u>
<u>Accumulated amortization and impairment</u>			
Jan 1, 2022 balance	(\$ 9,101)	(\$ 1,556)	(\$ 10,657)
Amortized this period	(4,199)	(7,382)	(11,581)
Reduction this period	2,381	1,327	3,708
Net exchange difference	10	-	10
Dec 31, 2022 balance	<u>(\$ 10,909)</u>	<u>(\$ 7,611)</u>	<u>(\$ 18,520)</u>
Dec 31, 2022 net	<u>\$ 6,100</u>	<u>\$ 140</u>	<u>\$ 6,240</u>
<u>Cost</u>			
Jan 1, 2023 balance	\$ 17,009	\$ 7,751	\$ 24,760
Purchased this period	2,099	386	2,485
Reduction this period	(5,628)	(325)	(5,953)
Net exchange difference	29	-	29
Dec 31, 2023 balance	<u>\$ 13,509</u>	<u>\$ 7,812</u>	<u>\$ 21,321</u>
<u>Accumulated amortization and impairment</u>			
Jan 1, 2023 balance	(\$ 10,909)	(\$ 7,611)	(\$ 18,520)
Amortized this period	(3,513)	(326)	(3,839)
Reduction this period	5,628	325	5,953
Net exchange difference	3	-	3
Dec 31, 2023 balance	<u>(\$ 8,791)</u>	<u>(\$ 7,612)</u>	<u>(\$ 16,403)</u>
Dec 31, 2023 net	<u>\$ 4,718</u>	<u>\$ 200</u>	<u>\$ 4,918</u>

Except for the recognition of amortization expenses and acquisition of subsidiaries, the other intangible assets of the consolidated company did not have significant additions, disposals and impairment in 2023 and 2022.

Amortization expenses are accrued on a straight-line basis based on the following durability years :

Software costs	3 to 4 years
Other intangible assets	3 years

	<u>Interest rate</u>	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Chang Hwa Bank			
Interests paid monthly to Bank for Taipei branch's land and building mortgage loan 12.27.2023~12.27.2026, total loan amount is NT\$375 million with principal repayment by maturity.	2.20378%	\$ 375,000	\$ -
KGI Bank			
Interests paid monthly to Bank for Taipei branch's long-term credit loan 11.28.2022~06.14.2024, total loan amount is NT\$500 million with principal repayment by maturity.(Note 2)	2.04733%	-	500,000
KGI Bank			
Interests paid monthly to Bank for Taipei branch's long-term credit loan 12.25.2023~11.02.2025, total loan amount is NT\$500 million with principal repayment by maturity.	1.98378%	500,000	-
Export-Import Bank			
Interests paid monthly to Bank for Taipei branch's long-term credit loan 03.25.2023~03.25.2028, total loan amount is NT\$144 million, principal is divided into 8 repayments with NT\$18,000 thousand and shall be repaid every 6 months, cycle starts from 09.25.2024 till maturity.	2.20400%	144,000	-
		<u>1,995,250</u>	<u>1,904,375</u>
Less : Partially transferred to current liabilities due within one year		<u>(141,250)</u>	<u>(117,500)</u>
		<u>\$ 1,854,000</u>	<u>\$ 1,786,875</u>

Note 1 : The maturity date of the original loan was Sep 28, 2024. The company paid in advance in Jul 2023.

Note 2 : The maturity date of the original loan was Jun 14, 2024. The company paid in advance in Jan 2023.

The long-term loans on December 31, 2023 and 2022 were collateral for Property, Plant and Equipment, please refer to Note 14 and 30.

19. Retirement Benefit Plans

a. Defined contribution plans

The pension system of the "Labor Pension Act" applicable to Li Peng Enterprise and its local subsidiaries is a government-managed retirement plan. The retirement pension is allocated to the labor insurance bureau based on 6% of the employee's monthly salary.

Subsidiaries in mainland China, in accordance with China government laws and regulations, provide pension insurance funds based on a certain percentage of the

total salary of employees with payments made to relevant government departments, as well as into the individual's savings account of each employee.

b. Defined benefit plans

Li Peng Enterprise has defined benefit plans under the R.O.C. Labor Standards Law that provide benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement.

The consolidated company contributes an amount equal to 2% of salaries paid each month to their respective pension funds (the Funds), which are administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the Committee's name in the Bank of Taiwan. Before the end of each year,

the consolidated company assesses the balance in the Funds. If the amount of the balance in the Funds is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the consolidated company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The Funds are operated and managed by the government's designated authorities; as such, the consolidated company does not have any right to intervene in the investments of the Funds.

Amounts recognized in respect of these defined benefit plans were as follows :

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Present value of defined benefit obligation	\$ 343,639	\$ 372,055
Fair value of plan assets	(<u>138,843</u>)	(<u>129,340</u>)
Net defined benefit liability	<u>\$ 204,796</u>	<u>\$ 242,715</u>

Changes to net defined benefit liability (asset) are as follows :

	<u>Present value of defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability (asset)</u>
Jan 1, 2022 balance	<u>\$ 378,470</u>	(<u>\$ 121,868</u>)	<u>\$ 256,602</u>
Acquisition of subsidiaries	227	-	227
Service cost			
Current service cost	2,793	-	2,793
Previous service cost	992	-	992
Net interest expense (income)	<u>2,382</u>	(<u>797</u>)	<u>1,585</u>
Remeasurement on the net defined benefit	<u>6,167</u>	(<u>797</u>)	<u>5,370</u>

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability (asset)
Remeasurement			
Return on plan assets (excluding amounts included in net interest expense)	\$ -	(\$ 9,381)	(\$ 9,381)
Actuarial loss (gain) – changes in financial assumptions	(19,862)	-	(19,862)
Actuarial loss (gain) – from experience adjustment	<u>26,371</u>	<u>-</u>	<u>26,371</u>
Recognized in other comprehensive income	<u>6,509</u>	(<u>9,381</u>)	(<u>2,872</u>)
Paid by employer	-	(16,569)	(16,569)
Benefit costs	(19,315)	19,275	(40)
Net exchange difference	(<u>3</u>)	<u>-</u>	(<u>3</u>)
Dec 31, 2022	<u>\$ 372,055</u>	(<u>\$ 129,340</u>)	<u>\$ 242,715</u>
Jan 1, 2023 balance	<u>\$ 372,055</u>	(<u>\$ 129,340</u>)	<u>\$ 242,715</u>
Service cost			
Current service cost	2,350	-	2,350
Previous service cost	618	-	618
Net interest expense (income)	<u>5,141</u>	(<u>1,860</u>)	<u>3,281</u>
Remeasurement on the net defined benefit	<u>8,109</u>	(<u>1,860</u>)	<u>6,249</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest expense)	-	(948)	(948)
Actuarial loss (gain) – changes in financial assumptions	4,167	-	4,167
Actuarial loss (gain) – from experience adjustment	(<u>11,693</u>)	<u>-</u>	(<u>11,693</u>)
Recognized in other comprehensive income	(<u>7,526</u>)	(<u>948</u>)	(<u>8,474</u>)
Paid by employer	-	(35,743)	(35,743)
Benefit costs	(28,979)	29,048	69
Net exchange difference	(<u>20</u>)	<u>-</u>	(<u>20</u>)
Dec 31, 2023	<u>\$ 343,639</u>	(<u>\$ 138,843</u>)	<u>\$ 204,796</u>

Amounts recognized in profit or loss in respect of these defined benefit plans analyzed by function were as follows:

	2023	2022
Categorized by functions		
Operating cost	\$ 5,100	\$ 4,387
Management expense	711	720
R&D expense	<u>438</u>	<u>263</u>
	<u>\$ 6,249</u>	<u>\$ 5,370</u>

Through the defined benefits plans under the R.O.C. Labor Standards Law, the consolidated company is exposed to the following risks :

- (1) Investment risk: The pension funds are invested in domestic (foreign) equity and debt securities, bank deposits, etc. The investment is carried out by the Labor Fund Utilization Bureau of the Ministry of Labor by its own use and entrusted management. However, the distribution amount of the planned assets of Li Peng Enterprise shall not be less than the average interest rate on a two-year time deposit published by the local banks.
- (2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, the debt investment returns of the planned assets will also increase accordingly. This will be partially offset by an increase in the return on the debt investments of the plan assets.
- (3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The plan assets of the consolidated company and the present value of the defined benefit obligation are actuarial calculations performed by qualified actuaries. The key assumptions on the measurement date are as follows :

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Discount rate	1.250%~6.870%	1.375%~7.270%
Future salary increase rate	2.50%~5.00%	2.50%~5.00%

If the major actuarial assumptions are subject to reasonably possible changes, and all other assumptions remain unchanged, the amount that will increase (decrease) the present value of the defined benefit obligation is as follows :

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Discount rate		
Increase 0.25%	(<u>\$ 8,495</u>)	(<u>\$ 9,275</u>)
Decrease 0.25%	<u>\$ 8,552</u>	<u>\$ 9,626</u>
Expected salary increase rate		
Increase 0.25%	<u>\$ 8,605</u>	<u>\$ 9,359</u>
Decrease 0.25%	(<u>\$ 8,544</u>)	(<u>\$ 9,064</u>)

Since actuarial assumptions may be related, it is unlikely that only a single assumption will change, so the above sensitivity analysis may not reflect the actual changes in the present value of the defined benefit obligation.

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Expected withdrawn within 1 year	<u>\$ 12,535</u>	<u>\$ 11,796</u>
Defined benefit obligation average maturity	9.60~18.31 years	10.10~30.16 years

20. Equity

a. Shares

Common share

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Authorized shares (in thousands)	<u>1,200,000</u>	<u>1,200,000</u>
Authorized capital	<u>\$ 12,000,000</u>	<u>\$ 12,000,000</u>
Issued and paid shares (in thousands)	<u>910,071</u>	<u>914,487</u>
Issued capital	<u>\$ 9,100,712</u>	<u>\$ 9,144,872</u>

A holder of issued common shares with par value of NT\$10 per share is entitled to vote and receive dividends ◦

The Company passed the resolution of the board of directors on September 18, 2023, to cancel 4,416 thousand treasury stock, with a par value of NT\$10 per share. After cancellation, the paid-in share capital was NT\$9,100,712 thousand, and the base date was September 28, 2023.

b. Capital Surplus

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Using equity method to recognize the capital reserve of associates	\$ 64,850	\$ 63,876
Difference between consideration and carrying amount of subsidiaries acquired or disposed (Note26)	1,887	1,887
Recognition of changes in ownership and equity of subsidiaries	435	435
Treasury stock trading	<u>124,029</u>	<u>121,084</u>
	<u>\$ 191,201</u>	<u>\$ 187,282</u>

The excess from the issuance of stocks in excess of the par value in the capital reserve (including the issuance of ordinary shares in excess of the par value, the share premium of the issuance of shares due to mergers, treasury stock transactions, and the difference in the book value of the acquisition or disposal of the equity price of a subsidiary company, etc.) and receiving gifts with proportional income can be used to make up for losses, and can also be used to pay cash dividends or to capitalize when the consolidated company isn't operating at a loss. However, the capital to be capitalized is limited to a fixed percentage of the paid-in capital each year.

The capital reserve generated by the investment using the equity method and all changes in the equity of the subsidiaries can only be used to make up for losses.

c. Retained earnings and dividend policy

- (1) According to the surplus distribution policy of the consolidated company, if there is a surplus in the financial account at year end, the earnings shall first make up for the accumulated losses, and then to allocate 10% of the earnings according to the law as the statutory surplus reserve, but the statutory surplus reserve has reached the actual income of the total amount of capital, which may be exempted from continuing to be listed; the special surplus reserve may be transferred or converted into a special surplus reserve according to laws or regulations or by the authority. If there is a balance remained, add the accumulated undistributed surplus at the beginning of the period as the distributable surplus by allocating 0% to 100% of the distributable surplus. The board of directors will draft a surplus distribution proposal and submit it to the shareholders meeting for approval. In addition, the cash dividend must not be less than 5% of the total dividend, but if the cash dividend per share is less than NT\$0.1, it may be changed to offer stock dividends. Due to the volatile industrial business environment and the development of diversification, the board of directors may decide to change to offer stock dividends based on the capital budget and funds available. Please refer to Note 22 (7) Employee Compensation and Board of Directors' Compensation for the compensation policy stipulated in the policy articles of the consolidated company.
- (2) The appropriations of the 2022's and 2021's loss compensation cases have been approved by the company's regular meeting of shareholders in its meetings held on June 29, 2023 and June 24, 2022, respectively.
- (3) On March 15, 2024, the board of directors of Company proposed a loss appropriation plan for 2023. The loss appropriation proposal for 2023 is yet to be resolved at the regular shareholders' meeting expected to be held in June 2024.

The information about the company's distribution of surplus to shareholders is available at the Market Observation Post System website.

The legal capital reserve shall be allocated until the balance reaches the total paid-up share capital of the consolidated company. The legal capital reserve can be used to make up for losses. When the consolidated company is not operating under losses, the part of the legal capital reserve exceeding 25% of the total paid-up share capital can be allocated in cash in addition to the capital.

d. Non-controlling interests

	<u>2023</u>	<u>2022</u>
Balance, beginning of the year	\$ 935,411	\$ 953,473
Share attributable to uncontrollable equity		
Net profit (loss) in this period	11,712	19,092
Exchange differences on translation of foreign financial statements	941	1,027
Unrealized gains and losses of financial assets measured at fair value through other comprehensive income	\$ 31,119	(\$ 60,938)
Actuarial loss and gain adjustment from subsidiaries	(24)	(14)
Cash dividends of the company received by subsidiaries	(10,500)	(6,750)
Acquire decreased non-controlling interests from subsidiaries (Note26)	-	(75,312)
Obtain increased non-controlling interests from subsidiaries (Note25)	-	104,833
Balance, end of year	<u>\$ 968,659</u>	<u>\$ 935,411</u>

e. Treasury stock

(1) The changes in shares held by the consolidated company and its subsidiaries in 2023 and 2022 are as follows :

		2023		
Reason for withdrawal	Shares, beginning of year	Increase	Decrease	Shares, end of year
Parent company's shares held by subsidiary	67,029,106	-	-	67,029,106
Shares transferred to employees	4,416,000	-	4,416,000	-
	<u>71,445,106</u>	<u>-</u>	<u>4,416,000</u>	<u>67,029,106</u>
		2022		
Reason for withdrawal	Shares, beginning of year	Increase	Decrease	Shares, end of year
Parent company's shares held by subsidiary	67,029,106	-	-	67,029,106
Shares transferred to employees	4,416,000	-	-	4,416,000
	<u>71,445,106</u>	<u>-</u>	<u>-</u>	<u>71,445,106</u>

- (2) The purpose of holding Li Peng Enterprise's shares by subsidiaries is to protect shareholders' rights and interests, relevant information is as follows :

<u>Subsidiary</u>	<u>Shares held</u>	<u>Amount transferred to treasury stock</u>
<u>Dec 31, 2023</u>		
Li Mao Investment Co.	34,177,995	\$ 148,007
Hung Hsing Investment Co.	24,618,087	105,886
Li Shing Investment Co.	8,233,024	<u>35,399</u>
		<u>\$ 289,292</u>
<u>Dec 31, 2022</u>		
Li Mao Investment Co.	34,177,995	\$ 148,007
Hung Hsing Investment Co.	24,618,087	105,886
Li Shing Investment Co.	8,233,024	<u>35,399</u>
		<u>\$ 289,292</u>

- (3) On December 31, 2023, the Li Peng Enterprise listed the amount of NT\$289,292 thousand transferred to the treasury stocks of the company held by its subsidiaries. The listed amounts have been adjusted according to the Li Peng Enterprise's shareholding ratio in subsidiaries. The market price of the Li Peng Enterprise's shares as of December 31, 2023 was NT\$7.93 per share.
- (4) Li Peng Enterprise holds treasury stocks; thus, it shall not be pledged in accordance with the Securities and Exchange Law, nor shall it enjoy the rights of dividend distribution and voting rights. In addition, subsidiaries holding the Li Peng Enterprise's shares shall be treated as treasury stocks, except for not participating in cash reserve increment. Except for not having voting rights, the other rights remain the same as general shareholders.

21. Income

	<u>2023</u>	<u>2022</u>
Commodity sales revenue	\$ 29,199,733	\$ 27,908,937
Processing revenue	411,111	569,428
Other	<u>58,893</u>	<u>23,028</u>
	<u>\$ 29,669,737</u>	<u>\$ 28,501,393</u>

22. Continuing operation unit net profit

a. Interest income

	<u>2023</u>	<u>2022</u>
Interest income		
Bank deposits	\$ 92,667	\$ 37,483
Interests from related parties	<u>13,545</u>	<u>6,906</u>
	<u>\$ 106,212</u>	<u>\$ 44,389</u>

b. Other income

	<u>2023</u>	<u>2022</u>
Lease income		
Lease income of operations	\$ 23,661	\$ 23,732
Dividend income	1,188	60,602
Other	19,388	16,285
	<u>\$ 44,237</u>	<u>\$ 100,619</u>

c. Other gains and losses

	<u>2023</u>	<u>2022</u>
Gain (Loss) on disposal of property, plant and equipment	(\$ 1,246)	\$ 2,106
Gain on foreign exchange, net	106,874	271,058
Gain (loss) on financial assets and liability at FVTPL, net	(43,242)	4,335
Gain on disposal of investments	18,908	3,210
Impairment loss of goodwill (Note25)	-	(25,782)
Other losses	(<u>28,733</u>)	(<u>9,798</u>)
	<u>\$ 52,561</u>	<u>\$ 245,129</u>

b. Financial cost

	<u>2023</u>	<u>2022</u>
Interests of lease liability	\$ 3,053	\$ 3,214
Interest of bank loan	104,077	71,969
Interest of loan from related parties	1,860	1,074
Financial expenses	292	1,157
	<u>\$ 109,282</u>	<u>\$ 77,414</u>

Information about interest capitalization is as follows :

	<u>2023</u>	<u>2022</u>
Interest capitalization amount	\$ 110	\$ 2,451
Interest capitalization rate	1.98482%- 餘額2.11226%	1.14282%- 2.00156%

e. Depreciation and amortization

	<u>2023</u>	<u>2022</u>
Property, plant and equipment	\$ 614,210	\$ 613,638
Right of use assets	3,474	3,414
Intangible assets	3,839	11,581
Down payment	<u>56,330</u>	<u>73,608</u>
Total	<u>\$ 677,853</u>	<u>\$ 702,241</u>
Categorized depreciation expenses by function		
Operating cost	\$ 601,169	\$ 601,784
Operating expenses	<u>16,515</u>	<u>15,268</u>
	<u>\$ 617,684</u>	<u>\$ 617,052</u>
Categorized amortization expenses by function		
Operating cost	\$ 54,491	\$ 74,783
Operating expenses	<u>5,678</u>	<u>10,406</u>
	<u>\$ 60,169</u>	<u>\$ 85,189</u>

f. Expenses for employee benefits

	<u>2023</u>			<u>2022</u>		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Short-term employee benefits	\$ 685,290	\$ 169,649	\$ 854,939	\$ 708,392	\$ 176,596	\$ 884,988
Retirement benefits						
Defined contribution plan	19,330	5,642	24,972	19,320	5,374	24,694
Defined benefit plan (Note 19)	<u>5,100</u>	<u>1,149</u>	<u>6,249</u>	<u>4,387</u>	<u>983</u>	<u>5,370</u>
	24,430	6,791	31,221	23,707	6,357	30,064
Compensation to directors	-	6,041	6,041	-	6,274	6,274
Other employee benefit	<u>70,823</u>	<u>10,964</u>	<u>81,787</u>	<u>70,916</u>	<u>11,550</u>	<u>82,466</u>
Total expenses of employee benefit	<u>\$ 780,543</u>	<u>\$ 193,445</u>	<u>\$ 973,988</u>	<u>\$ 803,015</u>	<u>\$ 200,777</u>	<u>\$ 1,003,792</u>

g. Employees' and Boards' remunerations

According to the provisions of the Li Peng Enterprise's policy articles, the company uses the pre-tax benefits of the current year to deduct the remuneration of employees and directors at a rate of no less than 2% and no more than 5% for employees' compensation and directors' compensation.

In 2023 and 2022, pre-tax losses occurred, so employees' compensation and directors' compensation are not estimated.

For information on employees' compensation and directors' compensation of the Li Peng Enterprise's 2024 and 2023 board resolutions, please refer to the "Public Information Observatory" of the Taiwan Stock Exchange website.

23. Continuing operating business unit's income tax

a. The main components of income tax profit recognized in profit and loss :

	<u>2023</u>	<u>2022</u>
Current income tax expense		
Recognized in the current year	\$ 17,069	\$ 12,228
Income tax on unappropriated earnings	1,169	1,412
Adjustments on prior years	<u>1,226</u>	<u>3,114</u>
	<u>19,464</u>	<u>16,754</u>
Deferred income tax		
Recognized in the current year	(87,989)	(27,574)
Adjustment on prior year	<u>(1)</u>	<u>(5,778)</u>
	<u>(87,990)</u>	<u>(33,352)</u>
Income tax profit recognized in profit and loss	<u>(\$ 68,526)</u>	<u>(\$ 16,598)</u>

The adjustment of accounting income and current income tax profit is as follows :

	<u>2023</u>	<u>2022</u>
Income tax profit at the statutory tax rate for net loss before tax	(\$ 96,403)	(\$ 3,367)
Tax effect of adjusting items		
Investment profit recognized by the equity method	(7,220)	(5,948)
Financial asset evaluation profit	(509)	(578)
Gain on disposal of investment	(3,807)	(642)
Tax dividend income	12,821	-
Tax-exempt dividend income	(238)	(12,120)
Adjustment on expense distribution of tax-exempt gains derived from the securities transactions and interest expense	84	84
Other	6,744	5,885
Tax-free dividend losses are not deductible	17,123	-
Adjustment on income tax expenses in prior year	1,225	(2,664)
Unrealized loss deductions	485	1,340
Income tax on unappropriated earnings	<u>1,169</u>	<u>1,412</u>
Income tax profit recognized in profit and loss	<u>(\$ 68,526)</u>	<u>(\$ 16,598)</u>

b. Current tax assets and liabilities

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Current tax assets		
Prepaid income tax (Account for other current assets)	<u>\$ 11,919</u>	<u>\$ 3,079</u>
Current tax liabilities		
Income tax payable	<u>\$ 10,421</u>	<u>\$ 6,918</u>

c. Deferred income tax assets and liabilities

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
<u>Deferred income tax assets</u>		
Temporary difference		
Allowance for impairment loss on inventory	\$ 57,312	\$ 69,235
Unallocated inventory cost for manufacturing	20,200	19,446
Unrealized foreign exchange loss	14,255	4,202
Unrealized investment loss	5,042	5,042
Pension tax difference	234	4,759
Defined actuarial profit and loss of retirement plan	16,496	17,892
Sales discount	212	189
Loss deduction	305,522	219,728
Bonus for no-leave	5,178	4,918
Unrealized gross loss	61	-
Unrealized loss of financial assets measured at FVTPL	8,683	-
Other	<u>11,467</u>	<u>11,711</u>
	<u>\$ 444,662</u>	<u>\$ 357,121</u>
<u>Deferred income tax liability</u>		
Unrealized gross profit	\$ -	\$ 99
Unrealized gain of financial assets measured at FVTPL	-	457
Unrealized foreign exchange gain	2,096	1,958
Land appreciation tax preparation	146,650	146,650
Other	<u>343</u>	<u>374</u>
	<u>\$ 149,089</u>	<u>\$ 149,538</u>

- d. The deducted amount of unlisted losses of deferred income tax assets not recognized in the consolidated balance sheet.

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Loss deduction		
Due in 2030	\$ 3,137	\$ 3,137
Due in 2031	9,780	9,780
Due in 2032	6,699	6,699
Due in 2033	<u>2,427</u>	<u>-</u>
	<u>\$ 22,043</u>	<u>\$ 19,616</u>

- e. Unlisted loss deduction information

As of Dec 31, 2023, the loss deduction information is as follows :

<u>Balance yet deducted</u>	<u>Year due</u>
\$ 374,923	2029
725,660	2030
9,780	2031
6,699	2032
<u>431,400</u>	2033
<u>\$ 1,548,462</u>	

- f. The tax returns of Li Peng Enterprise, Li Shing Co., Hung Hsing Co., Li Mao Co., Libolon Energy Co., Eton Petrochemical Co., have been assessed by the tax authorities until 2021 and PT. INDONESIA HWALIN was approved until 2020.

24. Loss per share

The consolidated company's loss per share in 2023 and 2022 is as calculated as follows :

	<u>Amount (numerator)</u>		<u>Loss per share (NTD)</u>
	Net loss (Belong to parent company's shareholder)	Share (denominator) (thousand share)	Net loss (Belong to parent company's shareholder)
<u>2023</u>			
Basic loss per share			
The net loss attributable to ordinary shareholders for the period	(<u>\$ 445,006</u>)	<u>874,411</u>	(<u>\$ 0.51</u>)
<u>2022</u>			
Basic loss per share			
The net loss attributable to ordinary shareholders for the period	(<u>\$ 37,008</u>)	<u>874,411</u>	(<u>\$ 0.04</u>)

25. Business consolidation

a. Acquisition of subsidiary

	<u>Main operating activity</u>	<u>Acquisition date</u>	<u>With voting rights ownership interest / Acquisition ratio (%)</u>	<u>Transfer consideration</u>
PT. INDONESIA HWALIN	Processing and manufacturing of telescopic nylon knitted fabrics, various man-made fiber fabrics, embryonic fabrics and other import and export trade business.	01.03.2022	51.09%	<u>\$ 130,002</u>

b. Assets acquired and liabilities assumed on the acquisition date

	<u>PT. INDONESIA HWALIN</u>
Current assets	
Cash and cash equivalent	\$ 133,380
Notes receivable 、Accounts receivable and Other current assets	17,050
Inventory	9,552
Non-current assets	
Equipment (Note14) (Cost NT\$101,750 thousand-accumulated depreciation NT\$27,949 thousand)	73,801
Other	20,605
Current liabilities	
Accounts payable and Other accounts payable	(9,710)
Non-current liability	
Long-term loan	(31,441)
Other	(4,184)
	<u>\$ 209,053</u>

c. Goodwill generates from acquisition

	<u>PT. INDONESIA HWALIN</u>
Transfer consideration	\$ 130,002
Add : NCI (PT. INDONESIA HWALIN 48.91% of equity rights held)	104,833
Less : Fair value of net identifiable assets acquired	(209,053)
Goodwill generates from acquisition	<u>\$ 25,782</u>

Goodwill generated from the acquisition of PT. INDONESIA HWALIN is mainly from the control premium. Cash payment consideration contains expected consolidate synergies.

d. Obtaining the net cash inflow from the subsidiary

	PT. INDONESIA HWALIN
	<hr/>
Cash payment consideration	(\$ 130,002)
Add : acquired cash and cash equivalent balance	<u>133,380</u>
	<u>\$ 3,378</u>

e. The impact of business consolidation on business results

Since the acquisition date, the operating results from the acquired company are as follows :

	<u>2022</u>
Operating income	
PT. INDONESIA HWALIN	<u>\$ 83,759</u>
Net profit of the year	
PT. INDONESIA HWALIN	<u>\$ 7,495</u>

26. Equity transactions with non-controlling interests

In March 2022, the consolidated company increase acquisition about 30.98% equity of PT. INDONESIA HWALIN from non-related party, the shareholding ratio increased from 51.09% to 82.07%.

Since the above transaction did not change the controlling of the subsidiary by the consolidated company, which was treated as an equity transaction.

	PT. INDONESIA HWALIN
	<hr/>
Payment consideration	(\$ 73,425)
The amount transferred out to NCI which is based on the carrying amount of the subsidiary's net assets is calculated based on the change in relative equity.	<u>75,312</u>
Equity transaction difference	<u>\$ 1,887</u>

	PT. INDONESIA HWALIN
	<hr/>
<u>Account of equity transaction difference</u>	
Capital reserve-Difference between consideration and carrying amount of subsidiaries acquired or disposed	<u>\$ 1,887</u>

27. Capital risk management

The consolidated company conducts capital management to ensure that it can be withdrawn before continuing to operate, and maximizes shareholder compensation by optimizing the balance of debt and equity. The overall strategy of the consolidated company has not changed.

The consolidated company has no other restrictions on external capital regulations.

28. Financial instruments

- a. The management of the consolidated company believes that the book value of financial assets and financial liabilities that are not measured at fair value reaches their fair value or their fair value cannot be reliably measured.
- b. Fair value information – Financial instruments measured at fair value on a repeatability basis

Dec 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value through profit or loss				
Domestic listed (OTC) stocks	\$ 115,221	\$ -	\$ -	\$ 115,221
Fund beneficiary certificate	46,157	-	-	46,157
Domestic not listed (OTC) common stocks	-	-	5,903	5,903
Not listed abroad (OTC) common stocks	-	-	430	430
Structured deposits	-	56,907	-	56,907
Financial products	-	1,965	-	1,965
Total	<u>\$ 161,378</u>	<u>\$ 58,872</u>	<u>\$ 6,333</u>	<u>\$ 226,583</u>
Financial assets measured at fair value through other comprehensive income				
Domestic listed stocks	<u>\$ 2,054,730</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,054,730</u>
Financial liability at fair value through profit or loss				
Derivative financial instruments – Cross-currency swap contracts	<u>\$ -</u>	<u>\$ 43,414</u>	<u>\$ -</u>	<u>\$ 43,414</u>

Dec 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value through profit or loss				
Derivative financial instruments – Cross-currency swap contracts	\$ -	\$ 2,813	\$ -	\$ 2,813
Domestic listed (OTC) stocks	125,167	-	-	125,167
Fund beneficiary certificate	6,058	-	-	6,058
Domestic not listed (OTC) common stocks	-	-	5,903	5,903
Not listed abroad (OTC) common stocks	-	-	430	430

	Level 1	Level 2	Level 3	Total
Structured deposits	\$ -	\$ 95,295	\$ -	\$ 95,295
Financial products	-	2,682	-	2,682
Total	<u>\$ 131,225</u>	<u>\$ 100,790</u>	<u>\$ 6,333</u>	<u>\$ 238,348</u>
Financial assets measured at fair value through other comprehensive income				
Domestic listed stocks	<u>\$ 1,938,250</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,938,250</u>
Financial liability at fair value through profit or loss				
Derivative financial instruments				
— Cross-currency swap contracts	<u>\$ -</u>	<u>\$ 529</u>	<u>\$ -</u>	<u>\$ 529</u>

No transfer of the fair value measurement between level 1 and level 2 in year 2023 and 2022.

c. Valuation techniques and assumptions used in level 2 fair value measurement :

Type of financial instruments	Evaluation technology and input value
Derivative financial instruments — Cross-currency swap contracts	Discounted cash flow method: Estimate the future cash flow based on the exchange rate calculated in the observable exchange contract at the end of the period, and discount it separately at a rate that can reflect the credit risk of each counterparties.

d. Valuation techniques and assumptions used in level 3 fair value measurement :

Non-publicly traded (OTC) equity investment adopts the asset method to reflect the overall value of the investment target based on the total value of individual assets and liabilities.

e. Types of financial instruments

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
<u>Financial assets</u>		
Measured at FVTPL		
Mandatorily measured at FVTPL	\$ 226,583	\$ 238,348
Financial assets measured by amortized cost (Note 1)	5,919,654	5,448,540
Financial assets measured through other comprehensive income		
Equity instrument investment	2,054,730	1,938,250

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
<u>Financial liabilities</u>		
Measured at FVTPL		
Mandatorily measured at FVTPL	\$ 43,414	\$ 529
Financial liabilities measured by amortized cost (Note 2)	8,302,800	8,629,956

Note 1 : The balance includes cash and cash equivalents, notes and accounts receivable, other accounts receivable, Loan to related parties, refundable deposits and financial assets measured by amortized cost.

Note 2 : The balance includes short-term loans, short-term bills payable, bills payable, accounts payable, other payables, loan from related parties, long-term loan, guarantee deposit received and financial liabilities measured by amortized cost.

f. Derivative financial products

The realized net profit from the operation of derivative financial products in 2023 was NT\$ 41,662 thousand which unrealized loss of NT\$43,414 thousand and realized gain of NT\$85,076 thousand, respectively and list in other profit and loss.

The realized net profit from the operation of derivative financial products in 2022 was NT\$ 12,097 thousand which unrealized gain of NT\$2,285 thousand and realized gain of NT\$9,812 thousand, respectively and list in other profit and loss.

g. Financial risk management objectives and policies

The main financial instruments of the consolidated company include equity and debt investments, borrowings, lease liabilities, accounts receivable and accounts payable, etc. The financial management department of the consolidated company provides services for various business units, coordinates access to domestic and international financial markets, and supervises and manages the financial risks related to the operations of the consolidated company by analyzing internal risk reports based on the degree and breadth of risk. These risks include market risk (exchange rate risk), credit risk and liquidity risk.

The consolidated company uses derivative financial instruments to avoid the impact of exchange rate risk. The use of derivative financial instruments is regulated by the policies adopted by the board of directors of the consolidated company, which are written principles for exchange rate risk, credit risk, the use of derivative financial instruments and non-derivative financial instruments, and the investment of remaining liquid funds. Internal auditors continue to review compliance with

policies and the risk limit. The consolidated company did not trade financial instruments (including derivative financial instruments) for speculative purposes.

(1) Market risk

The main financial risk of the consolidated company's operating activities that the company bears is the risk of foreign currency exchange rates.

(a) Exchange rate risk

Occur in future commercial transactions, recognized assets and liabilities, and foreign exchange trading transactions to avoid exchange rate changes.

The consolidated company's risk exposure related to financial instrument market risks and its management and measurement methods have not changed.

Sensitivity analysis

The consolidated company is mainly influenced by the USD exchange rate fluctuation.

The following table details the sensitivity analysis of the consolidated company when the exchange rate of the New Taiwan Dollar (functional currency) to the U.S. dollar increases and decreases by 0.5%. 0.5% is the assessment of the reasonably possible range of changes in the foreign currency exchange rate of the consolidated company. Sensitivity analysis includes only monetary items in foreign currencies in circulation, and their conversion at the end of the period is adjusted with a 0.5% change in exchange rate. The positive numbers in the following table represent the amount of increase in net profit before tax when the New Taiwan Dollar depreciates 0.5% relative to the relevant currencies; when the New Taiwan Dollar appreciates 0.5% relative to the relevant currencies, its impact on the net profit before tax will be the same negative number of the amount.

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
0.5% difference in the exchange rate of USD profit and loss	\$ 13,605	\$ 11,432

(b) Interest rate risk

The Company is exposed to interest rate risk because entities in the Company borrows funds at both fixed and floating interest rates.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to changes in interest rates at the end of the reporting period were as follows:

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Fair value interest rate risk		
– Financial assets	\$ 2,183,637	\$ 2,435,764
– Financial liabilities	3,526,618	4,225,395
Cash flow interest rate risk		
– Financial liabilities	2,115,250	1,904,375

The sensitivity analysis on interest rate risk assumes that interest rates had been 1% higher/lower. The Company's cash outflows/inflows in 2023 and 2022 will be NT\$21,153 thousand and NT\$19,044 thousand respectively.

(2) Credit risk

Credit risk refers to the risk of the consolidated company's financial losses caused by the counterparty's default of contract obligations. In order to reduce credit risk, the consolidated company has the right to request for collateral or other guarantees from major transaction partners. Accordingly, the management of the consolidated company believes that the credit risk has been significantly reduced.

(3) Liquidity risk

The consolidated company manages and maintains sufficient cash and cash equivalents to support the consolidated company's operations and reduce the impact of cash flow fluctuations. The management of the consolidated company supervises the use of bank financing lines and ensures compliance with the terms of the loan contract.

Bank loans are an important source of liquidity for the consolidated company. As of December 31, 2023 and 2022, the unutilized short-term bank financing lines of the Company were NT\$11,339,148 thousand and NT\$10,255,998 thousand, respectively.

(a) Liquidity and interest rate risk table of non-derivative financial liabilities

The remaining contract maturity analysis of non-derivative financial liabilities is based on the earliest possible repayment date of the consolidated company and is compiled based on the undiscounted cash flows of financial liabilities (including principal and estimated interest). Therefore, the bank loans that the consolidated company can be required to repay immediately are within the earliest period in the table below, regardless of the probability of

the bank immediately executing the right; the maturity analysis of other non-derivative financial liabilities is compiled in accordance with the agreed repayment date. Analysis as below :

Dec 31, 2023

Non-derived financial liabilities	In 1 year	1 to 2 years	Over 2 years
Short-term loan	\$ 3,608,000	\$ -	\$ -
Short-term bills payable	10,000	-	-
Notes payable (including related parties)	118,293	-	-
Accounts payable (including related parties)	2,004,559	-	-
Other payable	451,624	-	-
Loan from related parties	113,000	-	-
Lease liabilities (current and non-current)	5,373	5,182	31,089
Current provisions	1,062	-	-
Long-term loan (including 1 year or due within the operating cycle)	141,250	610,000	1,244,000
Guarantee deposits received	2,074	-	-
	<u>\$ 6,455,235</u>	<u>\$ 615,182</u>	<u>\$ 1,275,089</u>

Dec 31, 2022

Non-derived financial liabilities	In 1 year	1 to 2 years	Over 2 years
Short-term loan	\$ 3,675,000	\$ -	\$ -
Short-term bills payable	520,000	-	-
Notes payable (including related parties)	93,611	-	-
Accounts payable (including related parties)	1,934,291	-	-
Other payable	395,521	-	-
Loan from related parties	105,000	-	-
Lease liabilities (current and non-current)	5,265	5,265	35,550
Current provisions	945	-	-
Long-term loan (including 1 year or due within the operating cycle)	117,500	141,250	1,645,625
Guarantee deposits received	2,158	-	-
	<u>\$ 6,849,291</u>	<u>\$ 146,515</u>	<u>\$ 1,681,175</u>

(b) Liquidity for derivative financial liabilities

The following table detailed the Company's liquidity analysis for its derivative financial instruments. The table was based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

<u>Dec 31, 2023</u>				
<u>Derived financial liabilities</u>	<u>In 1 year</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>Over 5 years</u>
<u>Net settled</u>				
Cross-currency swap contracts	\$ 43,414	\$ -	\$ -	\$ -
<u>Dec 31, 2022</u>				
<u>Derived financial liabilities</u>	<u>In 1 year</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>Over 5 years</u>
<u>Net settled</u>				
Cross-currency swap contracts	\$ 529	\$ -	\$ -	\$ -

29. Trading with Related Parties

Trading between Li Peng Enterprise and its subsidiaries (related parties), and account balance, income and expenses are all eliminated at the time of consolidation, so they are not disclosed in this note. The transactions between the consolidated company and other related parties are as follows :

a. Related parties and association

<u>Related parties</u>	<u>Relationship with the Company</u>
LEALEA ENTERPRISE CO. LTD.	Investors with significant influence
FU LI TRANSPORTAION CO.	Associated company
LEA JIE ENERGY CO. LTD.	Associated company
LIBOLON ENTERPRISE CO. LTD.	Associated company
LI LING FILM CO. LTD.	Associated company
LEALEA TECHNOLOGY CO. LTD.	Associated company
LI ZAN INVESTMENT CO. LTD.	Associated company
LI HAO INVESTMENT CO. LTD.	Associated company
LIBOLON ENERGY CO. LTD.	Associated company
PT. INDONESIA LIBOLON FIBER SYSTEM	Associated company
APEX FONG YI TECHNOLOGY CO. LTD.	Other
LIBOLON INTERNATIONAL CORP.	Other
LEALEA HOTELS & RESORTS CO., LTD.	Other

b. Operating Income

<u>Accounting item</u>	<u>Related Party Category/Name</u>	<u>2023</u>	<u>2022</u>
Sales revenue	Investor with significant influence	\$ 366,823	\$ 564,464
	Associated company	570,441	695,092
	Other	-	3,300
		<u>\$ 937,264</u>	<u>\$ 1,262,856</u>

There is no significant difference between the consolidated company's sales to associated companies and general transactions with other related parties.

c. Purchases

<u>Related Party Category</u>	<u>2023</u>	<u>2022</u>
Investor with significant influence	\$ 802,783	\$ 777,920
Associated company	<u>46,084</u>	<u>91,018</u>
	<u>\$ 848,867</u>	<u>\$ 868,938</u>

d. Amounts receivable from related parties (excluding loans to related parties)

<u>Accounting item</u>	<u>Related Party Category/Name</u>	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Note receivable	Investor with significant influence		
	Lealea enterprise	\$ 24,104	\$ 24,831
	Associated company		
	Li Ling	72,836	84,937
	Other	<u>-</u>	<u>9</u>
		<u>96,940</u>	<u>109,777</u>
Accounts receivable	Investors with significant influence	42,316	28,408
	Associated company	<u>82,574</u>	<u>63,005</u>
		<u>124,890</u>	<u>91,413</u>
Other receivables	Investors with significant influence		
	Lealea enterprise	14,118	15,126
	Associated company	2,779	2,355
	Other	<u>4</u>	<u>2</u>
		<u>16,901</u>	<u>17,483</u>
		<u>\$ 238,731</u>	<u>\$ 218,673</u>

No guarantee is received for the accounts receivable from related parties. No allowance for losses is provided for accounts receivable from related parties in 2023 and 2022. The collection and payment deadlines for the consolidated company and related parties are not materially differentiated from those for general customers and manufacturers.

e. Accounts payable to related parties (excluding borrowings from related parties)

<u>Accounting item</u>	<u>Related Party Category/Name</u>	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Notes payable	Investors with significant influence		
	Lealea enterprise	\$ 83,915	\$ 50,990
	Associated company	<u>2,403</u>	<u>1,494</u>
		<u>86,318</u>	<u>52,484</u>
Accounts payable	Investors with significant influence		
	Lealea enterprise	56,527	53,685
	Associated company	<u>6,069</u>	<u>6,684</u>
		<u>62,596</u>	<u>60,369</u>
		<u>\$ 148,914</u>	<u>\$ 112,853</u>

The balance of the outstanding accounts payable to related parties is not guaranteed.

f. Disposal of property, plant and equipment

Related Party Category/Name	Disposal price		Disposal profit (loss)	
	2023	2022	2023	2022
Investors with significant influence	\$ 4,300	\$ -	\$ 4,300	\$ -

g. Acquisition of property, plant and equipment

Related Party Category/Name	Acquisition price	
	2023	2022
Investors with significant influence	\$ -	\$ 100
Associated company	-	10,401
	<u>\$ -</u>	<u>\$ 10,501</u>

h. Acquisition of other assets

Related Party Category	Accounting item	Acquisition price	
		2023	2022
Associated company	Other intangible assets — computer software	\$ 2,000	\$ 2,942

i. Loan to related parties

	Dec 31, 2023				
	Highest balance	Balance, end of year	Interest range (%)	Interest income	Interest receivable
Investors with significant influence					
Lealea enterprise	\$ 161,000	\$ 161,000	1.77582~1.67857	\$ 2,402	\$ 207
Associated company					
PT. INDONESIA LIBOLON FIBER SYSTEM	378,951	372,145	2.62000~3.10000	6,219	973
Li Ling	355,000	245,000	2.26822~2.36682	4,924	446
		<u>\$ 778,145</u>		<u>\$ 13,545</u>	<u>\$ 1,626</u>
	Dec 31, 2022				
	Highest balance	Balance, end of year	Interest range (%)	Interest income	Interest receivable
Investors with significant influence					
Lealea enterprise	\$ 233,000	\$ 144,000	0.81037~1.82470	\$ 1,928	\$ 171
Associated company					
PT. INDONESIA LIBOLON FIBER SYSTEM	453,591	30,710	1.40332~2.62000	2,855	17
Li Ling	200,000	147,000	1.48725~2.38698	2,123	392
		<u>\$ 321,710</u>		<u>\$ 6,906</u>	<u>\$ 580</u>

The consolidated company provides short-term loans to investors with significant influence, and the interest rate range is similar to the market interest rate.

j. Loan from related parties

	Dec 31, 2023				
	Highest balance	Balance, end of year	Interest range (%)	Interest expense	Interest payable
Associated company					
Li Hao Co.	\$ 71,000	\$ 71,000	1.65532~1.72051	\$ 1,184	\$ 103
Li Zan Co.	42,000	<u>42,000</u>	1.65532~1.72051	<u>676</u>	<u>61</u>
		<u>\$ 113,000</u>		<u>\$ 1,860</u>	<u>\$ 164</u>

	Dec 31, 2022				
	Highest balance	Balance, end of year	Interest range (%)	Interest expense	Interest payable
Associated company					
Li Hao Co.	\$ 71,000	\$ 71,000	0.80354~1.66230	\$ 716	\$ 100
Li Zan Co.	42,000	<u>34,000</u>	0.80354~1.66230	<u>358</u>	<u>48</u>
		<u>\$ 105,000</u>		<u>\$ 1,074</u>	<u>\$ 148</u>

The borrowing interest rate of the consolidated company's loan from related parties is equivalent to the market interest rate. Loans from associates and other related parties are all credit loans.

k. Other

<u>Purchases — freight</u>	<u>2023</u>	<u>2022</u>
Associated company	<u>\$ 19,743</u>	<u>\$ 20,037</u>
<u>Export expense</u>	<u>2023</u>	<u>2022</u>
Associated company	<u>\$ 12,870</u>	<u>\$ 12,385</u>
<u>Sale — freight</u>	<u>2023</u>	<u>2022</u>
Investors with significant influence	<u>\$ 223</u>	<u>\$ 1,948</u>
<u>Rental income</u>	<u>2023</u>	<u>2022</u>
Investors with significant influence		
Lealea enterprise	\$ 7,644	\$ 7,746
Associated company		
Lealea Technology	5,986	5,468
Other	2,512	2,574
Other	<u>18</u>	<u>20</u>
	<u>\$ 16,160</u>	<u>\$ 15,808</u>

The rental income collected by the consolidated company from related parties is based on the local general market rate, and the payment period is one-month promissory note.

<u>Other income</u>	<u>2023</u>	<u>2022</u>
Investors with significant influence		
Lealea enterprise	\$ 15,834	\$ 25,827
Associated company		
Li Ling	3,582	3,662
Other	<u>540</u>	<u>668</u>
	<u>\$ 19,956</u>	<u>\$ 30,157</u>

<u>Lease expense</u>	<u>2023</u>	<u>2022</u>
Investors with significant influence		
Lealea enterprise	<u>\$ 28,562</u>	<u>\$ 28,482</u>

The rent paid by the consolidated company to related parties is based on the local general market rate, and the payment period is one-month promissory note.

<u>Tech service fees</u>	<u>2023</u>	<u>2022</u>
Associated company		
Lealea Technology	<u>\$ 25,464</u>	<u>\$ 24,552</u>

<u>Ohter expense — steam</u>	<u>2023</u>	<u>2022</u>
Investors with significant influence		
Lealea enterprise	<u>\$ 10,822</u>	<u>\$ 62,808</u>

<u>Environmental maintenance expense</u>	<u>2023</u>	<u>2022</u>
Investors with significant influence		
	<u>\$ -</u>	<u>\$ 22</u>

<u>Services expense — coal disposal</u>	<u>2023</u>	<u>2022</u>
Associated company		
Lea Jie Energy	<u>\$ 1,143</u>	<u>\$ 914</u>

<u>Fuel expense — coal</u>	<u>2023</u>	<u>2022</u>
Associated company		
Lea Jie Energy	<u>\$ 274,953</u>	<u>\$ 281,633</u>

l. Salary of senior management

The total remuneration for directors and other senior management is as follows :

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 24,789	\$ 25,039
Retirement benefits	<u>375</u>	<u>550</u>
	<u>\$ 25,164</u>	<u>\$ 25,589</u>

The remuneration of directors and senior management is determined by the remuneration committee in accordance with individual performance and market trends.

m. Other related parties' transactions

Related Party Category	Item	Price of contracted but unfinished (untaxed) <u>Dec 31, 2023</u>	Prepaid equipment balance <u>Dec 31, 2023</u>
Associated company			
Lealea Technology	Software and Hardware	<u>\$ 848</u>	<u>\$ -</u>

Related Party Category	Item	Price of contracted but unfinished (untaxed) <u>Dec 31, 2022</u>	Prepaid equipment balance <u>Dec 31, 2022</u>
Associated company			
Lealea Technology	Software and Hardware	<u>\$ 1,950</u>	<u>\$ -</u>

30. Pledged assets

The following assets of the consolidated company have been provided as collateral for financial institutions.

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Pledged deposit receipt (Note 6 and 10)	\$ 4,231	\$ 4,198
Financial assets at FVTOCI— non-current (Note 11)	44,660	44,013
Property, plant and equipment (Note 14)	<u>2,824,989</u>	<u>2,898,486</u>
	<u>\$ 2,873,880</u>	<u>\$ 2,946,697</u>

31. Significant contingent liabilities and unrecognized commitments

Except as mentioned in other notes, the consolidated company has the following major commitments and contingencies on the balance sheet date :

On December 31, 2023 and 2022, the consolidated company still has issued and unused letters of credit. The details are as follows :

	Unit : Foreign currency in thousands	
	Dec 31, 2023	Dec 31, 2022
USD	\$ 73,350	\$ 91,957
JPY	-	34,500
NTD	114,401	-
EUR	-	194
CHF	-	190
RMB	270,846	-

32. Significantly influencing foreign currency financial assets and liabilities information

The following information is summarized and expressed in foreign currencies other than the functional currencies of the consolidated company. The disclosed exchange rates refer to the exchange rates of these foreign currencies into functional currencies. Foreign currency assets and liabilities with significant impact are as follows :

		Unit : Foreign currency / NTD in thousand		
		Dec 31, 2023		
Company	Financial assets Currency items	Foreign currency	Exchange rate	Carrying amount
Li Peng Enterprise	USD	\$ 145,509,842	30.705 (USD : NTD)	\$ 4,467,880
"	RMB	400,573	4.327 (RMB : NTD)	1,733
Libolon (Shanghai) Co.	USD	6,666,660	7.0961 (USD : RMB)	204,699
Eton Petrochemical Co.	USD	59,288,509	30.705 (USD : NTD)	1,820,454
	RMB	27,459,503	4.327 (RMB : NTD)	118,817
In talent	USD	1,251	30.705 (USD : NTD)	38
PT. INDONESIA HWALIN	USD	4,272,473	15,416 (USD : IDR)	131,186
Li Shing Investment Co., Ltd.	USD	1,676,822	30.705 (USD : NTD)	51,487

		Dec 31, 2023		
		<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
	<u>Non currency items</u>			
Li Peng Enterprise	Financial assets measured at FVMTPL-non-current USD	\$ 96,149	30.705 (USD : NTD)	\$ 2,952
"	Investment using equity method IDR	304,677,644,247	0.0019918 (IDR : NTD)	606,857
In talent	Investment using equity method RMB	61,003,231	4.327 (RMB : NTD)	263,961
Eton Petrochemical Co.	Investment using equity method USD	182,285	30.705 (USD : NTD)	5,597
<u>Company</u>	<u>Financial liabilities</u>			
	<u>Currency items</u>			
Li Peng Enterprise	USD	56,843,603	30.705 (USD : NTD)	1,745,383
"	RMB	50,206	4.327 (RMB : NTD)	217
Libolon (Shanghai) Co.	USD	3,447,881	7.0961 (USD : RMB)	105,867
Eton Petrochemical Co.	USD	68,351,003	30.705 (USD : NTD)	2,098,718
	RMB	17,331,105	4.327 (RMB : NTD)	74,992
PT. INDONESIA HWALIN	USD	154,646	15,416 (USD : IDR)	4,748
	<u>Non currency items</u>			
Li Peng Enterprise	Derivative financial instruments USD	70,000,000 (contract amount)	30.705 (USD : NTD)	43,414

		Dec 31, 2022		
Company	Financial assets	Foreign currency	Exchange rate	Carrying amount
	<u>Currency items</u>			
Li Peng Enterprise	USD	\$ 116,164,050	30.71 (USD : NTD)	\$ 3,567,398
"	RMB	10,396,064	4.408 (RMB : NTD)	45,826
Libolon (Shanghai) Co.	USD	4,835,945	6.9669 (USD : RMB)	148,512
Eton Petrochemical Co.	USD	56,944,118	30.71 (USD : NTD)	1,748,754
In talent	USD	1,235	30.71 (USD : NTD)	38
PT. INDONESIA HWALIN	USD	4,047,436	15,731 (USD : IDR)	124,297
	<u>Non currency items</u>			
Li Peng Enterprise	Derivative financial instruments USD	50,000,000 (contract amount)	30.71 (USD : NTD)	2,813
"	Financial assets measured at FVMTPL-non-current USD	96,149	30.71 (USD : NTD)	2,953
"	Investment using equity method IDR	317,581,997,560	0.0019522 (IDR : NTD)	619,983
In talent	Investment using equity method RMB	73,161,478	4.408 (RMB : NTD)	322,496
Eton Petrochemical Co.	Investment using equity method USD	194,753	30.71 (USD : NTD)	5,981
	<u>Financial liabilities</u>			
	<u>Currency items</u>			
Li Peng Enterprise	USD	42,374,857	30.71 (USD : NTD)	1,031,332
"	RMB	52,855	4.408 (RMB : NTD)	233
Libolon (Shanghai) Co.	USD	1,265,051	6.9669 (USD : RMB)	38,850

		Dec 31, 2022		
		<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
Eton Petrochemical Co.	USD	\$ 63,856,192	30.71 (USD : NTD)	\$ 1,961,024
PT. INDONESIA HWALIN	USD	47,886	15,731 (USD : IDR)	1,471
	<u>Non currency items</u>			
Li Peng Enterprise	Derivative financial instruments			
	USD	15,000,000 (contract amount)	30.71 (USD : NTD)	529

The consolidated company's unrealized foreign currency exchange loss in 2023 and 2022 were NT\$60,074 thousand and NT\$4,737 thousand, respectively. Due to the wide variety of currencies in foreign currency transactions, it is impossible to disclose the exchange gain and loss according to the foreign currencies that have major impacts.

33. Disclosed items in notes

a. Major transaction items and b. reinvestment business related information :

- (1) Loan to others. (Attached table 1)
- (2) Provision of endorsements and guarantees to others. (Attached table 2)
- (3) Holding marketable securities at the end of the period (excluding investment in subsidiaries, associates and joint venture equity). (Attached table 3)
- (4) The cumulative amount of buying or selling the same securities reaches NT\$300 million or more than 20% of the paid-in capital. (None)
- (5) Acquired real estate with an amount of NT\$300 million or more than 20% of the paid-in capital. (None)
- (6) Disposal of real estate with an amount of NT\$300 million or more than 20% of the paid-in capital. (None)
- (7) The amount of purchase and sale of goods with related parties reaches NT\$100 million or more than 20% of the paid-in capital. (Attached table 4)
- (8) Accounts receivables from related parties amount to NT\$100 million or more than 20% of the paid-in capital. (Attached table 5)
- (9) Engage in derivatives trading. (Note 7 and Note 28)
- (10) Other: business relationships and important transactions and amounts between parent and subsidiary companies and between subsidiaries. (Attached table 6)
- (11) Invested company's information. (Attached table 7)

c. Information on investments in China :

- (1) The name of the mainland investee company, main business items, paid-in capital, investment methods, capital remittances and exits, shareholding ratio, investment gains and losses, investment book amount at the end of the period, repatriated investment gains and losses, and limits for investments to mainland China. (Attached table 8)
- (2) The following major transactions, prices, payment terms, and unrealized gains and losses occurred directly or indirectly with the investee company in mainland China via the third region: (Attached table 9)
 - (a) The amount and percentage of purchases and the ending balance and percentage of related accounts payable.
 - (b) The amount and percentage of sales and the ending balance and percentage of related accounts receivable.
 - (c) The amount of property transactions and the profits and losses generated.
 - (d) The ending balance of the bill endorsement guaranteed or collateral provided and its purpose.
 - (e) The maximum balance, ending balance, interest rate range and total interest of the current period of the financial intermediation.
 - (f) Other transactions that have a significant impact on the current profit and loss or financial status, such as the provision or receipt of labor services.

d. Information on major shareholders: the name, amount and proportion of shareholders with a shareholding ratio of 5% and more. (Attached table 10)

34. Segment information

The information provided to chief operating decision-makers for allocating resources and evaluating departmental performance, focusing on the types of products or services delivered or provided. The reporting departments of the consolidated company are as follows:

Nylon department-mainly for the manufacture and sale of nylon CHIP and nylon yarn.

Weaving department-mainly for the manufacture and sale of plain woven fabrics and knitted fabrics

Trade department-mainly a sales base for various textile products and bulk raw materials

Yarn dyeing and other departments-mainly for the manufacturing and sales of dyed yarn

a. Departmental income and operational results

	2023						
	Nylon department	Weaving department	Trade department	Yarn dyeing and other departments	Total	Adjustment and write-off	Total
Operating income (including allocation income)	\$ 6,081,451	\$ 3,559,053	\$ 20,916,894	\$ 432,202	\$ 30,989,600	(\$ 1,319,863)	\$ 29,669,737
Operating cost (including transfer cost)	(6,706,825)	(3,173,022)	(20,522,483)	(362,861)	(30,765,191)	1,326,212	(29,438,979)
Operating margin (loss)	(625,374)	386,031	394,411	69,341	224,409	6,349	230,758
Operating expense	(194,600)	(328,991)	(291,109)	(19,340)	(834,040)	4,501	(829,539)
Operating profit (loss)	<u>(\$ 819,974)</u>	<u>\$ 57,040</u>	<u>\$ 103,302</u>	<u>\$ 50,001</u>	<u>(\$ 609,631)</u>	<u>\$ 10,850</u>	<u>(598,781)</u>
Non-operating income and expenses							96,961
Net loss before tax							<u>(\$ 501,820)</u>

	2022						
	Nylon department	Weaving department	Trade department	Yarn dyeing and other departments	Total	Adjustment and write-off	Total
Operating income (including allocation income)	\$ 7,839,474	\$ 4,087,388	\$ 18,342,450	\$ 256,025	\$ 30,525,337	(\$ 2,023,944)	\$ 28,501,393
Operating cost (including transfer cost)	(8,154,531)	(3,532,103)	(18,097,965)	(228,754)	(30,013,353)	2,018,724	(27,994,629)
Operating margin (loss)	(315,057)	555,285	244,485	27,271	511,984	(5,220)	506,764
Operating expense	(302,088)	(335,180)	(178,775)	(27,914)	(843,957)	1,967	(841,990)
Operating profit (loss)	<u>(\$ 617,145)</u>	<u>\$ 220,105</u>	<u>\$ 65,710</u>	<u>(\$ 643)</u>	<u>(\$ 331,973)</u>	<u>(\$ 3,253)</u>	<u>(335,226)</u>
Non-operating income and expenses							300,712
Net loss before tax							<u>(\$ 34,514)</u>

Departmental profit refer to the profits earned by each segment, excluding the share of profits and losses of associated companies that adopt the equity method, disposition of associated companies, rental income, interest income, disposition of property, plant and equipment gains and losses, disposition of investment gains and losses, foreign currency exchange net gains (losses), financial instrument evaluation gains and losses, financial costs and income tax expenses. This measurement amount is provided to the chief operating decision maker to allocate resources to the segment and measure its performance.

b. Segment assets

	Dec 31, 2023						
	Nylon department	Weaving department	Trade department	Yarn dyeing and other departments	Total	Adjustment and write-off	Total
Cash and cash equivalent	\$ 100	\$ 125,001	\$ 123,285	\$ 1,854,445	\$ 2,102,831	\$ -	\$ 2,102,831
Financial assets measured at FVTPL	-	-	58,873	161,377	220,250	-	220,250
Notes and accounts receivable	650,074	313,461	1,782,124	7,167	2,752,826	(107,255)	2,645,571
Loan to related parties receivable	-	-	-	1,475,731	1,475,731	(697,586)	778,145
Inventory	1,134,791	1,023,028	305,537	52,527	2,515,883	(3,119)	2,512,764
Other current assets	40,389	26,751	1,794,019	98,862	1,960,021	(1,453,162)	506,859
Total current assets	<u>1,825,354</u>	<u>1,488,241</u>	<u>4,063,838</u>	<u>3,650,109</u>	<u>11,027,542</u>	<u>(2,261,122)</u>	<u>8,766,420</u>
Financial assets measured at FVTPL	-	-	-	6,333	6,333	-	6,333
Financial assets measured at FVTOCI	-	-	-	2,586,271	2,586,271	(531,541)	2,054,730
Investments using equity method	-	-	-	4,209,122	4,209,122	(1,548,234)	2,660,888
Property, plant and equipment	2,860,746	1,816,945	-	433,713	5,111,404	(39,235)	5,072,169
Right-of-use asset	188	24,053	-	265	24,506	-	24,506
Other intangible asset	1,030	2,311	-	1,577	4,918	-	4,918
Other non-current asset	967	2,823	1,693	444,385	449,868	1,860	451,728
Total assets	<u>\$ 4,688,285</u>	<u>\$ 3,334,373</u>	<u>\$ 4,065,531</u>	<u>\$ 11,322,715</u>	<u>\$ 23,419,964</u>	<u>(\$ 4,378,272)</u>	<u>\$ 19,041,692</u>

	Dec 31, 2022						
	Nylon department	Weaving department	Trade department	Yarn dyeing and other departments	Total	Adjustment and write-off	Total
Cash and cash equivalent	\$ 100	\$ 108,878	\$ 258,318	\$ 1,993,055	\$ 2,360,351	\$ -	\$ 2,360,351
Financial assets measured at FVTPL	-	-	97,977	134,038	232,015	-	232,015
Notes and accounts receivable	578,511	415,935	1,558,002	7,758	2,560,206	(29,018)	2,531,188
Loan to related parties receivable	-	-	-	821,875	821,875	(500,165)	321,710
Inventory	1,712,407	1,236,217	287,055	19,047	3,254,726	(5,901)	3,248,825
Other current assets	168,472	21,100	1,560,758	59,557	1,809,887	(1,375,536)	434,351
Total current assets	2,459,490	1,782,130	3,762,110	3,035,330	11,039,060	(1,910,620)	9,128,440
Financial assets measured at FVTPL	-	-	-	6,333	6,333	-	6,333
Financial assets measured at FVTOCI	-	-	-	2,452,363	2,452,363	(514,113)	1,938,250
Investments using equity method	-	-	-	4,215,958	4,215,958	(1,575,913)	2,640,045
Property, plant and equipment	3,234,626	1,952,444	-	431,412	5,618,482	(42,802)	5,575,680
Right-of-use asset	366	26,521	-	238	27,125	-	27,125
Other intangible asset	1,452	2,415	-	2,373	6,240	-	6,240
Other non-current asset	438	3,522	7,803	359,529	371,292	6,713	378,005
Total assets	\$ 5,696,372	\$ 3,767,032	\$ 3,769,913	\$ 10,503,536	\$ 23,736,853	(\$ 4,036,735)	\$ 19,700,118

c. Segment liabilities

Since the measurement of the liabilities of the consolidated company's department is not provided to the operating decision makers, there is no need to disclose the measurement of the liabilities.

d. Main products and service income

The main product and service income analysis of the continuing business unit of the consolidated company is as follows :

	2023	2022
Nylon chips	\$ 3,867,216	\$ 4,425,341
Petrochemicals	20,439,583	17,719,678
Nylon yarn	1,065,212	1,712,388
Woven (Knitted) fabric	3,060,618	3,465,030
Others	1,237,108	1,178,956
	<u>\$ 29,669,737</u>	<u>\$ 28,501,393</u>

e. Region-specific information

The consolidated company's main operation is based in Asia.

The information of the consolidated company's continuing business income from external customers based on operating location and non-current assets based on asset location is listed below :

	Income from external customers		Non-current assets	
	2023	2022	Dec 31, 2023	Dec 31, 2022
ASIA	\$ 22,560,857	\$ 24,652,437	\$ 5,102,659	\$ 5,609,814
AMERICA	5,825,992	2,838,986	-	-
OTHER	1,282,888	1,009,970	-	-
	<u>\$ 29,669,737</u>	<u>\$ 28,501,393</u>	<u>\$ 5,102,659</u>	<u>\$ 5,609,814</u>

Non-current assets exclude assets classified as financial instruments and deferred income tax assets.

f. Information of main customers

The details of the customers who accounted for more than 10% of the operating income of the consolidated company's income statement of 2022 are as follows :

	<u>2023</u>
TOTAL	\$ 8,416,222
China American Petrochemical	<u>3,194,217</u>
	<u>\$ 11,610,439</u>
	<u>2022</u>
TOTAL	\$ 5,917,490
Oriental Petrochemical	<u>3,036,031</u>
	<u>\$ 8,953,521</u>

Li Peng Enterprise Co. Ltd and Subsidiaries
Financings Provided
Jan 1 to Dec 31, 2023

Attached Table 1

Unit : In Thousands of New Taiwan Dollars, Unless Specified Otherwise

No. (Note 1)	Financing Company	Loan and loanee	Financial Statement Account (Note 2)	Related party	Maximum balance for the period (Note 3)	Ending balance (Note 8)	Amount actually drawn	Interest rate %	Nature for financing (Note 4)	Transaction amounts (Note 5)	Reason for short-term financing (Note 6)	Allowance for bad debt	Collateral		Financing Limits for Each Borrowing Company (Note 7)	Financing Company's Total Financing Amount Limits (Note 7)	
													Item	Value			
0	Li Peng Enterprise Co., Ltd.	Eton Petrochemical Co., Ltd.	Loan to related parties	Yes	\$ 900,000	\$ 900,000	\$ 531,586	1.48725~3.10000	2	\$ -	Operating capital	\$ -	-	\$ -	\$ 903,394	\$ 3,613,574	
		Eton Petrochemical International Co., Ltd.	//	Yes	750,000	450,000	-	1.48725~3.10000	2	-	Operating capital	-	-	-	903,394	3,613,574	
		PT INDONESIA LIBOLON FIBER SYSTEM	//	Yes	900,000	400,000	372,145	-	1.42779~3.10000	2	-	Operating capital	-	-	-	903,394	3,613,574
		Li Ling Film Co., Ltd.	//	Yes	300,000	300,000	45,000	-	2.26822~2.36682	2	-	Operating capital	-	-	-	903,394	3,613,574
1	Li Mao Investment Co., Ltd.	Li Peng Enterprise Co., Ltd.	//	Yes	80,000	80,000	60,000	1.064231~1.824705	2	-	Operating capital	-	-	-	94,263	377,050	
		Lealea Enterprise Co., Ltd.	//	Yes	80,000	80,000	26,000	1.673686~1.824705	2	-	Operating capital	-	-	-	94,263	377,050	
		Li Ling Film Co., Ltd.	//	Yes	80,000	80,000	80,000	1.750940~2.386980	2	-	Operating capital	-	-	-	94,263	377,050	
2	Li Shing Investment Co., Ltd.	Li Peng Enterprise Co., Ltd.	//	Yes	75,000	75,000	75,000	1.064231~1.824705	2	-	Operating capital	-	-	-	85,020	340,078	
		Lealea Enterprise Co., Ltd.	//	Yes	75,000	75,000	75,000	1.673686~1.824705	2	-	Operating capital	-	-	-	85,020	340,078	
		Li Ling Film Co., Ltd.	//	Yes	75,000	60,000	60,000	1.771980~2.386980	2	-	Operating capital	-	-	-	85,020	340,078	
3	Hung Hsing Investment Co., Ltd.	Li Peng Enterprise Co., Ltd.	//	Yes	60,000	60,000	31,000	1.064231~1.824705	2	-	Operating capital	-	-	-	71,015	284,062	
		Lealea Enterprise Co., Ltd.	//	Yes	60,000	60,000	60,000	1.673686~1.824705	2	-	Operating capital	-	-	-	71,015	284,062	
		Li Ling Film Co., Ltd.	//	Yes	60,000	60,000	60,000	1.745740~2.386980	2	-	Operating capital	-	-	-	71,015	284,062	

Note 1: The description of number column is as follows: (1) The issuer is coded "0". (2) The investee company is numbered sequentially from Arabic numeral 1 according to the company type.

Note 2: The accounts receivable from associates, accounts receivable from related parties, shareholder transactions, prepayments, temporary payments, etc. that are classified as nature for financing must be filled in this field.

Note 3: "Maximum balance for the period" refers to the highest balance of lending amount to others in the current year.

Note 4: "Nature for financing" should be listed as (1) companies or firms having business relationship with the Company, or (2) ones requiring short-term financing.

Note 5: As the nature of financing is companies or firms having business relationship with the Company, the business transaction amount should be filled in. The transaction amount refers to the previous year's transaction amount between the lending company and the lender.

Note 6: As the nature of financing is companies or firms requiring short-term financing, the reasons of financing and the usage of funds, such as repayment of loans, purchase of equipment, working capital turnover, etc., should be specified.

Note 7: Loan and limit for individual objects: 10% of the shareholders' equity of Li Peng Company, Li Mao Company, Li Shing Company and Hung Hsing Company; loan and total amount: Li Peng Company, Li Mao Company, Li Shing Company and 40% of the shareholders' equity of Hung Hsing Company. Li Peng Company, Li Mao Company, Li Shing Company and Hung Hsing Company did not exceed the limit when the original funds were used for the loan.

Note 8: Should a public company comply with the Article 14-1 of "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" to submit financing reports to the Board of Directors for approval one by one, even though the financing funds have not yet been allocated, the financing amount approved by the Board of Directors should still be included in the balance announcement for exposing risks. When the funds are subsequently repaid, the balance after repayment shall be disclosed to reflect the adjustment of risk. In accordance with the Article 14-2 of the Regulations, a public company may authorize the chairman of the Board of Directors to approve financing funds in a certain amount and allocated it in installments or revolving within a one-year period, but the financing funds approved by the Board of Directors should still be used as the declared balance. Although the funds will be repaid thereafter, in consideration that the loan may be allocated again, the financing funds approved by the Board of Directors should be used as the announced balance.

Li Peng Enterprise Co. Ltd. and Subsidiaries
Provision of endorsements and guarantees to others
Jan 1 to Dec 31, 2023

Attached Table 2

Unit : In Thousands of New Taiwan Dollars, Unless Specified Otherwise

No. (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2023 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2023 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company (%)	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements / guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Note
		Company Name	Relationship with the endorser/ guarantor (Note2)											
0	Li Peng Enterprise Co., Ltd.	Eton Petrochemical Co., Ltd.	2	\$ 1,806,787	\$ 1,656,515	\$ 1,627,365	\$ 738,229	\$ -	18.01	\$ 3,613,574	Y	N	N	
	Li Peng Enterprise Co., Ltd.	Eton Petrochemical International Co., Ltd.	2	1,806,787	951,855	951,855	-	-	10.54	3,613,574	Y	N	N	

Note 1: The numbers filled in for the endorsements/guarantees provided by the group or subsidiaries are as follows:

1. The Company is "0".
2. The subsidiaries are numbered in order starting from "1".

Note 2: The following code represents the relationship with the company:

1. A company with which it does business.
2. A company in which the public company directly and indirectly holds more than 50 percent of the voting shares.
3. A company that directly and indirectly holds more than 50 percent of the voting shares in the public company.
4. A company in which the public company holds, directly or indirectly, 90% or more of the voting shares.
5. A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
6. A company that all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.
7. Companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3 : Limit on endorsements/ guarantees provided for a single party is 20% of the Li Peng company's shareholders' equity; Ceiling on total amount of endorsements/ guarantees provided is 40% of the Li Peng company's shareholders' equity.

Note 4 : Maximum outstanding endorsement/ guarantee amount in the current year.

Note 5 : The amount agreed in the board resolution shall be listed. But based on the subparagraph 8, article 12 of Guideline for Capital Loan and Endorsement of the Public Companies, the board of members will authorize the chairman of the board for execution, the amount refers to the amount carried out by the Chairman of the Board.

Note 6 : The actual used amount within the endorsed guaranteed balance range used by the endorsed company shall be listed.

Note 7 : The listed parent company endorsement of the subsidiary company, the subsidiary company endorsement of the listed parent company or the endorsement from the Mainland China area shall list as Y category.

Note 8 : The company provided a joint guarantee for Eton Petrochemical Co., Ltd. and Eton Petrochemical International Co., Ltd. to obtain a bank loan line of USD\$43 million. The separate presentation in the above table resulted in double calculation of the closing balance. In essence, it was a joint guarantee for obtaining a single credit line endorsement guaranteed.

Li Peng Enterprise Co. Ltd. and Subsidiaries
Holding securities at the end of the period
For the Year Ended Dec 31, 2023

Attached Table 3

Unit : NTD thousand

Held Company Name	Marketable securities type and name (Note 1)	Relationship with the company (Note 2)	Financial statement account	End of the period				Note (Note 4)
				Shares (Units)	Carrying value (Note 3)	% of ownership	Fair value	
Li Peng Enterprise Co. Ltd.	Share							
	Trade-Van Information Services Co., Ltd.	None	Financial assets mandatorily measured at FVTPL – current	427,675	\$ 28,612	0.29	\$ 28,612	
	Far EasTone Telecommunications Co., Ltd.	"	"	306,219	24,436	0.01	24,436	
	Information Technology Total Services Co. Ltd.	"	"	33,750	1,672	0.12	1,672	
	Lealea Enterprise Co., Ltd.	The chairman is same as the company, and the company holds 16.17% of the shares and is the legal director	Financial assets measured at FVTOCI – non-current	75,221,924	778,547	7.56	778,547	
	Taiwan Filament Weaving Development Co., Ltd.	None	Financial assets mandatorily measured at FVTPL – non-current	3,302,964	5,686	5.76	-	
	Huazhi Venture Capital Co., Ltd.	"	"	21,739	217	4.35	-	
	TECHGAINS PAN-PACIFIC Corp. Book4u Co., Ltd.	" "	" "	150,000 6,250	430 -	0.26 0.12	- -	
Li Mao Investment Co., Ltd.	Share							
	Lealea Enterprise Co., Ltd.	Shareholders who hold 46.62% of the equity	Financial assets measured at FVTOCI – non-current	47,519,618	491,828	4.77	491,828	
	Li Peng Enterprise Co. Ltd.	Company's parent company	"	34,177,995	271,032	3.76	271,032	

(continued in next page)

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Held Company Name	Marketable securities type and name (Note 1)	Relationship with the company (Note 2)	Financial statement account	End of the period				Note (Note 4)
				Shares (Units)	Carrying value (Note 3)	% of ownership	Fair value	
Hung Hsing Investment Co., Ltd.	Share Lealea Enterprise Co., Ltd.	Shareholders who hold 46.98% of the equity	Financial assets measured at FVTOCI— non-current	35,049,016	\$ 362,757	3.52	\$ 362,757	Pledge 4,315,000 shares as collateral for the issuance of short-term notes
	Li Peng Enterprise Co. Ltd.	Company's parent company	"	24,618,087	195,221	2.71	195,221	
Li Shing Investment Co., Ltd.	Share Lealea Enterprise Co., Ltd.	Shareholders who hold 47% of the equity	Financial assets measured at FVTOCI— non-current	40,734,087	421,598	4.09	421,598	
	Li Peng Enterprise Co. Ltd.	Company's parent company	"	8,233,024	65,288	0.90	65,288	
	RICH DEVELOPMENT CO., Ltd.	Li Shing's parent company, Li Peng, is an invested company evaluated using the equity method	Financial assets mandatorily measured at FVTPL— current	6,218,000	60,501	0.84	60,501	
	Funds Taishin 1699 Money Market Fund	None	"	2,985,127.57	41,620	-	41,620	
Libolon Energy Co., Ltd.	Funds Taishin 1699 Money Market Fund	None	Financial assets mandatorily measured at FVTPL— current	325,414.91	4,537	-	4,537	
Libolon (Shanghai) International Trading Co., Ltd	Financial products Tiantianli Puhui Plan	None	Financial assets mandatorily measured at FVTPL— current	-	1,965	-	1,965	
	Structured deposits Yue hui ying	"	"	-	56,907	-	56,907	

Note 1: The securities mentioned in this table refer to stocks, bonds, beneficiary certificates, and securities derived from such items, that are within the scope of IFRS 9 "Financial Instruments".

Note 2: The securities issuer who is not classified as related party does not need to fill in the column.

Note 3: If measured by fair value, please fill in the "carrying value" column with the carrying balance that has adjusted the value in accordance with fair value evaluation and deducted allowance losses; if it is not measured by fair value, please fill in the "carrying value" column with the original acquisition cost or the carrying balance of the amortized cost after deducting the accumulated impairment.

Note 4: If the listed securities are restricted due to the provision of guarantees, pledged loans, or other agreed-upon, the note column should indicate the number of guarantees or pledged shares, the amount of guarantees or pledges, and restrictions on use.

Note 5: For information about the equity investments in subsidiaries, associates, and joint ventures, please refer to attached "Table 7~9".

Li Peng Enterprise Co. Ltd. and Subsidiaries

Total purchases from or sales to Related Parties of at least NT\$100 million or 20% of the paid-in capital

Jan 1 to Dec 31, 2023

Attached Table 4

Unit : NTD thousand

Buyer (Seller)	Related Party	Relationship	Transactions				Trading conditions and general trading circumstances and reasons (Note 1)		Notes and accounts receivable (payable)		Note (Note 2)
			Purchase /Sales	Amount	% of total Purchase (Sales)	Credit period	Unit Price	Credit period	Balance	%of total notes and accounts receivable (payable)	
Li Peng Enterprise Co., Ltd.	Lealea Enterprise Co., Ltd.	Chairman is same as the company	Purchase	\$ 790,617	14	Notes receivable 30 days after shipment	NA	NA	Notes and accounts payable (\$ 139,872)	(23)	None
"	"	"	Sales	(366,823)	(4)	"	"	"	Notes and accounts receivable 66,420	7	"
"	Li Ling Film Co., Ltd.	"	Sales	(419,496)	(5)	Notes receivable 60 days after shipment	"	"	Notes and accounts receivable 109,353	11	"
"	Libolon (Shanghai) International Trading Co.,Ltd.	100% of the company's indirect shares are investee	Sales	(223,899)	(2)	T/T 120 days after	"	"	Notes and accounts receivable 103,620	11	"

Note 1: If the related party's trade terms are different from the general trade terms, the differences and reasons of abnormal transaction should be described in the "unit price" and "payment terms" columns.

Note 2: If there are unearned receipts, prepayment, the reason, contractual terms, amount, and differences with general transaction should be stated in the note column.

Note 3: The amount of paid-in capital refers to the amount of paid-in capital of the parent company. If the issuer's shares have no denomination or the denomination per share is not NT\$10, the transaction amount requirement of 20% of the paid-in capital shall be calculated based on the 10% equity attributable to the owner of the parent company on the balance sheet.

Li Peng Enterprise Co. Ltd. and Subsidiaries

Receivables from related parties amount to NT\$100 million or more than 20% of the paid-in capital

For the Year Ended Dec 31, 2023

Attached Table 5

Unit : NTD thousand

Account receivable company	Related Party	Relationship	Ending balance of receivables from related parties (Note 1)	Turnover	Overdue		Recovered amount of the receivables from related parties after the period	Provision for allowance of bad debt
					Amount	Way Processing		
Li Peng Enterprise Co., Ltd	Eton Petrochemical Co., Ltd.	A related party in which the company directly holds 75% of its shares	Other receivables \$ 1,450,813	NA	\$ -	-	\$ 1,433,901	\$ -
"	Libolon (Shanghai) International Trading Co.,Ltd.	100% of the company's indirect shares are investee	Accounts receivable 103,620	3.45 times	-	-	82,383	-
"	Li Ling Film Co., Ltd.	Chairman is same as the company	Notes and accounts receivable 109,353	3.69 times	-	-	32,989	-

Note 1: Please fill in the blank according to account receivables from related parties, receivable notes, other receivables, etc.

Note 2: Paid-in capital refers to the paid-in capital of the parent company. Where the issuer's shares have no par value or the par value per share is not NT \$10, the transaction amount of 20% of the paid in capital shall be calculated by 10% of the equity attributable to the owner of the parent company in the balance sheet.

Li Peng Enterprise Co. Ltd. and Subsidiaries
Intercompany relationships and significant intercompany transactions

Jan 1 to Dec 31, 2023

Attached Table 6

Unit : NTD thousand

No. (Note 1)	Company name	Counter party	Relationship (Note 2)	Intercompany transactions			%of Consolidated Net Revenue or Total Assets (Note 3)
				Financial statements item	Amount	Terms	
0	Li Peng Enterprise Co., Ltd.	Libolon (Shanghai) International Trading Co., Ltd.	(4)	Accounts receivable	\$ 103,620	no major differences between trading conditions and general customers	1
0	"	"	"	Sales revenue	223,899	"	1
0	"	"	"	Other receivables	34	"	-
0	"	"	"	Accounts payables	3,092	"	-
0	"	"	"	Purchase	65,808	"	-
0	"	"	"	Other income	4,342	"	-
0	"	Li Shing Investment Co., Ltd.	(1)	Loan from related parties	75,000	"	-
0	"	"	"	Interest expense	1,155	"	-
0	"	"	"	Interest payable	108	"	-
0	"	Hung Hsing Investment Co., Ltd.	(1)	Loan from related parties	31,000	"	-
0	"	"	"	Interest expense	469	"	-
0	"	"	"	Interest payable	45	"	-
0	"	Li Mao Investment Co., Ltd.	(1)	Loan from related parties	60,000	"	-
0	"	"	"	Interest expense	860	"	-
0	"	"	"	Interest payable	87	"	-
0	"	Eton Petrochemical Co., Ltd.	(1)	Service income	7,605	"	-
0	"	"	"	Rental income	8	"	-
0	"	"	"	Accounts receivable	849	"	-
0	"	"	"	Other receivables	1,450,813	"	7
0	"	"	"	Loan to related parties	531,586	"	3
0	"	"	"	Interest receivable	1,860	"	-
0	"	"	"	Interest income	12,184	"	-
0	"	PT. LNDONESIA HWALIN	(1)	Other receivables	114	"	-
0	"	Eton Petrochemical International Co., Ltd.	(4)	Interest income	4,368	"	-
0	"	"	"	Interest receivable	103	"	-

(continued in next page)

(continued from last page)

No. (Note 1)	Company name	Counter party	Relationship (Note 2)	Intercompany transactions			%of Consolidated Net Revenue or Total Assets (Note 3)
				Financial statements item	Amount	Terms	
1	Eton Petrochemical Co., Ltd.	Eton Petrochemical International Co., Ltd.	(3)	Service cost	\$ 3,419	no major differences between trading conditions and general customers	-
2	Libolon (Shanghai) International Trading Co., Ltd.	PT. LNDONESIA HWALIN	(3)	Sales revenue	1,298	"	-

Note 1: The business operations information between parent company and subsidiaries shall be indicated in column number, number filled in as follows:

(1) The Parent company is coded "0".

(2) The subsidiaries are numbered sequentially starting from Arabic numeral "1" according to company type.

Note 2: The relationships are categorized into the following three types. Please specify the type. The same transaction between parent and subsidiary or between subsidiaries shall not be disclosed repetitively. For example, for transactions between the Parent company and its subsidiaries, if the parent company discloses the information, the subsidiaries are exempted from doing so. The same applies to transactions between subsidiaries where only one subsidiary needs to disclose the same transaction.

(1) The parent company to subsidiary.

(2) Subsidiary to the parent company.

(3) Subsidiaries to subsidiaries.

(4) Parent to sub-subsidiary.

Note 3: Regarding the percentage of transaction amount to consolidated net revenue or total assets, if it is an asset-liability item, it is computed based on the ending balance to consolidated total assets; if it is a profit and loss item, it is computed based on interim accumulated amount to consolidated total revenue.

Note 4: Whether to describe the important transactions in this table is determined by the company based on the principle of materiality.

Li Peng Enterprise Co. Ltd. and Subsidiaries

Names, Locations, and related Information of investees over which the company exercises significant influence

Jan 1 to Dec 31, 2023

Attached Table 7

Unit : NTD thousand

Investor Company	Related party (Note 1 · 2)	Location	Main business and products	Original investment amount		Balance at the end of period			Net Income (Losses) of the Investee (Note 4(2))	Share of Profits/Losses of Investee (Note 4(3))	Note
				End of period	End of last year	Shares	Percentage of Ownership	Carrying amount			
Li Peng Enterprise Co., Ltd.	In Talent Investments Limited	Samoa	Reinvestment related business	\$ 65,893	\$ 65,893	2,000,000	100.00	\$ 260,881	\$ 10,107	\$ 12,889	
	Li Mao Investment Co., Ltd.	11th Floor, No.162 Songjiang Road, Taipei City	Reinvestment in various production businesses, securities investment, banks	415,715	415,715	40,356,000	53.38	358,502	1,160	619	
	Hung Hsing Investment Co., Ltd.	"	"	401,449	401,449	26,296,000	53.02	273,008	(2,111)	(1,119)	
	Li Shing Investment Co., Ltd.	"	"	415,280	415,280	42,400,000	53.00	416,005	8,717	4,620	
	Li Hao Investment Co., Ltd.	"	"	363,629	363,629	35,244,000	46.62	363,207	(5,296)	(2,469)	
	Li Zan Investment Co., Ltd.	"	"	329,212	329,212	21,540,000	46.83	211,267	(7,454)	(3,491)	
	Lealea Technology Co., Ltd.	"	Technology software services	40,408	40,408	9,797,555	18.20	160,742	170,317	31,484	
	Li Ling Film Co., Ltd.	"	Nylon film production	20,000	20,000	2,000,000	3.33	-	(211,572)	(6,995)	
	Rich Development Co., Ltd.	8th Floor, No. 99, Jilin Road, Taipei City	Entrusted builders to build commercial buildings and lease and sell residential buildings	492,829	492,829	51,117,852	6.87	943,064	240,599	16,531	
	Fu Li Transport Co., Ltd.	No. 122, Zili Second Street, Wuqi District, Taichung City	Automobile container freight industry, warehousing industry, automobile and parts manufacturing industry	28,000	28,000	2,800,000	20.00	36,036	128	25	
	Lea Jie Energy Co., Ltd.	4th Floor, No.162 Songjiang Road, Taipei City	Coal retail and wholesale	90,000	90,000	9,000,000	30.00	98,730	7,504	2,239	
	Libolon Energy Co., Ltd.	No. 38, Gongye Road, Houliiao Village, Fangyuan Township, Changhua County	Renewable energy, self- powered generation equipment and cogeneration industry	21,000	21,000	2,100,000	70.00	5,615	(2,399)	(1,679)	
	PT. INDONESIA LIBOLON FIBER SYSTEM	Lantai 1 JI. Cideng Barat No. 15, RT.011/RW.001 Kel. Duri Pulo. Kec. Gambir, DKZ Jakarta	Knitted fabric, fabric improvement	937,995	937,995	6,930,000	30.00	847,842	(63,917)	(23,222)	
	PT. INDONESIA HWALIN KNITTING	J1. Raya Ubrug RT 003 RW 001 Kembang Kuning Jatiluhur Kab. Purwakarta Jawa Barat	Processing and manufacturing of telescopic nylon knitted fabrics, various man-made fiber fabrics, embryonic fabrics and other import and export trade business.	203,427	203,427	7,550,000	82.07	183,377	(6,688)	(10,320)	
	Eton Petrochemical Co.,Ltd.	4th Floor, No.162 Songjiang Road, Taipei City	Chemical raw material wholesale	9,000	9,000	900,000	75.00	45,249	37,945	28,459	
In Talent Investments Limited	Libolon (Shanghai) International Trading Co., Ltd.	Room 532, 5th Floor, No. 88 Taigu Road, Waigaoqiao Free Trade Zone, Shanghai	Weaving, dyeing, finishing, processing, manufacturing, and trading of man-made fibers	65,893	65,893	2,000,000	100.00	263,961	10,106	-	
Li Mao Investment Co., Ltd.	Li Ling Film Co., Ltd.	11th Floor, No.162 Songjiang Road, Taipei City	Nylon film production	990	990	33,000	0.06	-	(211,572)	-	
Li Shing Investment Co., Ltd.	"	"	"	60,000	60,000	2,000,000	3.33	-	(211,572)	-	
Hung Hsing Investment Co., Ltd.	"	"	"	35,115	35,115	1,170,500	1.95	-	(211,572)	-	
Eton Petrochemical Co.,Ltd.	Eton Petrochemical International Co., Ltd.	Samoa	Chemical raw material wholesale	29	29	1,000	100.00	5,597	(389)	-	

Note 1: If a public offering company has a foreign holding company and uses consolidated statements as the main financial statements in accordance with local laws and regulations, the disclosure of information about the foreign invested company may only disclose relevant information to the holding company.

Note 2: If it is not in the situation described in Note 1, fill as in accordance to the following regulations:

- (1) The columns of "name of investee company", "location", "main business item", "original investment amount" and "end-of-term shareholding" shall be based on the reinvestment status of the company (public offering) and each direct investment or fill in the reinvestment status of the invested company indirectly controlled in order, and indicate the relationship between each invested company and the (public offering) company (if it is a subsidiary or a granddaughter company) in the remarks column.
- (2) In column B of "Invested Company's Current Profit and Loss", the amount of current profit and loss of each invested company should be filled in.
- (3) Column B of "Investment Profits and Losses Recognized in the Current Period" only needs to fill in the amount of profit and loss of each subsidiary recognized by the (public offering) company for direct reinvestment and each invested company evaluated by the equity method, and the rest is exempt fill. When filling in the "recognition of the current profit and loss amount of each subsidiary for direct reinvestment", it should be confirmed that the current profit and loss amount of each subsidiary has included the investment profit and loss of its reinvestment that should be recognized in accordance with the regulations.

Note 3: Please refer to Attached Tables 8 and 9 for relevant information of China investee companies.

Li Peng Enterprise Co. Ltd. and Subsidiaries
Information on investment in mainland China
Jan 1 to Dec 31, 2023

Attached Table 8

Unit : NTD thousand, original currency in Yuan

Related party in China	Main business	Paid-in capital	Investment method	Beginning of the period Cumulative investment amount remitted from Taiwan	Investment amount remitted or recovered in the current period		End of the period Remit from Taiwan accumulated investment amount	Invested company's current profit and loss	The company's direct or indirect investment % of shares held	Recognized in this period Investment profits and losses (Note 3(2)B)	Investment carrying amount at end of period	Investment income remitted back to Taiwan as of the current period
					Outward	Inward						
Libolon (Shanghai) International Trading Co., Ltd.	Weaving, dyeing, finishing, processing, manufacturing, and trading of man-made fibers	\$ 65,893 (USD 2,000,000)	Note 2(2)	\$ 65,893 (USD2,000,000)	\$ -	\$ -	\$ 65,893 (USD2,000,000)	\$ 10,106	100	\$ 10,106	\$ 263,961	\$ 64,103

Accumulated Outward Remittance for Investment in Mainland China as of Dec 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
USD 2,000,000 NTD 65,893	USD 2,000,000 NTD 65,893	\$ 5,420,361

Note 1: 2023 annual average exchange rate RMB to NTD=1 : 4.3956

Note 2: The investment methods are divided into the following three types, just indicate the types:

- (1) Go directly to the mainland for investment.
- (2) Reinvest in mainland China through a third-region company (please specify the investment company in the third region).
- (3) Other methods.

Note 3: In the current period recognized investment profit and loss column:

- (1) If it is under preparation and there is no investment gain or loss, it should be indicated.
- (2) The investment profit and loss recognition basis are divided into the following three types, which should be specified.
 - A. The financial statements that have been verified by international accounting firms in partnership with the Republic of China Accounting Firm.
 - B. The financial statements of the visa are checked by the Taiwanese parent company's visa accountant.
 - C. Others.

Note 4: The relevant figures in this table should be presented in New Taiwan Dollars.

Li Peng Enterprise Co. Ltd. and Subsidiaries

The following major transactions with mainland investee companies directly or indirectly via a third region, their prices, payment terms, unrealized profits and losses, and other relevant information

Jan 1 to Dec 31, 2023

Attached Table 9

Unit : In Thousands of New Taiwan Dollars, Unless Specified Otherwise

Related Party in mainland China	Transaction	Purchase, sales (Note)		Price	Terms		Notes, accounts receivable (payable)		Unrealized profit (loss)	Note
		Amount	%		Payment terms	Compare to normal trade	Amount	%		
Libolon (Shanghai) International Trading Co., Ltd.	Sales	(\$ 223,899)	(2)	Set according to local market conditions, trading conditions are similar to general customers	120 days after shipment, the collection period will be extended depending on local conditions	Similar	Accounts Receivable \$ 103,620	11	\$ -	-
"	Purchase	65,808	1	"	T/T before shipment	"	Accounts Payable (3,092)	(1)	3,058	-

Note: In the case of property transactions or other types of transactions, the terms should be modified according to the circumstances.

Li Peng Enterprise Co. Ltd.
Information of main shareholder
Dec 31, 2023

Attached Table 10

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Lealea Enterprise Co., Ltd.	147,192,853	16.17%
Li Hao Investment Co., Ltd.	49,467,968	5.43%

Note 1: This table is based on the information provided by the Taiwan Depository & Clearing Corporation for stockholders holding greater than 5% of the Company's ordinary and special stocks, including treasury stocks, completed the process of registration and book-entry delivery in dematerialized from on the last business date of current quarter. There may be a discrepancy in the number of shares recorded on the Company's consolidated financial statements and its dematerialized securities arising from the difference in basis of preparation.

Note 2: As table above, the shareholder who delivers the shares to the trust is disclosed by the individual trustee, who opened the trust account, in accordance with the Securities Exchange Act, the shareholders have to disclose the insider equity more than 10% of the shares, include their own shares and their delivery to the trust and have the right to make decisions on the trust property. Information on insider equity declaration is available on the Market Observation Post System website.

Financial Statements

Independent Auditors' Report

To Li Peng Enterprise Corporation Limited

Opinion

We have audited the accompanying parent company only financial statements of Li Peng Enterprise Corporation Limited (the “Company”), which comprise the parent company only balance sheets as of December 31, 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of other auditors (please refer to the Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of the Company for the year 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, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's parent only financial statements for the year 2023 are stated as follows :

The authenticity of the sales revenue of specific customers of nylon products

Li Peng Enterprise Corporation Limited and its subsidiaries comprises of nylon department, weaving department, and trading department. Nylon product sales revenue in 2023 will decline compared with 2022, but some new customers or non-recurring transaction customers will increase compared with the previous period and are significantly different from the expected performance of the industry environment. Therefore, in the 2023 annual audit, we listed the authenticity of sales of nylon product sales to new customers in the current period or non-recurring trading customers whose sales revenue is growing as a key audit matters. Please refer to Note 4 in the parent company only financial report for the reference of the related accounting policy concerning income recognition.

Our audit procedures related to the evaluation of the above-mentioned key audit matter, include the understanding and sampling of selected internal control design with effectively execution to have identified the transaction of sales revenue.

Other Matter

In the parent company only financial statements for 2023, the financial statements of some investee companies for using the equity method were audited by other auditors. Our opinion, on the parent company only financial statements the amounts listed in the financial statements of the investee companies that are treated using the equity method are based on the audit reports of other auditors. As of December 31, 2023, the aggregate carrying amount of the equity-method investments in the related party was NT\$943,064 thousand, representing 5.25% of the Company's total assets. From January 1 to December 31, 2023, the share of the above-mentioned investee company's comprehensive profits and losses of affiliated enterprises recognized using the equity method was NT\$29,404 thousand, accounting for (8.96%) of the comprehensive profits and losses for that year.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to 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 members of 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 of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, 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 statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or revise the audit opinions, if such disclosures are inadequate. Our conclusions are based on the audit evidence obtained up to the date of our auditors' 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 disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significant in the audit of the parent company only financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Wu,Ke-Chang and Hong, Kuo-Tyan.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 22, 2024

LI PENG ENTERPRISE CORPORATION LIMITED
PARENT COMPANY ONLY BALANCE SHEETS
For The Years Ended December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars)

Code	Assets	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
Current Assets					
1100	Cash and cash equivalents (Note 6)	\$ 1,796,077	10	\$ 1,821,027	10
1110	Financial assets at fair value through profit or loss - current (Note 7)	54,720	-	65,635	-
1150	Notes receivable, net (Note 8)	50,450	-	56,251	-
1160	Notes receivable from related parties, net (Note 28)	96,940	1	109,777	1
1170	Accounts receivable, net (Note 8)	631,160	4	727,930	4
1180	Accounts receivable from related parties, net (Note 28)	183,307	1	90,617	1
1210	Loan to related parties (Note 28)	948,731	5	383,875	2
130X	Inventory (Note 9)	2,193,348	12	2,954,568	16
1410	Prepayments	62,117	-	187,956	1
1476	Other financial assets - current (Note 10 and 28)	1,537,305	9	1,154,714	6
1479	Other current assets	11,798	-	16,882	-
11XX	Total current assets	<u>7,565,953</u>	<u>42</u>	<u>7,569,232</u>	<u>41</u>
Non-current assets					
1510	Financial assets at fair value through profit or loss—non-current (Note 7)	6,333	-	6,333	-
1517	Financial assets at fair value through other comprehensive income—non-current (Note 11)	778,547	4	731,781	4
1550	Investment adjustments for Using Equity Method (Note 12)	4,203,525	23	4,198,963	23
1600	Property, plant, equipment (Note 13)	4,984,932	28	5,479,132	30
1755	Right of use asset (Note 14)	189	-	366	-
1780	Other intangible assets (Note 15)	4,168	-	5,145	-
1840	Deferred tax assets (Note 23)	434,159	3	346,432	2
1915	Prepayment for equipment	927	-	315	-
1990	Other non-current assets	269	-	275	-
15XX	Total non-current assets	<u>10,413,049</u>	<u>58</u>	<u>10,768,742</u>	<u>59</u>
1XXX	Total Assets	<u>\$ 17,979,002</u>	<u>100</u>	<u>\$ 18,337,974</u>	<u>100</u>
Liability and Equity					
Current liability					
2100	Short-term loan (Note 16)	\$ 3,608,000	20	\$ 3,675,000	20
2110	Short-term corporate bonds payable (Note 16)	10,000	-	520,000	3
2120	Financial liability at fair value through profit or loss (Note 7)	43,414	-	529	-
2150	Notes payable	31,041	-	41,127	-
2160	Notes payable—related parties (Note 28)	86,318	1	52,484	-
2170	Accounts payable	424,414	2	255,860	2
2180	Accounts payable—related parties (Note 28)	65,118	-	60,065	-
2219	Other payable (Note 28)	1,936,664	11	1,681,200	9
2220	Loan from related parties (Note 28)	279,000	2	252,000	1
2250	Current provisions	1,062	-	945	-
2280	Lease liability—current (Note 14)	192	-	183	-
2320	Long-term loan due in a year (Note 18)	141,250	1	117,500	1
2399	Other current liability	112,923	1	141,600	1
21XX	Total current liabilities	<u>6,739,396</u>	<u>38</u>	<u>6,798,493</u>	<u>37</u>
Non-current liability					
2540	Long-term loan (Note 18)	1,854,000	10	1,786,875	10
2580	Lease liability—non-current (Note 14)	-	-	186	-
2570	Deferred income tax liability (Note 23)	146,650	1	147,206	1
2640	Accrued pension liability, net—non-current (Note 19)	203,335	1	242,309	1
2670	Other non-current liability	1,686	-	1,683	-
25XX	Total non-current liabilities	<u>2,205,671</u>	<u>12</u>	<u>2,178,259</u>	<u>12</u>
2XXX	Total liability	<u>8,945,067</u>	<u>50</u>	<u>8,976,752</u>	<u>49</u>
Equity (Note 20)					
3110	Common stock	9,100,712	51	9,144,872	50
3200	Capital reserve	191,201	1	187,282	1
Retained earning					
3310	Legal reserve	525,527	3	525,527	3
3320	Special reserve	229,670	1	229,670	1
3350	Accrued loss	(514,313)	(3)	(71,277)	-
3300	Total retained earnings	<u>240,884</u>	<u>1</u>	<u>683,920</u>	<u>4</u>
3400	Other equity	(209,570)	(1)	(324,345)	(2)
3500	Treasury stock	(289,292)	(2)	(330,507)	(2)
3XXX	Total equity	<u>9,033,935</u>	<u>50</u>	<u>9,361,222</u>	<u>51</u>
Total of Liability and Equity		<u>\$ 17,979,002</u>	<u>100</u>	<u>\$ 18,337,974</u>	<u>100</u>

The accompanying notes are an integral part of the parent company only financial statements.

(With Deloitte & Touche auditors' report dated March 22, 2024)

Chairman: Kuo, Shao-Yi

Manager: Chen, Ping-Huang

Accounting Supervisor: Su, Pei-Yu

LI PENG ENTERPRISE CORPORATION LIMITED
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
For The Years Ended December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars, Except Earnings per Share)

Code		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (Note 21,28)	\$ 8,996,009	100	\$ 10,795,406	100
5000	Operating cost (Note 9, 28)	<u>9,160,697</u>	<u>102</u>	<u>10,531,163</u>	<u>97</u>
5900	Operating profit (loss)	(164,688)	(2)	264,243	3
5910	Unrealized profit on sales to associates	(1,116)	-	(317)	-
5920	Realized profit on sales to associates	<u>317</u>	<u>-</u>	<u>884</u>	<u>-</u>
5950	Realized operating profit (loss)	(<u>165,487</u>)	(<u>2</u>)	<u>264,810</u>	<u>3</u>
	Operating expense (Note 28)				
6100	Sales expense	247,997	3	375,005	3
6200	Management expense	178,869	2	181,709	2
6300	R&D expense	109,899	1	94,768	1
6450	Expected credit gain on reversal of impairment loss	(<u>949</u>)	<u>-</u>	(<u>2,407</u>)	<u>-</u>
6000	Total operating expenses	<u>535,816</u>	<u>6</u>	<u>649,075</u>	<u>6</u>
6900	Operating net loss	(<u>701,303</u>)	(<u>8</u>)	(<u>384,265</u>)	(<u>3</u>)
	Non-operating income and expenses				
7100	Interest income (Note 22, 28)	100,689	1	41,774	1
7010	Other income (Note 22, 28)	43,910	-	63,676	1
7020	Other profit and loss (Note 22, 28)	85,562	1	252,780	2
7050	Finance cost (Note 22)	(108,641)	(1)	(75,339)	(1)
7070	Share of profits of subsidiaries and associates	<u>47,571</u>	<u>1</u>	<u>34,836</u>	<u>-</u>
7000	Total non-operating income and loss	<u>169,091</u>	<u>2</u>	<u>317,727</u>	<u>3</u>

(Continued)

Code		2023		2022	
		Amount	%	Amount	%
7900	Net loss before tax	(\$ 532,212)	(6)	(\$ 66,538)	-
7950	Income tax profit (Note 4, 23)	<u>87,206</u>	<u>1</u>	<u>29,530</u>	<u>-</u>
8200	Net loss of the year	(<u>445,006</u>)	(<u>5</u>)	(<u>37,008</u>)	<u>-</u>
	Other comprehensive income (net)				
8310	Uncategorized items profit and loss :				
8311	Measure on defined benefit plans	8,647	-	2,972	-
8316	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	40,357	-	(78,917)	(1)
8330	Share of other comprehensive gain of associates and joint ventures	59,114	1	(178,643)	(2)
8360	Items that may be reclassified subsequently to profit or loss :				
8361	Exchange differences resulting from translation on foreign operations	<u>8,627</u>	<u>-</u>	<u>1,634</u>	<u>-</u>
8300	Total other comprehensive income of the year	<u>116,745</u>	<u>1</u>	(<u>252,954</u>)	(<u>3</u>)
8500	Total comprehensive income of the year	(<u>\$ 328,261</u>)	(<u>4</u>)	(<u>\$ 289,962</u>)	(<u>3</u>)
	Loss Per Share (Note 24)				
9710	Basic	(<u>\$ 0.51</u>)		(<u>\$ 0.04</u>)	

The accompanying notes are an integral part of the parent company only financial statements.

(With Deloitte & Touche auditors' report dated March 22, 2024)

Chairman: Kuo, Shao-Yi Manager : Chen, Ping-Huang Accounting Supervisor : Su, Pei-Yu

LI PENG ENTERPRISE CORPORATION LIMITED
PARENT COMPANY ONLY STATEMENTS OF CHANGE IN EQUITY
For The Years Ended December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars)

Code		Capital Stock-Common Stock		Capital Surplus	Legal Reserve	Retained Earning		Unappropriated Earnings (Unappropriated deficit)	Foreign Organization Financial report Exchange difference	Other Equity Items			Treasury Stock	Total
		Shares (In Thousands)	Amount			Special Reserve	Financial assets unrealized profit and loss at fair value through other comprehensive income							
							Parent Company			Subsidiary using Equity Method	Associates using Equity Method			
A1	BALANCE JANUARY 1, 2022	914,487	\$ 9,144,872	\$ 185,591	\$ 525,527	\$ 229,670	(\$ 42,496)	(\$ 45,610)	\$ 247,105	(\$ 214,364)	(\$ 49,739)	(\$ 330,507)	\$ 9,650,049	
	Adjustments to other capital surplus:													
C7	Adjustments to share of changes in equities of associates	-	-	(196)	-	-	(556)	-	-	-	-	-	(752)	
M5	Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	1,887	-	-	-	-	-	-	-	-	1,887	
Q1	Associates' disposal of equity tool through other comprehensive income	-	-	-	-	-	598	-	-	-	(598)	-	-	
D1	Net loss in 2022	-	-	-	-	-	(37,008)	-	-	-	-	-	(37,008)	
D3	Other comprehensive income (loss) in 2022, net of income tax	-	-	-	-	-	8,185	1,634	(78,917)	(69,171)	(114,685)	-	(252,954)	
D5	Total comprehensive income (loss) in 2022	-	-	-	-	-	(28,823)	1,634	(78,917)	(69,171)	(114,685)	-	(289,962)	
Z1	BALANCE DECEMBER 31, 2022	914,487	9,144,872	187,282	525,527	229,670	(71,277)	(43,976)	168,188	(283,535)	(165,022)	(330,507)	9,361,222	
	Adjustments to other capital surplus:													
C7	Adjustments to share of changes in equities of associates	-	-	974	-	-	-	-	-	-	-	-	974	
L3	Retirement of treasury stock (Note20)	(4,416)	(44,160)	2,945	-	-	-	-	-	-	-	41,215	-	
Q1	Associates' disposal of equity tool through other comprehensive income	-	-	-	-	-	(5,979)	-	-	(65)	6,044	-	-	
D1	Net loss in 2023	-	-	-	-	-	(445,006)	-	-	-	-	-	(445,006)	
D3	Other comprehensive income (loss) in 2023, net of income tax	-	-	-	-	-	7,949	8,627	40,357	35,328	24,484	-	116,745	
D5	Total comprehensive income (loss) in 2023	-	-	-	-	-	(437,057)	8,627	40,357	35,328	24,484	-	(328,261)	
Z1	BALANCE DECEMBER 31, 2023	910,071	\$ 9,100,712	\$ 191,201	\$ 525,527	\$ 229,670	(\$ 514,313)	(\$ 35,349)	\$ 208,545	(\$ 248,272)	(\$ 134,494)	(\$ 289,292)	\$ 9,033,935	

The accompanying notes are an integral part of the parent company only financial statements.

(With Deloitte & Touche auditors' report dated March 22, 2024)

Chairman: Kuo, Shao-Yi

Manager : Chen, Ping-Huang

Accounting Supervisor : Su, Pei-Yu

LI PENG ENTERPRISE CORPORATION LIMITED
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For The Years Ended December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars)

Code		2023	2022
	Cash Flows from Operating Activities		
A10000	Loss before income tax	(\$ 532,212)	(\$ 66,538)
A20010	Adjustments to reconcile profit (loss)		
A20100	Depreciation expense	602,708	602,417
A20200	Amortization expense	3,462	4,189
A20300	Expected credit gain for bad debt expense	(949)	(2,407)
A29900	Amortized prepayment	54,245	71,873
A20400	Financial assets and liability at fair value through (profit) or loss	52,352	(11,446)
A20900	Finance costs	108,641	75,339
A21200	Interest income	(100,688)	(41,774)
A21300	Dividend income	(1,188)	(22,945)
A22400	Share of income to associates using equity method	(47,571)	(34,836)
A23100	Gain on disposal of investment, net	(17,353)	-
A22500	Loss (Gain) on disposal or retirement of property, plant, equipment	1,246	(2,106)
A23800	Impairment loss (gain) on inventory	(59,095)	117,112
A24000	Realized loss (profit) on sales to subsidiaries and associates	799	(567)
A24100	Loss on foreign exchange, net	50,263	21,960
A30000	Changes in operating assets and liabilities		
A31115	Collect financial assets at fair value through profit or loss	18,801	-
A31130	Notes receivable	18,738	116,084
A31150	Accounts receivable	2,948	434,950
A31200	Inventory	820,315	16,792
A31230	Prepayments	71,200	(200,076)
A31240	Other current assets	13,719	3,543
A31250	Other financial assets	(419,994)	(177,324)
A32130	Notes payable	23,748	(30,319)
A32150	Accounts payable	164,898	(935,908)
A32180	Other payables	315,940	241,892
A32200	Current provisions	117	(4,254)
A32240	Accrued pension liabilities	(30,327)	(11,321)
A32230	Other current liability	(23,539)	(33,482)

(Continued)

Code		2023	2022
A33000	Cash inflow generated from operations	\$ 1,091,224	\$ 130,848
A33100	Interest income	96,994	40,828
A33200	Dividend income	1,188	22,945
A33200	Dividend income from associates	110,925	60,761
A33300	Interest payable	(108,875)	(73,331)
A33500	Income tax payable	(9,750)	(4,752)
AAAA	Cash inflow from operating activities	<u>1,181,706</u>	<u>177,299</u>
Cash Flows from Investing Activities			
B00010	Acquisition of financial assets at fair value through other comprehensive income	(6,409)	-
B01800	Acquisition of associates	-	(180,030)
B02200	Cash outflow from acquisition of subsidiaries	-	(203,427)
B02700	Acquisition of property, plant, equipment	(138,935)	(426,660)
B02800	Disposal of property, plant, equipment	5,133	15,838
B03800	Decrease in refundable deposits	6	16
B04500	Acquisition of intangible asset	(2,485)	(3,982)
B04300	Decrease (Increase) in loan to related parties receivables	(580,234)	520,674
BBBB	Cash outflow from investment activity	<u>(722,924)</u>	<u>(277,571)</u>
Cash Flows from Financing Activities			
C00100	Increase (Decrease) in short-term loan	(67,000)	880,000
C00500	Decrease in short-term bills payable	(510,000)	(280,000)
C01600	Lend long-term loan	2,894,000	500,000
C01700	Repay long-term loan	(2,803,125)	(420,625)
C04020	Lease principal repayment	(188)	(181)
C03000	Increase in refundable deposits	3	465
C03700	Increase (decrease) in loan to related parties payables	27,000	(29,000)
CCCC	Net cash flows from (used in) financing activities	<u>(459,310)</u>	<u>650,659</u>
DDDD	Effect of exchange rate on cash or cash equivalents	(24,422)	(8,450)
EEEE	Net Increase (Decrease) in Cash and Cash Equivalents	(24,950)	541,937
E00100	Balance of cash and cash equivalents, beginning of the year	<u>1,821,027</u>	<u>1,279,090</u>
E00200	Balance of cash and cash equivalents, end of the year	<u>\$ 1,796,077</u>	<u>\$ 1,821,027</u>

(Concluded)

The accompanying notes are an integral part of the parent company only financial statements.

(With Deloitte & Touche auditors' report dated March 22, 2024)

Chairman: Kuo, Shao-Yi Manager : Chen, Ping-Huang Accounting Supervisor : Su, Pei-Yu

LI PENG ENTERPRISE CORPORATION LIMITED
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. Company History

Li Peng Enterprise Corporation Limited (the “Li Peng” or “Company”), which was established in August 1975, produced various types of printed papers, decal papers, paper products, and printing boards. In 1985, dyeing plant was built; in 1988, weaving plant was then added to produce synthetic, natural woven fabric, cotton, and printed textile. In 1999, additional nylon plants were built, which were to produce synthetic fibers and nylon filament yarns that would be made into products for trading.

The Company’s factories are located in Yangmei district in Taoyuan city, and another in Fanyuan township in Changhua County.

The Company was listed and traded on the Taiwan Stock Exchange in January 1992.

The Company’s major shareholder is Lealea Enterprise Co. Ltd., with 16.17% and 15.89% of the company’s shares as of December 31, 2023 and 2022.

The Company’s functional currency and the currency stated in the parent company only financial statement are both New Taiwanese Dollar.

2. The Authorization of Financial Statements

The parent company only financial statement were approved and authorized for issue by the Board of Directors on March 15, 2024.

3. Application of New and Revised International Financial Reporting Standards

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

The application of the revised IFRSs approved and issued by the FSC will not result in a material change in the accounting policies of company.

b. IFRS endorsed by the Financial Supervisory Commission (FSC) in 2024

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendments to IFRS16” Leases 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 IAS1” 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 : Otherwise stated, the above New, Revised, Amended Standards and Interpretations shall be effective since the start date of annual reporting.

Note 2 : A seller-lessee shall 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 : The amendments provide some transition relief regarding disclosure requirements.

As of the date of approval of this parent company only financial report, the company assesses that the amendments to the above-mentioned standards and interpretations will not have a significant impact on its financial position and financial performance.

c. The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendments to IFRS10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined
IFRS 17 “Insurance Contract”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17“Initial application IFRS 17 and IFRS 9— Compare Information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

Note 1 : Otherwise stated, the above New, Revised, Amended Standards and Interpretations shall be effective since the start date of annual reporting.

Note 2 : An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings.

When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date of approval of this parent company only financial report, the company continues in evaluating the impact on its financial position and financial performance as a result of the initial adoption of the aforementioned standards or interpretations and related applicable period. The related impact will be disclosed when the company completes the evaluation.

4. Summary of Significant Accounting Policies

Statement of Compliance

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

Basis of Preparation

The accompanying parent company only financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values and for the net defined benefit liabilities recognized at fair value of the planned assets at the present value of the defined benefit liabilities, as explained in the accounting policies below.

The evaluation of fair value based on the observability and importance of relevant input value is classified into gradings from 1st to 3rd grade:

- a. 1st grade input value : the quotation of equivalent value of the assets or liabilities in the active market on evaluation date (unadjusted).
- b. 2nd grade input value: the observable input value (besides the quotation of 1st grade) on assets and liabilities direct (value) or indirect (derived value).
- c. 3rd grade input value : the unobservable input value on assets or liabilities.

When preparing the parent company only financial statements, the Corporation used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owners of the Corporation in its parent company only financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the parent company only basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and associates, the share of other comprehensive income of subsidiaries and

associates and the related equity items, as appropriate, in these parent company only financial statements.

Classification of Current and Noncurrent Assets and Liabilities

Current Assets include :

- a. Assets held for trading purposes
- b. Expected to be converted to cash, sold or consumed within 12 months from the end of the reporting period, and
- c. Cash and cash equivalent (not including the restricted users for exchange or settle liabilities after over 12 months from the balance sheet date.)

Current Liabilities include :

- a. Liabilities held for trading purposes
- b. Liabilities expected to be settled within 12 months from the balance sheet date (including liabilities from long-term refinancing or readjusting payment agreement even if it's after the balance sheet date until the approved release date of financial report), and
- c. The deadline to settle liabilities cannot be deferred unconditionally to later than 12 months after the balance sheet date. The terms of the liability may depend on the counterparty's choice; the issuance of equity instruments to cause its liquidation does not affect the classification.

Items that aren't current assets or liabilities as mentioned above, would be classified as non-current assets or liabilities.

Business Combination

Business combination is through acquisition methods. Expenses related to acquisitions are listed as expenses when expenses incurred from rendering of services as it happened.

Goodwill is the total amount of the fair value of the transfer, the amount of non-controlling interests of the acquiree, and the fair value of the acquiree's previously held equity at the acquisition date, the net measure of identifiable assets acquired, and liabilities assumed beyond the date of acquisition.

A business combination concluded in stages is based on the fair value on the acquisition date to re-measure the equity of the acquiree that the merging company has previously held. If any profit or loss arises as a result, it is recognized as a profit or loss. The amount recognized in other comprehensive profits and losses before the acquisition date due to the previously held equity of the acquiree is recognized on the same basis as if the amalgamating company directly disposes of its previously held equity.

Foreign Currencies

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) is recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date; such exchange differences are recognized in profit or loss in the period in which they arise.

Amount receivable or payable with relation to the company's foreign operations' currency, the liquidation of the item is currently neither planned nor possible in the foreseeable future (so it constitutes a part of the net investment in the foreign operations), the exchange difference is originally recognized as other comprehensive gains and losses, and when disposing net investment, reclassify from equity to profit and loss.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in foreign currencies use exchange rates prevailing on trading day, not retranslated.

Inventories

Inventories include raw materials, materials, finished goods, and processed goods. Inventories are stated at the lower of cost or net realizable value. Inventories are recorded at standard cost and adjusted to approximate weighted-average cost at the end of the reporting period. Net realizable value represents the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventory cost is calculated by the weighted average method.

Investment Accounted for Using Equity Method

Investment accounted for using equity method are investments in subsidiaries and associates.

Investment in subsidiary

A subsidiary refers to an entity that the company has control over.

Under the equity method, the investment is initially recognized at cost, and the book amount obtained in the future will increase or decrease with the Company's share of subsidiary's profits and losses and other comprehensive profits and losses and profit distribution. In addition, a change in the Company's other rights and interests of subsidiaries are recognized based on the shareholding ratio.

When the Company's changes in the ownership and equity of the subsidiary do not result in the loss of control, it is treated as an equity transaction. The difference between the book value of the investment and the fair value of the consideration paid or received is directly recognized as equity.

When the Company's share of losses in a subsidiary equals or exceeds its equity in the subsidiary (including the book value of the subsidiary under the equity method and other long-term equity that is essentially part of the Company's net investment in the subsidiary), it is continued to recognize losses based on shareholding ratio.

The amount of the acquisition cost exceeding the Company's share of the net fair value of the identifiable assets and liabilities of the subsidiaries that constitute the business on the acquisition date is classified as goodwill, which is included in the carrying amount of the investment and cannot be amortized; the amount by which the net fair value of the identifiable assets and liabilities of the subsidiary's identifiable assets and liabilities that constitute the business on the day exceeds the cost of acquisition is recorded as current income.

When the Company assesses impairment, it considers the cash-generating unit as a whole in the financial report and compares its recoverable amount with the book value. If the recoverable amount of the asset increases subsequently, the reversal of the impairment loss shall be recognized as an interest, but the book value of the asset after the reversal of the impairment loss shall not exceed the asset that should be deducted if the impairment loss is not recognized as the carrying amount after amortization. The impairment loss attributable to goodwill shall not be reversed in subsequent periods.

When it loses control of a subsidiary, the Company measures its remaining investment in the former subsidiary at the fair value on the date of loss of control. The fair value of the remaining investment and the difference between any disposal price and the book value of the investment on the date of loss of control are included in current profit and loss. In addition, all amounts recognized in other comprehensive profits and losses related to the subsidiary are accounted for on the same basis as the Company's direct disposal of related assets or liabilities.

The unrealized gains and losses of downstream transactions between the Company and its subsidiaries shall be eliminated in the parent company only financial report. The

gains and losses arising from the counter-current and side-current transactions between the Company and its subsidiaries are only recognized in parent company only financial reports within the scope that has nothing to do with the Company's equity in the subsidiaries.

Investment in associate

Affiliates refer to companies that the Company has significant influence over, but are not subsidiaries.

The Company invested in its associates using equity method.

Under the equity method, an investment in an associate is initially recognized in the parent company only statements of financial position at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the associates as well as the distribution received. The Company also recognizes its share in the changes in the equities of associates.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment. The entire carrying amount of the investment (including goodwill) cannot be amortized. Any excess of the Company's share of the net fair value of the identifiable assets, liabilities, and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the associated company issues new shares, if the company fails to subscribe according to the shareholding ratio, which causes the shareholding ratio to change, and consequently increases or decreases the net equity value of the investment, the amount of increase or decrease shall be adjusted to the capital reserve - use the equity method to recognize the changes in the net equity of associates and the investment using the equity method. If the shareholding ratio is not subscribed nor obtained, which results in a decrease in the ownership and interest of the associated company, the amount recognized in the other comprehensive profit and loss related to the associated company shall be reclassified according to the reduced portion, and the basis of accounting treatment is related to the associated company, if the relevant assets or liabilities are directly disposed of, the basis must be the same; if the adjustment in the preceding paragraph should be debited to the capital surplus, and the balance of the capital reserve generated by the investment using the equity method is insufficient, the difference is debited to the retained earnings.

When the company's share of losses in the associated company equals or exceeds its equity in the associated company (including the carrying amount of the investment in

the associated company under the equity method and other long-term interests that are essentially part of the company's net investment in the associated company), that is, stop recognizing further losses. The company only recognizes additional losses and liabilities within the scope of incurred statutory obligations, deduced obligations, or payments on behalf of associates.

When assessing impairment, the company regards the overall book value of the investment (including goodwill) as a single asset, compares the recoverable amount with the carrying amount, and conducts an impairment testing. The recognized impairment loss is not allocated to the component of the investment book value. Any assets, including goodwill, any reversal of the impairment loss shall be recognized within the scope of the subsequent increase in the recoverable amount of the investment.

The company ceases to use the equity method on the day when its investment ceases to be an associated company, and its retained equity in the original associated company is measured at fair value, recorded in the current profit and loss. In addition, for all amounts recognized in other comprehensive profit and loss related to the associated company, the basis of accounting treatment is the same as the basis that the associated company must abide by when and if it directly disposes the assets or liabilities. If an investment in an associated company becomes an investment in a joint venture, or an investment in a joint venture becomes an investment in an associated company, the company will continue to use the equity method without re-evaluating the retained equity.

The profit and loss arising from the upstream, downstream, and side-current transactions between the company and the associated company are recognized in the parent company only financial report only to the extent that the company has no relation to the equity of the associated company.

Property, Plant and Equipment

Property, plant and equipment are listed as expenses, measured at cost less accumulated depreciation and accumulated impairment.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Costs include any incremental costs that are directly attributable to the construction or acquisition of the item of property, plant and equipment. Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other identical categories of property, plant and equipment, commences when the assets are available for their intended use.

Property, plant and equipment's residual values over their useful lives and depreciation are computed using the straight-line method, estimate the depreciated value individually based on every significant part. The company shall estimate and review their useful lives, residual values, and depreciation method at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Intangible Assets

Other separately acquired intangible assets with finite useful lives are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized using the straight-line method over the estimated useful lives, finite useful lives, residual values, and amortization method should be reviewed at the end of each reporting period by the company, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with uncertainty useful lives are presented as cost less accumulated impairment losses.

As intangible assets are being removed, the difference between the net disposal value and the asset's book value is recognized in the current profit and loss.

Impairment of Property, Plant and Equipment, Right-of-use Assets, and Intangible Assets (besides goodwill)

The company reviews the carrying amounts of its property, plant and equipment, right-of-use assets, and intangible assets (besides goodwill) to determine whether there is any indication that those assets have suffered an impairment loss on each balance sheet date. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Shared assets are allocated to individual cash-generating units for which a reasonable and consistent allocation basis can be identified.

For intangible assets that don't have definite useful life and are not yet available for use, impairment testing shall be carried out at least annually and when there are signs of impairment.

The recoverable amount is the higher of the fair value minus cost of sale and its use value. If the recoverable amount of an individual asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or

cash-generating unit is reduced to its recoverable amount, and the impairment loss is recognized in profit and loss.

When an impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is adjusted to the revised recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in the previous year (minus amortization or depreciation). A reversal of an impairment loss is recognized immediately in profit or loss.

Financial Instruments

Financial assets and financial liabilities are recognized on the balance sheet when the company becomes a party to the contract terms of the instrument.

In the initial recognition of financial assets and financial liabilities, if financial assets or financial liabilities are not measured at fair value through profit and loss, they are measured at fair value plus trading costs directly attributable to the acquisition or issuance of financial assets or financial liabilities. Trading costs directly attributable to the acquisition or issuance of financial assets or financial liabilities measured at fair value through profit and loss are immediately recognized as profit and loss.

a. Financial Asset

Conventional transactions of financial assets are recognized and delisted by accounting on the trading day.

(1) Types of Measurement

Types of financial assets held by the company are financial assets measured at fair value through profit and loss, financial assets measured at amortized cost, and equity instrument investment measured at fair value through other comprehensive gains and losses.

A. Financial Assets Measured at Fair Value through Profit and Loss

Financial assets measured at fair value through profit and loss include mandatory fair value through profit and loss and financial assets designated as fair value through profit and loss. Mandatory financial assets measured at fair value through profit or loss include equity instrument investments that the amalgamating company has not specified to be measured at fair value through other comprehensive profit and loss, and debt instrument investments that are not classified as measured at amortized cost or measured at fair value through other comprehensive profit and loss.

Financial assets are designated at the time of initial recognition as measured at fair value through profit and loss if the designation can eliminate or significantly reduce measurement or recognition inconsistencies.

Financial assets measured at fair value through profit and loss are the dividends and interests generated by fair value measurement, that are recognized in other income and interest income respectively, and the benefits or losses generated by the re-measurement are recognized in other income and loss. Please refer to Note 27 for the method of determining fair value.

B. Financial Assets at Amortized Cost

If the financial assets invested by the company meet the following two conditions at the same time, they are classified as financial assets measured at amortized cost:

- a. Held under a certain business model, the purpose of this model is to hold financial assets to collect contractual cash flows; and
- b. The terms of the contract generate cash flows on a specific date, and these cash flows are all interests on the payment of the principal and the amount of principal in circulation.

Financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable, notes receivable and other receivables measured at amortized cost) after initial recognition, are measured by the total book amount determined by the effective interest method minus the amortized cost of any impairment loss, and any foreign currency exchange gains and losses are recognized as in profit and loss.

Except for the following two cases, interest income is calculated by multiplying the effective interest rate by the total book value of financial assets:

- a. For purchased or created credit-impaired financial assets, interest income is calculated by multiplying the effective interest rate after credit adjustment by the amortized cost of the financial assets.
- b. For financial assets that are not purchased or originated from credit impairment, but subsequently become credit impairment, calculate the interest income by multiplying the effective interest rate by the amortized cost of the financial asset from the next reporting period after the credit impairment.

Credit impaired financial assets refer to the issuer or debtor who has experienced major financial difficulties, breach of contract, the debtor is likely to apply for bankruptcy or other financial reorganization, or the active market for financial assets disappears due to financial difficulties.

Cash equivalents include time deposits that are highly liquidated and can be converted into fixed cash at any time within 3 months from the date of acquisition, and the risk of changes in value is very low, which is used to meet short-term cash commitments.

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

During initial recognition, the company can make an irrevocable choice to invest in equity instruments that are not held for trading and not recognized by the purchaser of a business merger and designated to be measured at fair value through other comprehensive income.

Equity instrument investments measured at fair value through other comprehensive income are measured at fair value, and subsequent changes in fair value are reported in other comprehensive income and accumulated in other equity. At the time of investment disposal, the accumulated profits and losses are directly transferred to retained earnings and are not reclassified as profits and losses.

Dividends derived from equity instrument investments measured at fair value through other comprehensive income are recognized in the profit and loss when the rights of payment collection of the company were established unless the dividends clearly represent partial investment cost recovery.

(2) Impairment Loss of Financial Assets and Contractual Assets

The company assesses the financial assets (including accounts receivable) measured at amortized cost based on expected credit losses on each balance sheet date, debt instrument investments measured at fair value through other comprehensive income, operating lease receivables, and impairment loss of contractual assets.

Accounts receivable, operating lease receivables, and contractual assets are all recognized as loss allowance based on expected credit losses during the duration. For other financial assets, first assess whether there is a significant higher credit risk since the initial recognition. If there is no significant higher risk, the loss allowance is recognized based on the 12-month expected credit

loss; if the risk has increased significantly, the loss allowance is recognized based on the duration of the expected credit loss.

Expected credit loss is the weighted average credit loss based on the risk of breach of contract. The 12-month expected credit loss refers to the expected credit loss caused by the possible breach of contract event of the financial instrument within 12 months after the reporting date, and the lifetime expected credit loss represents the expected credit loss caused by all possible breach of contract events during the expected lifetime of the financial instrument.

The company is for the purpose of internal credit risk management, and without considering the collateral held, when it is determined that there is internal or external information showing that the debtor is unable to pay off the debt, it represents that the financial asset has breached the contract. The impairment loss of all financial assets is reduced by the allowance account to reduce its carrying amount, but the loss allowance of debt instrument investment measured at fair value through other comprehensive income is recognized in other comprehensive income and does not reduce its carrying amount.

(3) Delisting of Financial Assets

The company only delists financial assets when the contractual rights from the cash flow of financial assets have lapsed, or the financial assets have been transferred and almost all the risks and rewards of the ownership of the assets have been transferred to other companies.

When a financial asset measured at amortized cost is delisted, the difference between its book value and the consideration received is recognized in profit or loss. When the debt instrument investment measured at fair value through other comprehensive income is delisted, the difference between the carrying amount and the consideration received plus the sum of any accumulated profits or losses that have been recognized in other comprehensive income is recognized in profit and loss. When equity instrument investments measured at fair value through other comprehensive income are delisted, the accumulated profits and losses are directly transferred to retained earnings and are not reclassified as profits and losses.

b. Financial Liabilities

(1) Subsequent Measurement

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

Financial Liabilities Measured at Fair Value Through Profit and Loss

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

Interest derived from financial liabilities held for trading and designated as fair value through profit and loss are recognized as finance cost, other profits or losses arise from remeasurement are recognized in other profits and losses. Please refer to Note 27 for the method of determining the fair value.

(2) Delisting of Financial Liabilities

When delisting financial liabilities, the difference between its carrying amount and the paid amount (including any transferred non-cash assets or liabilities assumed) is recognized as profit or loss.

c. Derivative Financial Instruments

Derivatives signed by the company include forward foreign exchange contracts, interest rate exchanges and currency exchanges, which are used to manage the company's interest rate and exchange rate risks.

Derivative instruments are initially recognized at fair value when the derivative instrument contract is signed, and subsequently re-measured at fair value on the balance sheet date. The profits or losses resulting from subsequent measurement are directly included in the profit and loss, but they are designated as derivatives of effective hedging instruments. The point at which tools are recognized in profit or loss will depend on the nature of the hedging relationship. When the fair value of the derivative is positive, it is classified as a financial asset; when the fair value is negative, it is classified as a financial liability.

If derivative instruments are embedded in the asset master contract within the scope of IFRS 9 "Financial Instruments", the overall contract determines the classification of financial assets. If a derivative is embedded in an asset master contract that is not within the scope of IFRS 9 (such as embedded in a financial liability master contract), and if the embedded derivative meets the definition of a derivative, its risk and characteristics are not closely related to the risk and characteristics of the master contract, when the combined contract is not measured at fair value through profit or loss, the derivative is regarded as a separate derivative.

Current provisions

The amount recognized as a liability reserve is based on the risk and uncertainty of the obligation and is the best estimation of the expenditure required to settle the obligation

on the balance sheet date. The liability provision is measured by the discounted value of the estimated cash flow of the obligated settlement.

Income Recognition

After the company identifies performance obligations in the customer's contract, it allocates the trading price to each performance obligation, and recognizes revenue when each performance obligation is met.

Commodity Sales Revenue

Commodity sales revenue is generated from customers who have the right to determine prices and use the commodities and are responsible for resale, customers bear the consequences of commodity obsolescence. The company recognizes revenue and accounts receivable at this point.

When the material is removed for processing, the control of the ownership of the processed commodity has not been transferred, so the income is not recognized when the material is removed.

Lease

The Company assesses whether the contract belongs to (or contains) a lease on the date of signing contract.

The Company as Lessor

When the lease clause transfers almost all the risks and returns attached to the ownership of the asset to the lessee, it is classified as a financial lease. All other leases are classified as operating leases.

Under operating leases, lease payments after deduction of lease incentives are recognized as income on a straight-line basis during the relevant lease period. The original direct cost incurred in obtaining an operating lease is added to the book value of the underlying asset and recognized as an expense during the lease period on a straight-line basis.

When the lease includes both land and building elements, the Company assesses whether almost all the risks and returns attached to the ownership of each element have been transferred to the lessee to assess whether each element is classified as a financial lease or an operating lease. Lease payments are apportioned to land and buildings based on the relative proportion of the fair value of the land and building lease rights on the date of signing contract. If the lease payment can be reliably allocated to these two elements, each element is treated according to the applicable lease classification. If the lease payment cannot be allocated to these two elements reliably, the overall lease is

classified as a finance lease, but if both of these elements clearly meet the operating lease standards, the overall lease is classified as an operating lease.

The Company as Lessee

Except for lease payments for low-value underlying asset leases and short-term leases that are subject to the applicable recognition exemption, the lease payments are recognized as expenses on a straight-line basis during the lease period, and other leases are recognized as the right-of-use asset and lease liability on the lease start date.

The right-of-use asset is originally measured at cost (including the original measured amount of the lease liability, the lease payment paid before the lease start date minus the lease incentives received, the original direct cost and the estimated cost of restoring the underlying asset), and the subsequent cost minus accumulated depreciation and measure the amount after the accumulated impairment loss, as well as adjust the remeasurement amount of the lease liability.

The right-of-use assets are separately expressed on the balance sheet.

The right-of-use asset is depreciated on a straight-line basis from the lease start date to the end of the service life or the expiration of the lease period, whichever is earlier.

The lease liability is originally measured by the present value of the lease payment (including fixed payment). If the implicit interest rate of the lease can be easily determined, the lease payment is discounted using that interest rate. If the interest rate is not easily determined, use the lessee's incremental borrowing interest rate.

Subsequently, lease liability is measured on the amortized cost basis using the effective interest method, and the interest expense is amortized during the lease period. If changes in the lease payment period or the index or rate used to determine lease payments result in changes in future lease payments, the company will re-measure the lease liability and adjust the right-of-use assets accordingly. However, if the book value of the right-of-use asset has been reduced to zero, then the remaining remeasured amount is recognized in profit and loss. For lease modifications that are not treated as separate leases, remeasurement of the lease liability due to the reduction in the scope of the lease is to reduce the right-of-use asset, and to recognize the profit and loss of the partial or full termination of the lease; the re-measurement of the lease liability due to other modifications is to adjust the right-of-use asset. Lease liabilities are separately expressed on parent company only balance sheets.

The company and the lessor conducted rental negotiations directly related to the Covid-19 pandemic, adjusted the rent due before June 30, 2022, resulting in rent reduction. These negotiations did not significantly change other lease terms. The company chooses to adopt practical expedients to deal with the rental negotiation that

meets the aforementioned conditions and does not assess whether the negotiation is a lease modification, but recognizes the reduction in lease payments in the profit and loss when the concession event or situation occurs, and relatively reduces the lease liability.

Borrowing Cost

The borrowing cost directly attributable to the acquisition, construction or production of a qualified asset is a part of the cost of the asset until almost all necessary activities for the asset to reach its intended use or sale status have been accomplished.

Specific borrowings, such as investment income earned by temporary investment before the capital expenditure that meets the requirements, are deducted from the borrowing cost that meets the capitalization conditions.

Except for the above, all other borrowing costs are recognized as profit or loss in the current period.

Government Subsidies

Government subsidies are recognized only when it is reasonably certain that the company will comply with the conditions attached to the government subsidies and will receive such subsidies.

The government subsidies related to income are recognized in the profit and loss on a systematic basis during the period when the related costs that they intend to compensate are recognized as expenses in the merging company.

If the government subsidy is used to compensate for the expenses or losses that have occurred or is for the purpose of providing immediate financial support to the company and has no future related costs, it shall be recognized in the profit and loss during the period when it can be received.

Employee Benefits

a. Short-term Employee Benefits

Short-term employee benefit-related liabilities are measured by the expected non-discounted amount of cash paid in exchange for employee services.

b. Retirement Benefits

The determination of the retirement fund for the retirement plan is to recognize the amount of the retirement fund that should be provided as an expense during the employee's service period.

The definite benefit cost (including service cost, net interest and remeasurement) of the definite benefit retirement plan is calculated using the estimated unit benefit

method. Service costs, including current service costs and net interest on net defined benefit liabilities (assets) were recognized as employee benefit expenses when incurred. Re-measurement (including actuarial gains and losses and remuneration of planned assets after interest deduction) is recognized when incurred. It is included in other comprehensive profit and loss and included in retained earnings and is not reclassified to profit or loss in subsequent periods.

The net definite benefit liability (asset) is the shortfall (remaining) of the definite benefit retirement plan. The net determined welfare assets shall not exceed the present value of the refund of the withdrawal from the plan or the reduction of the future withdrawal.

Employee share option — Employee share option g to employees

Employee share option shall be given based on the equity instrument measured at the fair value and the estimated vested optimal number of shares, which is recognized as expense by linear basis during the vested period and simultaneously adjusted capital surplus- treasury bonds transaction. If employees vested the stock right on the vested date, it shall be listed the entire amount as recognized expense on the vested date. The paying date of Li Peng enterprise transferring treasury stock to employees is the date when board resolution for employee purchase stock date.

Treasury Stock

When the Company buys back the company's stock, it is reported at the cost of the buy-in. When disposing, the price difference generated by the treasury stock exchange is listed under the shareholder's equity. The Company's subsidiaries hold the company's stocks, and they are treated as treasury stocks in accordance with the provisions of the International Financial Reporting Standards Bulletin No. 2 "Share Basic Benefits".

The Company's repurchase of the company's stock is the Company's repossession or purchase of its own shares within the governance of law. Before disposition or cancellation, the recovery or purchase cost is listed as a deduction of shareholders' equity.

If the price of the treasury stock is higher than the book value, the difference is listed as capital reserve-treasury stock transaction; if the price of the treasury stock is lower than the book value, the difference will first offset the capital reserve generated by the transaction of the same type of treasury stock, such as if there is a deficiency, the retained surplus is debited.

Income Tax

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

Current Income Tax

The income tax on unappropriated earnings calculated in accordance with the provisions of the Income Tax Law of the Republic of China is subject to additional income tax, which is recognized in the annual shareholders' meeting.

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

Deferred Income Tax

Deferred income tax is calculated based on the temporary difference between the book value of assets and liabilities and the tax basis for calculating taxable income.

Deferred income tax liabilities are generally recognized for all taxable temporary differences, while deferred income tax assets are likely to have taxable income for deduction of temporary differences, loss deductions or purchase of machinery and equipment and research the income tax deductions for development and other expenditures are recognized.

Taxable temporary differences related to investment in subsidiaries and related companies are recognized as deferred income tax liabilities. However, if the company can control the timing of the reversion of the temporary differences, and the temporary differences are likely to not be in the foreseeable future. Except those who will return. The deductible temporary differences related to this type of investment will be recognized as deferred income tax only if it is likely to have sufficient taxable income to realize the temporary differences, and within the scope expected to return in the foreseeable future assets.

The carrying amount of deferred income tax assets is reviewed on each balance sheet date, and the carrying amount is reduced for those that no longer have sufficient taxable income to recover all or part of their assets. For those that have not been recognized as deferred income tax assets, they are also reviewed on each balance sheet date, and if they are likely to generate taxable income in the future for recovering all or part of their assets, the book amount will be increased.

Deferred income tax assets and liabilities are measured by the current tax rate for the expected debt settlement or asset realization. The tax rate is based on the tax rate and tax law that had been legislated or substantively legislated on the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax

consequences arising from the way the company expects to recover or settle the carrying amount of its assets and liabilities on the balance sheet date.

Current and Deferred Income Tax

Current and deferred income taxes are recognized in profit or loss, but current and deferred income taxes related to items recognized in other comprehensive profit or loss or directly included in equity are recognized in other comprehensive profit or loss or directly included in equity.

5. Critical Accounting Judgments and Key Sources of Estimation and Uncertainty

When the company adopts accounting policies, management must make relevant judgments, estimates and assumptions based on experience and other relevant factors for the difficulty of obtaining relevant information from other sources. Actual results may differ from estimations.

The management will continue to review the estimations and basic assumptions. If the revision of the estimation only affects the current period, it shall be recognized in the current period of the revision. If the revision of accounting estimations affects both the current period and the future period, it shall be recognized in the current and the future periods of the revision.

6. Cash and Cash Equivalents

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Cash on hand	\$ 641	\$ 619
Bank cheques and current saving	668,562	1,083,368
Cash equivalent		
Short-term bills	282,486	245,680
Bank foreign currency time deposits with maturity in 3 months	844,388	491,360
	<u>\$ 1,796,077</u>	<u>\$ 1,821,027</u>

As of December 31, 2023, there was bank foreign currency time deposit of NT\$30,705 thousand, respectively with a maturity period of more than 3 months, which was listed in other financial assets-current. (Please refer to Note 10)

As of December 31, 2023, and 2022, the following time deposits are pledged and according to liquidity list in other financial assets-current. (Please refer to Note 10 and 29)

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>	<u>Purpose</u>
Time deposit	<u>\$ 2,000</u>	<u>\$ 2,000</u>	Deposit for natural gas

7. Financial Instruments Measured at Fair Value through Profit and Loss

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
<u>Financial assets mandatorily measured at FVTPL - current</u>		
Derivative financial instruments		
– Cross-currency swap contracts	\$ -	\$ 2,813
Non-derivative financial assets		
– Domestic listed (OTC) stocks	<u>54,720</u>	<u>62,822</u>
	<u>\$ 54,720</u>	<u>\$ 65,635</u>
<u>Financial assets mandatorily measured at FVTPL – current</u>		
Derivative financial instruments		
– Cross-currency swap contracts	<u>\$ 43,414</u>	<u>\$ 529</u>
<u>Financial assets mandatorily measured at FVTPL – non-current</u>		
Non-derivative financial assets		
– Domestic not listed (OTC) common stocks	\$ 5,903	\$ 5,903
– Not listed abroad (OTC) common stocks	<u>430</u>	<u>430</u>
	<u>\$ 6,333</u>	<u>\$ 6,333</u>

- a. At the end of the reporting period, outstanding cross-currency swap contracts not under hedge accounting were as follows:

Dec 31, 2023

<u>Currency</u>	<u>Maturity Date</u>	<u>Contract Amount (Thousands)</u>	<u>Rate</u>
USD/NTD	2024.01.08~2024.02.20	USD 70,000/ NTD 2,186,690	31.045~31.355

Dec 31, 2022

<u>Currency</u>	<u>Maturity Date</u>	<u>Contract Amount (Thousands)</u>	<u>Rate</u>
USD/NTD	2023.01.05~2023.02.06	USD 65,000/ NTD 1,990,715	30.556~30.74

The purpose of the company to engage in cross-currency swap contracts transactions is mainly to avoid the risk of foreign currency assets and liabilities exchange rate fluctuations.

- b. In 2023 and 2022, the net profits and losses of financial products from the current financial assets measured by the fair value of the profits and losses were measured at a net loss of NT\$ 52,352 thousand and a net profit of NT\$ 11,446 thousand, respectively.

8. Notes and Accounts Receivable

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
<u>Notes receivable</u>		
Measured by cost after amortization		
Total book value	\$ 50,950	\$ 56,851
less : allowance for impairment loss	(<u>500</u>)	(<u>600</u>)
	<u>\$ 50,450</u>	<u>\$ 56,251</u>
<u>Accounts receivable</u>		
Measured by cost after amortization		
Total book value	\$ 635,955	\$ 733,574
Less : allowance for impairment loss	(<u>4,795</u>)	(<u>5,644</u>)
	<u>\$ 631,160</u>	<u>\$ 727,930</u>

Accounts Receivable

In principle, the credit period of the company to customers is from 30 days to 120 days on the monthly settlement, and the accounts receivable are not interest-bearing. In addition to the actual credit impairment losses of individual customers, the company refers to past experience, considers the financial status of individual customers and their respective industries, competitive advantages and prospects, and categorizes individual customers into different risk assessment groups and according to the respective group, the loss rate is recognized as an allowance for impairment loss.

To reduce the credit risk, the management of the company assigns a dedicated team to be responsible for the determination of credit limits, credit approval and other monitoring procedures to ensure that appropriate actions have been taken in the recovery of overdue receivables. In addition, the company will review the recoverable amounts of receivables one by one on the balance sheet date to ensure that the unrecoverable receivables have been properly deducted accordingly. Thus, the management of Company believes that the credit risk of the company has been significantly reduced.

The company measures the accounts and notes receivable (not including related parties), the allowance for impairment loss is as follows (the company does the assessment on the basis of accounting date):

Dec 31, 2023

	<u>0~60days</u>	<u>61~90days</u>	<u>91~120days</u>	<u>Over121 days</u>	<u>Total</u>
Expected credit loss rate	0.5%~1%	0.5%~1%	0.5%~1%	0.5%~1%	
Total book value	\$ 592,787	\$ 59,299	\$ 30,673	\$ 4,146	\$ 686,905
Allowance for impairment loss (lifetime expected credit loss)	(<u>4,586</u>)	(<u>447</u>)	(<u>231</u>)	(<u>31</u>)	(<u>5,295</u>)
Cost after amortization	<u>\$ 588,201</u>	<u>\$ 58,852</u>	<u>\$ 30,442</u>	<u>\$ 4,115</u>	<u>\$ 681,610</u>

Dec 31, 2022

	<u>0~60days</u>	<u>61~90days</u>	<u>91~120days</u>	<u>Over121 days</u>	<u>Total</u>
Expected credit loss rate	0.5%~1%	0.5%~1%	0.5%~1%	0.5%~1%	
Total book value	\$ 639,101	\$ 77,114	\$ 52,637	\$ 21,573	\$ 790,425
Allowance for impairment loss (lifetime expected credit loss)	(<u>5,080</u>)	(<u>593</u>)	(<u>405</u>)	(<u>166</u>)	(<u>6,244</u>)
Cost after amortization	<u>\$ 634,021</u>	<u>\$ 76,521</u>	<u>\$ 52,232</u>	<u>\$ 21,407</u>	<u>\$ 784,181</u>

Information on the changes of allowance loss of accounts and notes receivable is as follow:

	<u>2023</u>	<u>2022</u>
Opening balance	\$ 6,244	\$ 8,651
Add : The current period (reversal) is listed as impairment loss	(<u>949</u>)	(<u>2,407</u>)
Closing balance	<u>\$ 5,295</u>	<u>\$ 6,244</u>

9. Inventories

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Raw materials	\$ 521,722	\$ 750,932
Materials	65,648	70,964
Raw materials in transit	57,538	23,018
Processed goods	691,725	940,100
Finished goods	721,840	945,246
Product inventory	<u>134,875</u>	<u>224,308</u>
	<u>\$ 2,193,348</u>	<u>\$ 2,954,568</u>

The inventory-related cost of goods sold in 2023 and 2022 were NT\$ 9,160,697 thousand and NT\$ 10,531,163 thousand, respectively.

Operating costs for 2023 and 2022 included impairment profit on inventory NT\$ 59,095 thousand and loss NT\$117,112 thousand, respectively.

The profit from the rebound in the net realizable value of inventories in 2023 was mainly due to the rebound in the prices of raw materials and the removal of inventories that were originally listed as depreciation losses.

10. Other financial assets - current

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Other Receivables	\$ 33,773	\$ 32,238
Other Receivables—related parties (Note 28)	1,470,827	1,120,476
Bank foreign currency time deposits with maturity more than 3 months (Note 6)	30,705	-
Pledged deposit receipt (Note 6 and 29)	<u>2,000</u>	<u>2,000</u>
	<u>\$ 1,537,305</u>	<u>\$ 1,154,714</u>

11. Financial assets measured at fair value through other comprehensive profits and losses

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Equity instrument investment measured at fair value through other comprehensive profits and losses - non-current		
Domestic listed stocks	<u>\$ 778,547</u>	<u>\$ 731,781</u>

The company invests in the aforementioned equity instruments for mid/long-term hold, and therefore chooses to designate these investments as measured at fair value through other comprehensive profits and losses.

12. Investments Using Equity Method

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Invested subsidiaries	\$ 1,542,637	\$ 1,569,786
Invested associates	<u>2,660,888</u>	<u>2,629,177</u>
	<u>\$ 4,203,525</u>	<u>\$ 4,198,963</u>

a. Invested Subsidiaries

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Non-public listed (OTC) company		
In Talent Investments Limited	\$ 260,881	\$ 316,633
Li Mao Investment Co., Ltd.	358,502	342,810
Hung Hsing Investment Co., Ltd.	273,008	264,050
Li Shing Investment Co., Ltd.	416,005	401,207
Libolon Energy Co., Ltd.	5,615	7,294
Eton Petrochemical Co., Ltd.	45,249	48,287
PT. INDONESIA HWALIN	<u>183,377</u>	<u>189,505</u>
	<u>\$ 1,542,637</u>	<u>\$ 1,569,786</u>

<u>Company name</u>	<u>% of equity and voting rights held</u>	
	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
In Talent Investments Limited	100.00%	100.00%
Li Mao Investment Co., Ltd.	53.38%	53.38%
Hung Hsing Investment Co., Ltd.	53.02%	53.02%
Li Shing Investment Co., Ltd.	53.00%	53.00%
Libolon Energy Co., Ltd.	70.00%	70.00%
Eton Petrochemical Co., Ltd.	75.00%	75.00%
PT. INDONESIA HWALIN	82.07%	82.07%

For the disclosure of the acquisition of PT. INDONESIA HWALIN, please refer to the consolidated financial statements of 2023 in the Attached Note 25 and 26.

b. Invested Associates

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Significant Associate		
Lealea Technology Co., Ltd.	\$ 160,742	\$ 142,781
Insignificant Associate	<u>2,500,146</u>	<u>2,486,396</u>
	<u>\$ 2,660,888</u>	<u>\$ 2,629,177</u>

Significant Associates

<u>Company name</u>	<u>% of equity and voting rights held</u>	
	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Lealea Technology Co., Ltd.	18.20%	18.54%

For information on the businesses, main location of operation and country of registration of the above-mentioned associates, please refer to the attached Table "Name of Invested Company, Location... and Other Related Information" in attached Table 6.

The associates' first-tier fair value information in the public market is as follows :

<u>Company name</u>	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Rich Development Co., Ltd.	<u>\$ 497,377</u>	<u>\$ 440,125</u>

The Company adopts equity measurement for all the above-listed associates.

The following summary of financial information is prepared on the basis of the IFRSs financial reports of each associate, and has reflected the adjustments made when the equity method is adopted.

Lealea Technology Co., Ltd.

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Current assets	\$ 1,446,066	\$ 1,485,690
Non- current assets	335,722	329,461
Current liabilities	(897,618)	(1,044,323)
Non- current liabilities	(945)	(874)
Equity	<u>\$ 883,225</u>	<u>\$ 769,954</u>

Ratio of the share held by the company	18.20%	18.54%
The company's rights	\$ 160,747	\$ 142,780
Downstream and upstream transactions	(5)	<u>1</u>
Invested book value	<u>\$ 160,742</u>	<u>\$ 142,781</u>

	<u>2023</u>	<u>2022</u>
Operating income	<u>\$ 3,216,941</u>	<u>\$ 2,770,544</u>
Current net profit	\$ 170,317	\$ 138,432
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income	<u>\$ 170,317</u>	<u>\$ 138,432</u>

Summarized Information on Each Insignificant Associates :

	<u>2023</u>	<u>2022</u>
Company's share		
Continuing business unit's net profit for the year	(\$ 17,382)	(\$ 29,358)
Other comprehensive income	<u>38,744</u>	<u>(141,823)</u>
Total comprehensive income	<u>\$ 21,362</u>	<u>(\$ 171,181)</u>

The Company's investment using the equity method and its share of profit and loss and other comprehensive profit and loss, the financial statements of Rich Development Co. Ltd., Fu Li Express Co. Ltd., PT. INDONESIA LIBOLON FIBER SYSTEM and PT INDONESIA HWALIN are not audited by the company's Certified Public Accountant, but by another Certified Public Accountant.

13. Property, Plant and Equipment

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Owned land	\$ 1,847,871	\$ 1,847,871
Land improvement	6,560	9,203
Building	1,440,637	1,531,047
Machinery equipment	1,465,854	1,823,028
Transportation	9,553	14,923
Office equipment	2,449	3,915
Other equipment	208,545	247,413
Rental assets	<u>3,463</u>	<u>1,732</u>
	<u>\$ 4,984,932</u>	<u>\$ 5,479,132</u>

	Owned Land	Land Improvement	Building	Machinery, Equipment	Transportation	Office Equipment	Other Equipment	Lease Assets	Unfinished Construction	Total
Jan 1, 2022 balance	\$ 1,847,871	\$ 13,498	\$ 3,099,401	\$ 10,366,031	\$ 107,313	\$ 44,114	\$ 2,412,660	\$ 14,686	\$ 176,244	\$ 18,081,818
Additions	-	1,315	20,374	109,226	3,988	193	17,664	-	468,912	621,672
Disposals	-	-	(3,753)	(317,832)	(2,950)	(140)	(18,828)	-	-	(343,503)
Account transfer	-	1,206	76,929	551,938	-	1,192	12,159	-	(643,424)	-
Dec 31, 2022 balance	<u>\$ 1,847,871</u>	<u>\$ 16,019</u>	<u>\$ 3,192,951</u>	<u>\$ 10,709,363</u>	<u>\$ 108,351</u>	<u>\$ 45,359</u>	<u>\$ 2,423,655</u>	<u>\$ 14,686</u>	<u>\$ 1,732</u>	<u>\$ 18,359,987</u>
Jan 1, 2023 balance	\$ 1,847,871	\$ 16,019	\$ 3,192,951	\$ 10,709,363	\$ 108,351	\$ 45,359	\$ 2,423,655	\$ 14,686	\$ 1,732	\$ 18,359,987
Additions	-	-	1,740	32,741	-	153	20,272	-	59,793	114,699
Disposals	-	-	(7,719)	(27,990)	(238)	(508)	(15,314)	-	-	(51,769)
Account transfer	-	-	-	44,781	-	-	13,281	-	(58,062)	-
Dec 31, 2023 balance	<u>\$ 1,847,871</u>	<u>\$ 16,019</u>	<u>\$ 3,186,972</u>	<u>\$ 10,758,895</u>	<u>\$ 108,113</u>	<u>\$ 45,004</u>	<u>\$ 2,441,894</u>	<u>\$ 14,686</u>	<u>\$ 3,463</u>	<u>\$ 18,422,917</u>
<u>Accumulated depreciation and impairment</u>										
Jan 1, 2022 balance	\$ -	(\$ 4,370)	(\$ 1,561,972)	(\$ 8,780,636)	(\$ 89,480)	(\$ 39,766)	(\$ 2,125,182)	(\$ 14,686)	\$ -	(\$ 12,616,092)
Disposals	-	-	2,930	314,458	2,950	140	16,993	-	-	337,471
Account transfer	-	-	(6,809)	-	-	-	6,809	-	-	-
Depreciation	-	(2,446)	(96,053)	(420,157)	(6,898)	(1,818)	(74,862)	-	-	(602,234)
Dec 31, 2022 balance	<u>\$ -</u>	<u>(\$ 6,816)</u>	<u>(\$ 1,661,904)</u>	<u>(\$ 8,886,335)</u>	<u>(\$ 93,428)</u>	<u>(\$ 41,444)</u>	<u>(\$ 2,176,242)</u>	<u>(\$ 14,686)</u>	<u>\$ -</u>	<u>(\$ 12,880,855)</u>
Jan 1, 2023 balance	\$ -	(\$ 6,816)	(\$ 1,661,904)	(\$ 8,886,335)	(\$ 93,428)	(\$ 41,444)	(\$ 2,176,242)	(\$ 14,686)	\$ -	(\$ 12,880,855)
Disposals	-	-	5,640	23,690	238	508	15,314	-	-	45,390
Account transfer	-	-	-	-	-	-	-	-	-	-
Depreciation	-	(2,643)	(90,071)	(430,396)	(5,370)	(1,619)	(72,421)	-	-	(602,520)
Dec 31, 2023 balance	<u>\$ -</u>	<u>(\$ 9,459)</u>	<u>(\$ 1,746,335)</u>	<u>(\$ 9,293,041)</u>	<u>(\$ 98,560)</u>	<u>(\$ 42,555)</u>	<u>(\$ 2,233,349)</u>	<u>(\$ 14,686)</u>	<u>\$ -</u>	<u>(\$ 13,437,985)</u>
Dec 31, 2022										
Carrying amounts	<u>\$ 1,847,871</u>	<u>\$ 9,203</u>	<u>\$ 1,531,047</u>	<u>\$ 1,823,028</u>	<u>\$ 14,923</u>	<u>\$ 3,915</u>	<u>\$ 247,413</u>	<u>\$ -</u>	<u>\$ 1,732</u>	<u>\$ 5,479,132</u>
Dec 31, 2023										
Carrying amounts	<u>\$ 1,847,871</u>	<u>\$ 6,560</u>	<u>\$ 1,440,637</u>	<u>\$ 1,465,854</u>	<u>\$ 9,553</u>	<u>\$ 2,449</u>	<u>\$ 208,545</u>	<u>\$ -</u>	<u>\$ 3,463</u>	<u>\$ 4,984,932</u>

- a. The property, plant and equipment of the company are depreciated on a straight-line basis based on the following durability years :

Land improvement	5 years
House and building	
Repair and maintenance works	2 to 10 years
New ancillary building	10 to 20 years
Electrical engineering	20 to 30 years
Main building engineering	30 to 45 years
Transportation	
Lift repair and maintenance works	2 to 5 years
Stacker and pallet truck	5 to 6 years
Machinery equipment	
Electrical engineering	2 to 8 years
Machinery engineering	9 to 15 years
Misc. equipment	
Repair and maintenance works	2 to 5 years
Other equipment	5 to 10 years

- b. The amount of property, plant and equipment that the company sets pledge as loan guarantee, the details are as follows (please refer to Note 16, 18, and 29):

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Land and building	<u>\$ 2,824,989</u>	<u>\$ 2,898,486</u>

14. Lease Agreement

- a. Right of use assets

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Right of use assets carrying amount		
Land	<u>\$ 189</u>	<u>\$ 366</u>
	<u>2023</u>	<u>2022</u>
Additions to right of use assets	<u>\$ 11</u>	<u>\$ 11</u>
Depreciation of right of use assets		
Land	<u>\$ 188</u>	<u>\$ 183</u>

- b. Lease Liabilities

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Lease liabilities carrying amount		
Current	<u>\$ 192</u>	<u>\$ 183</u>
Non-current	<u>\$ -</u>	<u>\$ 186</u>

Lease liabilities' discount rate range as follows :

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Land	1.51461%	1.51461%

c. Other information on lease

	<u>2023</u>	<u>2022</u>
Short-term lease expenses	<u>\$ 29,029</u>	<u>\$ 29,072</u>
Total of cash outflow from leasing	<u>\$ 29,220</u>	<u>\$ 29,259</u>

15. Other Intangible Assets

	<u>Software costs</u>	<u>Other intangible assets</u>	<u>Total</u>
<u>Cost</u>			
Jan 1, 2022 balance	\$ 14,420	\$ 1,589	\$ 16,009
Purchased this period	3,532	450	3,982
Reduction this period	(2,381)	(1,327)	(3,708)
Dec 31, 2022 balance	<u>\$ 15,571</u>	<u>\$ 712</u>	<u>\$ 16,283</u>
<u>Accumulated amortization and impairment</u>			
Jan 1, 2022 balance	(\$ 9,101)	(\$ 1,556)	(\$ 10,657)
Amortized this period	(3,846)	(343)	(4,189)
Reduction this period	<u>2,381</u>	<u>1,327</u>	<u>3,708</u>
Dec 31, 2022 balance	<u>(\$ 10,566)</u>	<u>(\$ 572)</u>	<u>(\$ 11,138)</u>
Dec 31, 2022 net	<u>\$ 5,005</u>	<u>\$ 140</u>	<u>\$ 5,145</u>
<u>Cost</u>			
Jan 1, 2023 balance	\$ 15,571	\$ 712	\$ 16,283
Purchased this period	2,099	386	2,485
Reduction this period	(5,628)	(325)	(5,953)
Dec 31, 2023 balance	<u>\$ 12,042</u>	<u>\$ 773</u>	<u>\$ 12,815</u>
<u>Accumulated amortization and impairment</u>			
Jan 1, 2023 balance	(\$ 10,566)	(\$ 572)	(\$ 11,138)
Amortized this period	(3,136)	(326)	(3,462)
Reduction this period	<u>5,628</u>	<u>325</u>	<u>5,953</u>
Dec 31, 2023 balance	<u>(\$ 8,074)</u>	<u>(\$ 573)</u>	<u>(\$ 8,647)</u>
Dec 31, 2023 net	<u>\$ 3,968</u>	<u>\$ 200</u>	<u>\$ 4,168</u>

Amortization expenses are accrued on a straight-line basis based on the following durability years :

Software costs	3 years
Other intangible assets	3 years

16. Borrowing

a. Short-term loan

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
<u>Unsecured loans</u>		
Credit loan	\$ 3,108,000	\$ 3,175,000
<u>Secured loans</u>		
Bank loan	<u>500,000</u>	<u>500,000</u>
	<u>\$ 3,608,000</u>	<u>\$ 3,675,000</u>

(1) The interest rates of bank revolving loans were 1.63% ~ 1.73% and 1.60% ~ 2.025% as of December 31, 2023 and 2022, respectively.

(2) The secured loan was secured by property, plant, equipment as of December 31, 2023 and 2022 (please refer to Note 13 and 29).

b. Short-term Note Receivable— Commercial Promissory Receivable

	<u>Dec 31, 2023</u>	
	<u>Interest rate</u>	<u>Amount</u>
<u>Guarantee Agency</u>		
<u>Unsecured</u>		
Taiwan Bills	1.45%	<u>\$ 10,000</u>
	<u>Dec 31, 2022</u>	
<u>Guarantee Agency</u>		
<u>Unsecured</u>		
International Bill, Mega Bills, Taiwan Bills and Cooperative Bills	1.60% ~ 1.70%	<u>\$ 520,000</u>

17. Other Account Payable

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Advance payment payable	\$ 1,450,819	\$ 1,102,513
Other notes payable	41,819	68,916
Year-end bonus payable	67,498	94,823
Salary payable	54,804	51,785
Water and electricity bill payable	33,310	31,372
Processed fee payable	29,912	31,305
Purchase of equipment payable	8,424	32,047
Other payables	<u>250,078</u>	<u>268,439</u>
	<u>\$ 1,936,664</u>	<u>\$ 1,681,200</u>

18. Long-Term Loan

	<u>Interest rate</u>	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Bank of Taiwan			
Land mortgage loan on Chang Hwa nylon plant 03.30.2021~03.30.2028 Interests to be paid monthly, the total loan amount is NT\$ 1 billion, loan repayment cycle is 6 months starting from 2023.09.30, the principal NT\$55,000 thousand is to be repaid in the first 9 months, the remaining principal is to be settled by maturity.	2.08770%	\$ 945,000	\$ 1,000,000

	<u>Interest rate</u>	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Chang Hwa Bank			
Interests paid monthly to Bank for Taipei branch's credit loan 04.14.2021~04.14.2024, total loan amount is NT\$125million, principal is divided into 8 repayments and shall be repaid every 3 months, cycle starts from 07.14.2022 till maturity.	2.15000%	\$ 31,250	\$ 93,750
Chang Hwa Bank			
Interests paid monthly to Bank for Taipei branch's land and building mortgage loan 09.28.2022~09.28.2025, total loan amount is NT\$375 million with principal repayment by maturity.(Note 1)	2.06878%	-	310,625
Chang Hwa Bank			
Interests paid monthly to Bank for Taipei branch's land and building mortgage loan 12.27.2023~12.27.2026, total loan amount is NT\$375 million with principal repayment by maturity.	2.20378%	375,000	-
KGI Bank			
Interests paid monthly to Bank for Taipei branch's long-term credit loan 11.28.2022~06.14.2024, total loan amount is NT\$500 million with principal repayment by maturity.(Note 2)	2.04733%	-	500,000
KGI Bank			
Interests paid monthly to Bank for Taipei branch's long-term credit loan 12.25.2023~11.02.2025, total loan amount is NT\$500 million with principal repayment by maturity.	1.98378%	500,000	-
Export-Import Bank			
Interests paid monthly to Bank for Taipei branch's long-term credit loan 03.25.2023~03.25.2028, total loan amount is NT\$144 million, principal is divided into 8 repayments with NT\$18,000 thousand and shall be repaid every 6 months, cycle starts from 09.25.2024 till maturity.	2.20400%	144,000	-
		<u>1,995,250</u>	<u>1,904,375</u>
Less : Partially transferred to current liabilities due within one year		<u>(141,250)</u>	<u>(117,500)</u>
		<u>\$ 1,854,000</u>	<u>\$ 1,786,875</u>

Note 1 : The maturity date of the original loan was Sep 28, 2024. The company paid in advance in Jul 2023.

Note 2 : The maturity date of the original loan was Jun 14, 2024. The company paid in advance in Jan 2023.

The long-term loans on December 31, 2023 and 2022 were collateral for Property, Plant and Equipment, please refer to Note 13 and 29.

19. Retirement Benefit Plans

a. Defined contribution plans

The pension system of the "Labor Pension Act" applicable to the Company is a government-managed retirement plan. The retirement pension is allocated to the labor insurance bureau based on 6% of the employee's monthly salary.

b. Defined benefit plans

The Company has defined benefit plans under the R.O.C. Labor Standards Law that provide benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement. The Company contributes an amount equal to 2% of salaries paid each month to their respective pension funds (the Funds), which are administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the Committee's name in the Bank of Taiwan. Before the end of each year, the Company assesses the balance in the Funds. If the amount of the balance in the Funds is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The Funds are operated and managed by the government's designated authorities; as such, the Company does not have any right to intervene in the investments of the Funds.

Amounts recognized in respect of these defined benefit plans included in the parent company only balance sheet were as follows :

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Present value of defined benefit obligation	\$ 342,178	\$ 371,649
Fair value of plan assets	(<u>138,843</u>)	(<u>129,340</u>)
Net defined benefit liability	<u>\$ 203,335</u>	<u>\$ 242,309</u>

Changes to net defined benefit liability (asset) are as follows :

	<u>Present value of defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability (asset)</u>
Jan 1, 2022 balance	<u>\$ 378,470</u>	(<u>\$ 121,868</u>)	<u>\$ 256,602</u>
Service cost			
Current service cost	2,688	-	2,688
Previous service cost	992	-	992
Net interest expense (income)	<u>2,365</u>	(<u>797</u>)	<u>1,568</u>
Remeasurement on the net defined benefit	<u>6,045</u>	(<u>797</u>)	<u>5,248</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest expense)	-	(9,381)	(9,381)

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability (asset)
Actuarial loss (gain)			
— changes in financial assumptions	(\$ 19,860)	\$ -	(\$ 19,860)
Actuarial loss (gain)			
— from experience adjustment	<u>26,269</u>	<u>-</u>	<u>26,269</u>
Recognized in other comprehensive income	<u>6,409</u>	<u>(9,381)</u>	<u>(2,972)</u>
Paid by employer	-	<u>(16,569)</u>	<u>(16,569)</u>
Benefit costs	<u>(19,275)</u>	<u>19,275</u>	<u>-</u>
Dec 31, 2022	<u>\$ 371,649</u>	<u>(\$ 129,340)</u>	<u>\$ 242,309</u>
Jan 1, 2023 balance	<u>\$ 371,649</u>	<u>(\$ 129,340)</u>	<u>\$ 242,309</u>
Service cost			
Current service cost	2,166	-	2,166
Previous service cost	-	-	-
Net interest expense (income)	<u>5,110</u>	<u>(1,860)</u>	<u>3,250</u>
Remeasurement on the net defined benefit	<u>7,276</u>	<u>(1,860)</u>	<u>5,416</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest expense)	-	<u>(948)</u>	<u>(948)</u>
Actuarial loss (gain)			
— changes in financial assumptions	4,110	-	4,110
Actuarial loss (gain)			
— from experience adjustment	<u>(11,809)</u>	<u>-</u>	<u>(11,809)</u>
Recognized in other comprehensive income	<u>(7,699)</u>	<u>(948)</u>	<u>(8,647)</u>
Paid by employer	-	<u>(35,743)</u>	<u>(35,743)</u>
Benefit costs	<u>(29,048)</u>	<u>29,048</u>	<u>-</u>
Dec 31, 2023	<u>\$ 342,178</u>	<u>(\$ 138,843)</u>	<u>\$ 203,335</u>

Amounts recognized in profit or loss in respect of these defined benefit plans analyzed by function were as follows:

	<u>2023</u>	<u>2022</u>
Categorized by functions		
Operating cost	\$ 4,448	\$ 4,322
Management expense	684	663
R&D expense	<u>284</u>	<u>263</u>
	<u>\$ 5,416</u>	<u>\$ 5,248</u>

Through the defined benefits plans under the R.O.C. Labor Standards Law, the Company is exposed to the following risks:

- (1) Investment risk: The pension funds are invested in domestic (foreign) equity and debt securities, bank deposits, etc. The investment is carried out by the Labor Fund Utilization Bureau of the Ministry of Labor by its own use and entrusted management. However, the distribution amount of the planned assets of Company shall not be less than the average interest rate on a two-year time deposit published by the local banks.
- (2) Interest risk: The decrease in the interest rate of corporate bonds will increase the present value of the defined benefit liabilities; however, the debt investment returns of the planned assets will also increase accordingly. The effects of the two on the net defined benefit liabilities will partially offset the effect.
- (3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The plan assets of the company and the present value of the defined benefit obligation are actuarial calculations performed by qualified actuaries. The key assumptions on the measurement date are as follows :

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Discount rate	1.250%	1.375%
Future salary increase rate	2.5%	2.5%

If the major actuarial assumptions are subject to reasonably possible changes, and all other assumptions remain unchanged, the amount that will increase (decrease) the present value of the defined benefit obligation is as follows :

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Discount rate		
Increase 0.25%	(\$ 8,147)	(\$ 9,251)
Decrease 0.25%	<u>\$ 8,147</u>	<u>\$ 9,598</u>
Expected salary increase rate		
Increase 0.25%	<u>\$ 8,197</u>	<u>\$ 9,330</u>
Decrease 0.25%	(\$ 8,197)	(\$ 9,040)

Since actuarial assumptions may be related, it is unlikely that only a single assumption will change, so the above sensitivity analysis may not reflect the actual changes in the present value of the defined benefit obligation.

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Expected withdrawn within 1 year	<u>\$ 12,180</u>	<u>\$ 11,796</u>
Defined benefit obligation average maturity	9.6 years	10.1 years

20. Equity

a. Shares

Common share

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Authorized shares (in thousands)	<u>1,200,000</u>	<u>1,200,000</u>
Authorized capital	<u>\$ 12,000,000</u>	<u>\$ 12,000,000</u>
Issued and paid shares (in thousands)	<u>910,017</u>	<u>914,487</u>
Issued capital	<u>\$ 9,100,712</u>	<u>\$ 9,144,872</u>

A holder of issued common shares with par value of NT\$10 per share is entitled to vote and receive dividends ◦

The Company passed the resolution of the board of directors on September 18, 2023, to cancel 4,416 thousand treasury stock, with a par value of NT\$10 per share. After cancellation, the paid-in share capital was NT\$9,100,712 thousand, and the base date was September 28, 2023.

b. Capital Surplus

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Using equity method to recognize the capital reserve of associates	\$ 64,850	\$ 63,876
Difference between consideration and carrying amount of subsidiaries acquired or disposed	1,887	1,887
Recognition of changes in ownership and equity of subsidiaries	435	435
Treasury stock trading	<u>124,029</u>	<u>121,084</u>
	<u>\$ 191,201</u>	<u>\$ 187,282</u>

The excess from the issuance of stocks in excess of the par value in the capital reserve (including the issuance of ordinary shares in excess of the par value, the share premium of the issuance of shares due to mergers, treasury stock transactions, and the difference in the book value of the acquisition or disposal of the equity price of a subsidiary company, etc.) and receiving gifts with proportional income can be used to make up for losses, and can also be used to pay cash dividends or to capitalize when the company isn't operating at a loss. However, the capital to be capitalized is limited to a fixed percentage of the paid-in capital each year.

The capital reserve generated by the investment using the equity method and all changes in the equity of the subsidiaries can only be used to make up for losses.

c. Retained earnings and dividend policy

- (1) According to the surplus distribution policy of the company, if there is a surplus in the financial account at year end, the earnings shall first make up for the accumulated losses, and then to allocate 10% of the earnings according to the law as the statutory surplus reserve, but the statutory surplus reserve has reached the actual income of the total amount of capital, which may be exempted from continuing to be listed; the special surplus reserve may be transferred or converted into a special surplus reserve according to laws or regulations or by the authority. If there is a balance remained, add the accumulated undistributed surplus at the beginning of the period as the distributable surplus by allocating 0% to 100% of the distributable surplus. The board of directors will draft a surplus distribution proposal and submit it to the shareholders meeting for approval. In addition, the cash dividend must not be less than 5% of the total dividend, but if the cash dividend per share is less than NT\$0.1, it may be changed to offer stock dividends. Due to the volatile industrial business environment and the development of diversification, the board of directors may decide to change to offer stock dividends based on the capital budget and funds available. Please refer to Note 22 (7) Employee Compensation and Board of Directors' Compensation for the compensation policy stipulated in the policy articles of the company.
- (2) The appropriations of the 2022's and 2021's loss compensation cases have been approved by the company's regular meeting of shareholders in its meetings held on June 29, 2023 and June 24, 2022, respectively.
- (3) On March 15, 2024, the board of directors of Company proposed a loss appropriation plan for 2023. The loss appropriation proposal for 2023 is yet to be resolved at the regular shareholders' meeting expected to be held in June 2024.

The information about the company's distribution of surplus to shareholders is available at the Market Observation Post System website.

The legal capital reserve shall be allocated until the balance reaches the total paid-up share capital of the company. The legal capital reserve can be used to make up for losses. When the company is not operating under losses, the part of the legal capital reserve exceeding 25% of the total paid-up share capital can be allocated in cash in addition to the capital.

d. Treasury stock

- (1) The changes in shares held by the company and its subsidiaries in 2023 and 2022 are as follows :

2023				
Reason for withdrawal	Shares, beginning of year	Increase	Decrease	Shares, end of year
Parent company's shares held by subsidiary	67,029,106	-	-	67,029,106
Parent company's shares held by subsidiary	<u>4,416,000</u>	<u>-</u>	<u>4,416,000</u>	<u>-</u>
	<u>71,445,106</u>	<u>-</u>	<u>4,416,000</u>	<u>67,029,106</u>
2022				
Reason for withdrawal	Shares, beginning of year	Increase	Decrease	Shares, end of year
Parent company's shares held by subsidiary	67,029,106	-	-	67,029,106
Parent company's shares held by subsidiary	<u>4,416,000</u>	<u>-</u>	<u>-</u>	<u>4,416,000</u>
	<u>71,445,106</u>	<u>-</u>	<u>-</u>	<u>71,445,106</u>

- (2) The purpose of holding the company's shares by subsidiaries is to protect shareholders' rights and interests, relevant information is as follows :

Subsidiary	Shares held	Amount transferred to treasury stock
<u>Dec 31, 2023</u>		
Li Mao Investment Co.	34,177,995	\$ 148,007
Hung Hsing Investment Co.	24,618,087	105,886
Li Shing Investment Co.	8,233,024	<u>35,399</u>
		<u>\$ 289,292</u>
<u>Dec 31, 2022</u>		
Li Mao Investment Co.	34,177,995	\$ 148,007
Hung Hsing Investment Co.	24,618,087	105,886
Li Shing Investment Co.	8,233,024	<u>35,399</u>
		<u>\$ 289,292</u>

- (3) On December 31, 2023, the company listed the amount of NT\$289,292 thousand transferred to the treasury stocks of the company held by its subsidiaries. The listed amounts have been adjusted according to the company's shareholding ratio in subsidiaries. The market price of the company's shares as of December 31, 2023 was NT\$7.93 per share.
- (4) The company holds treasury stocks; thus, it shall not be pledged in accordance with the Securities and Exchange Law, nor shall it

enjoy the rights of dividend distribution and voting rights. In addition, subsidiaries holding the company's shares shall be treated as treasury stocks, except for not participating in cash reserve increment. Except for not having voting rights, the other rights remain the same as general shareholders.

21. Income

	<u>2023</u>	<u>2022</u>
Commodity sales revenue	\$ 8,605,552	\$ 10,244,170
Processing revenue	380,360	542,269
Other	<u>10,097</u>	<u>8,967</u>
	<u>\$ 8,996,009</u>	<u>\$ 10,795,406</u>

22. Continuing operation unit net profit

a. Interest income

	<u>2023</u>	<u>2022</u>
Bank deposits	\$ 77,136	\$ 27,364
Interests from related parties	<u>23,553</u>	<u>14,410</u>
	<u>\$ 100,689</u>	<u>\$ 41,774</u>

b. Other income

	<u>2023</u>	<u>2022</u>
Lease income		
Lease income of operations	\$ 21,547	\$ 21,466
Dividend income	1,188	22,945
Other	<u>21,175</u>	<u>19,265</u>
	<u>\$ 43,910</u>	<u>\$ 63,676</u>

c. Other gains and losses

	<u>2023</u>	<u>2022</u>
Gain (Loss) on disposal of property, plant and equipment	(\$ 1,246)	\$ 2,106
Gain on disposal of investments	17,353	-
Gain on foreign exchange, net	141,080	246,499
Gain (loss) on financial assets and liability at FVTPL, net	(52,352)	11,446
Other losses	<u>(19,273)</u>	<u>(7,271)</u>
	<u>\$ 85,562</u>	<u>\$ 252,780</u>

d. Financial cost

	<u>2023</u>	<u>2022</u>
Interest of bank loan	\$ 104,050	\$ 71,754
Interest of loan from related parties	4,343	2,449
Interests of lease liability	3	6
Financial expenses	<u>245</u>	<u>1,130</u>
	<u>\$ 108,641</u>	<u>\$ 75,339</u>

Information about interest capitalization is as follows :

	<u>2023</u>	<u>2022</u>
Interest capitalization amount	\$ 110	\$ 2,451
Interest capitalization rate	1.98482% 餘額2.11226%	1.14282% 餘額2.00156%

e. Depreciation and amortization

	<u>2023</u>	<u>2022</u>
Property, plant and equipment	\$ 602,520	\$ 602,234
Right of use assets	188	183
Intangible assets	3,462	4,189
Down payment	<u>54,328</u>	<u>71,873</u>
Total	<u>\$ 660,498</u>	<u>\$ 678,479</u>

Categorized depreciation expenses by function

Operating cost	\$ 591,035	\$ 590,921
Operating expenses	<u>11,673</u>	<u>11,496</u>
	<u>\$ 602,708</u>	<u>\$ 602,417</u>

Categorized amortization expenses by function

Operating cost	\$ 52,488	\$ 73,049
Operating expenses	<u>5,302</u>	<u>3,013</u>
	<u>\$ 57,790</u>	<u>\$ 76,062</u>

f. Expenses for employee benefits

	<u>2023</u>			<u>2022</u>		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Salary expenses	\$ 601,523	\$ 120,736	\$ 722,259	\$ 629,519	\$ 125,547	\$ 755,066
Labor and health insurance expenses	69,138	12,290	81,428	68,014	12,184	80,198
Retirement benefits						
Defined contribution plan	19,330	5,221	24,551	19,320	5,013	24,333
Defined benefit plan (Note 19)	<u>4,448</u>	<u>968</u>	<u>5,416</u>	<u>4,322</u>	<u>926</u>	<u>5,248</u>
	23,778	6,189	29,967	23,642	5,939	29,581
Compensation to directors	-	3,600	3,600	-	3,600	3,600
Other employee benefit	<u>70,807</u>	<u>9,921</u>	<u>80,728</u>	<u>70,916</u>	<u>10,431</u>	<u>81,347</u>
Total expenses of employee benefit	<u>\$ 765,246</u>	<u>\$ 152,736</u>	<u>\$ 917,982</u>	<u>\$ 792,091</u>	<u>\$ 157,701</u>	<u>\$ 949,792</u>

g. Employees' and Boards' remunerations

According to the provisions of the company's policy articles, the company uses the pre-tax benefits of the current year to deduct the remuneration of employees and directors at a rate of no less than 2% and no more than 5% for employees' compensation and directors' compensation.

In 2023 and 2022, pre-tax losses occurred, so employees' compensation and directors' compensation are not estimated.

For information on employees' compensation and directors' compensation of the company's 2024 and 2023 board resolutions, please refer to the "Public Information Observatory" of the Taiwan Stock Exchange website.

23. Continuing operating business unit's income tax

a. The main components of income tax profit recognized in profit and loss :

	<u>2023</u>	<u>2022</u>
Current income tax expense		
Recognized in the current year	\$ 1,076	\$ 1,693
Adjustments on prior years	<u>1</u>	<u>3,533</u>
	<u>1,077</u>	<u>5,226</u>
Deferred income tax		
Recognized in the current year	(88,282)	(28,978)
Adjustment on prior year	<u>(1)</u>	<u>(5,778)</u>
	<u>(88,283)</u>	<u>(34,756)</u>
Income tax profit recognized in profit and loss	(<u>\$ 87,206</u>)	(<u>\$ 29,530</u>)

The adjustment of accounting income and current income tax profit is as follows :

	<u>2023</u>	<u>2022</u>
Income tax profit at the statutory tax rate for net loss before tax	(\$ 106,442)	(\$ 13,308)
Tax effect of adjusting items		
Investment profit recognized by the equity method	(9,514)	(6,967)
Financial asset evaluation (profit) loss	1,331	(1,832)
Gain on disposal of investment	(3,471)	-
Tax dividend income	12,821	-
Tax-exempt dividend income	(238)	(4,589)
Tax-free dividend losses are not deductible	17,123	-
Other	1,184	(589)
Adjustment on income tax expenses in prior year	<u>-</u>	<u>(2,245)</u>
Income tax profit recognized in profit and loss	(<u>\$ 87,206</u>)	(<u>\$ 29,530</u>)

b. Deferred income tax assets and liabilities

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
<u>Deferred income tax assets</u>		
Temporary difference		
Allowance for impairment loss on inventory	\$ 57,356	\$ 69,175
Unallocated inventory cost for manufacturing	20,200	19,446
Unrealized foreign exchange loss	14,255	4,202
Unrealized investment loss	5,042	5,042

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Pension tax difference	\$ -	\$ 4,670
Defined actuarial profit and loss of retirement plan	16,496	17,892
Sales discount	212	189
Loss deduction	305,522	219,728
Bonus for no-leave	5,124	4,881
Unrealized gross loss	61	-
Unrealized loss of financial assets measured at FVTPL	8,683	-
Other	<u>1,208</u>	<u>1,207</u>
	<u>\$ 434,159</u>	<u>\$ 346,432</u>
 <u>Deferred income tax liability</u>		
Temporary difference		
Unrealized gross profit	\$ -	\$ 99
Unrealized gain of financial assets measured at FVTPL	-	457
Land appreciation tax preparation	<u>146,650</u>	<u>146,650</u>
	<u>\$ 146,650</u>	<u>\$ 147,206</u>

c. Current tax liabilities (Prepaid income tax)

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Prepaid income tax (Account for other current assets)	<u>\$ 11,177</u>	<u>\$ 2,504</u>

d. Unlisted loss deduction information

As of Dec 31, 2023, the loss deduction information is as follows:

<u>Balance yet deducted</u>	<u>Year due</u>
\$ 374,923	2029
722,523	2030
<u>428,972</u>	2033
<u>\$ 1,526,418</u>	

e. The Company's tax returns through 2021 has been assessed by the tax authorities.

24. Loss per share

The company's loss per share in 2023 and 2022 is as calculated as follows :

	<u>Amount (numerator)</u>		<u>Loss per share (NTD)</u>
	Net loss (Belong to company's shareholder)	Share (denominator) (thousand share)	Net loss (Belong to company's shareholder)
<u>2023</u>			
Basic loss per share The net loss attributable to ordinary shareholders for the period	<u>(\$ 445,006)</u>	<u>874,411</u>	<u>(\$ 0.51)</u>

	<u>Amount (numerator)</u> Net loss (Belong to company's shareholder)	Share (denominator) (thousand share)	Loss per share (NTD) Net loss (Belong to company's shareholder)
<u>2022</u>			
Basic loss per share			
The net loss attributable to ordinary shareholders for the period	(\$ 37,008)	<u>874,411</u>	(\$ 0.04)

25. Loss per share

	Main operating activity	Acquisition date	With voting rights ownership interest/ Acquisition ratio (%)	Transfer consideration
PT. INDONESIA HWALIN	Processing and manufacturing of telescopic nylon knitted fabrics, various man-made fiber fabrics, embryonic fabrics and other import and export trade business.	01.03.2022 and 02.28.2022	82.07%	<u>\$ 203,427</u>

The acquisition of PT. INDONESIA HWALIN is to expand overseas production branch and provide customers with more diverse requirements. For the explanation of obtaining PT. INDONESIA HWALIN, please refer to Note 25 and Note 26 of the Company's 2023 Consolidated Financial Statements.

26. Capital risk management

The company conducts capital management to ensure that it can be withdrawn before continuing to operate, and maximizes shareholder compensation by optimizing the balance of debt and equity. The overall strategy of the company has not changed.

The company has no other restrictions on external capital regulations.

27. Financial instruments

- a. The management of the company believes that the book value of financial assets and financial liabilities that are not measured at fair value reaches their fair value or their fair value cannot be reliably measured.

b. Fair value information – Financial instruments measured at fair value on a repeatability basis

Dec 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value through profit or loss				
Domestic listed (OTC) stocks	\$ 54,720	\$ -	\$ -	\$ 54,720
Domestic not listed (OTC) common stocks	-	-	5,903	5,903
Not listed abroad (OTC) common stocks	-	-	430	430
	<u>\$ 54,720</u>	<u>\$ -</u>	<u>\$ 6,333</u>	<u>\$ 61,053</u>
Financial assets measured at fair value through other comprehensive income				
Domestic listed stocks	<u>\$ 778,547</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 778,547</u>
Financial liability at fair value through profit or loss				
Derivative financial instruments – Cross-currency swap contracts	<u>\$ -</u>	<u>\$ 43,414</u>	<u>\$ -</u>	<u>\$ 43,414</u>

Dec 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value through profit or loss				
Domestic listed (OTC) stocks	\$ 62,822	\$ -	\$ -	\$ 62,822
Domestic not listed (OTC) common stocks	-	-	5,903	5,903
Not listed abroad (OTC) common stocks	-	-	430	430
Derivative financial instruments – Cross-currency swap contracts	<u>-</u>	<u>2,813</u>	<u>-</u>	<u>2,813</u>
	<u>\$ 62,822</u>	<u>\$ 2,813</u>	<u>\$ 6,333</u>	<u>\$ 71,968</u>
Financial assets measured at fair value through other comprehensive income				
Domestic listed stocks	<u>\$ 731,781</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 731,781</u>
Financial liability at fair value through profit or loss				
Derivative financial instruments – Cross-currency swap contracts	<u>\$ -</u>	<u>\$ 529</u>	<u>\$ -</u>	<u>\$ 529</u>

No transfer of the fair value measurement between level 1 and level 2 in year 2023 and 2022.

c. Valuation techniques and assumptions used in level 2 fair value measurement :

Type of financial instruments	Evaluation technology and input value
Derivative financial instruments— Cross-currency swap contracts	Discounted cash flow method: Estimate the future cash flow based on the exchange rate calculated in the observable exchange contract at the end of the period, and discount it separately at a rate that can reflect the credit risk of each counterparties.

d. Valuation techniques and assumptions used in level 3 fair value measurement :

Non-publicly traded (OTC) equity investment adopts the asset method to reflect the overall value of the investment target based on the total value of individual assets and liabilities.

e. Types of financial instruments

	Dec 31, 2023	Dec 31, 2022
<u>Financial assets</u>		
Measured at FVTPL		
Mandatorily measured at FVTPL	\$ 61,053	\$ 71,968
Financial assets measured by amortized cost (Note 1)	5,244,239	4,344,466
Financial assets measured through other comprehensive income		
Equity instrument investment	778,547	731,781
<u>Financial liabilities</u>		
Measured at FVTPL		
Mandatorily measured at FVTPL	43,414	529
Financial liabilities measured by amortized cost (Note 2)	8,269,891	8,253,262

Note 1 : The balance includes cash and cash equivalents, notes and accounts receivable, other accounts receivable, Loan to related parties, refundable deposits and financial assets measured by amortized cost.

Note 2 : The balance includes short-term loans, short-term bills payable, bills payable, accounts payable, other payables, loan from related parties, long-term loan, guarantee deposit received and financial liabilities measured by amortized cost.

f. Derivative financial products

The realized net profit from the operation of derivative financial products in 2023 was NT\$ 41,662 thousand which unrealized loss of NT\$43,414 thousand and realized gain of NT\$85,076 thousand, respectively and list in other profit and loss.

The realized net profit from the operation of derivative financial products in 2022 was NT\$ 12,097 thousand which unrealized gain of NT\$2,285 thousand and realized gain of NT\$9,812 thousand, respectively and list in other profit and loss.

g. Financial risk management objectives and policies

The main financial instruments of the company include equity and debt investments, borrowings, lease liabilities, accounts receivable and accounts payable, etc. The financial management department of the company provides services for various business units, coordinates access to domestic and international financial markets, and supervises and manages the financial risks related to the operations of the company by analyzing internal risk reports based on the degree and breadth of risk. These risks include market risk (exchange rate risk), credit risk and liquidity risk.

The company uses derivative financial instruments to avoid the impact of exchange rate risk. The use of derivative financial instruments is regulated by the policies adopted by the board of directors of the company, which are written principles for exchange rate risk, credit risk, the use of derivative financial instruments and non-derivative financial instruments, and the investment of remaining liquid funds. Internal auditors continue to review compliance with policies and the risk limit. The company did not trade financial instruments (including derivative financial instruments) for speculative purposes.

(1) Market risk

The main financial risk of the company's operating activities that the company bears is the risk of foreign currency exchange rates.

(a) Exchange rate risk

Occur in future commercial transactions, recognized assets and liabilities, and foreign exchange trading transactions to avoid exchange rate changes.

The company's risk exposure related to financial instrument market risks and its management and measurement methods have not changed.

Sensitivity analysis

The company is mainly influenced by the USD exchange rate fluctuation.

The following table details the sensitivity analysis of the company when the exchange rate of the New Taiwan Dollar (functional currency) to the U.S.

dollar increases and decreases by 0.5%. 0.5% is the assessment of the reasonably possible range of changes in the foreign currency exchange rate of the company. Sensitivity analysis includes only monetary items in foreign currencies in circulation, and their conversion at the end of the period is adjusted with a 0.5% change in exchange rate. The positive numbers in the following table represent the amount of increase in net profit before tax when the New Taiwan Dollar depreciates 0.5% relative to the relevant currencies; when the New Taiwan Dollar appreciates 0.5% relative to the relevant currencies, its impact on the net profit before tax will be the same negative number of the amount.

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
0.5% difference in the exchange rate of USD profit and loss	\$ 13,612	\$ 11,330

(b) Interest rate risk

The Company is exposed to interest rate risk because entities in the Company borrows funds at both fixed and floating interest rates.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to changes in interest rates at the end of the reporting period were as follows:

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Fair value interest rate risk		
— Financial assets	\$ 1,828,140	\$ 1,822,408
— Financial liabilities	3,498,192	4,195,369
Cash flow interest rate risk		
— Financial liabilities	2,115,250	1,904,375

(2) Credit risk

Credit risk refers to the risk of the company's financial losses caused by the counterparty's default of contract obligations. In order to reduce credit risk, the company has the right to request for collateral or other guarantees from major transaction partners. Accordingly, the management of the company believes that the credit risk has been significantly reduced.

(3) Liquidity risk

The company manages and maintains sufficient cash and cash equivalents to support the company's operations and reduce the impact of cash flow fluctuations. The management of the company supervises the use of bank financing lines and ensures compliance with the terms of the loan contract.

Bank loans are an important source of liquidity for the company. As of December 31, 2023 and 2022, the unutilized short-term bank financing lines of the Company were NT\$10,243,935 thousand and NT\$9,533,623 thousand, respectively.

(a) Liquidity and interest rate risk table of non-derivative financial liabilities

The remaining contract maturity analysis of non-derivative financial liabilities is based on the earliest possible repayment date of the company and is compiled based on the undiscounted cash flows of financial liabilities (including principal and estimated interest). Therefore, the bank loans that the company can be required to repay immediately are within the earliest period in the table below, regardless of the probability of the bank immediately executing the right; the maturity analysis of other non-derivative financial liabilities is compiled in accordance with the agreed repayment date. Analysis as below :

Dec 31, 2023

<u>Non-derived financial liabilities</u>	<u>In 1 year</u>	<u>1 to 2 years</u>	<u>Over 2 years</u>
Short-term loan	\$ 3,608,000	\$ -	\$ -
Short-term bills payable	10,000	-	-
Notes payable (including related parties)	117,359	-	-
Accounts payable (including related parties)	489,532	-	-
Other payable	1,769,064	-	-
Loan from related parties	279,000	-	-
Lease liabilities (current and non-current)	192	-	-
Current provisions	1,062	-	-
Long-term loan (including 1 year or due within the operating cycle)	141,250	610,000	1,244,000
Guarantee deposits received	1,686	-	-
	<u>\$ 6,417,145</u>	<u>\$ 610,000</u>	<u>\$ 1,244,000</u>

Dec 31, 2022

<u>Non-derived financial liabilities</u>	<u>In 1 year</u>	<u>1 to 2 years</u>	<u>Over 2 years</u>
Short-term loan	\$ 3,675,000	\$ -	\$ -
Short-term bills payable	520,000	-	-
Notes payable (including related parties)	93,611	-	-
Accounts payable (including related parties)	315,925	-	-
Other payable	1,490,668	-	-
Loan from related parties	252,000	-	-
Lease liabilities (current and non-current)	186	186	-
Current provisions	945	-	-
Long-term loan (including 1 year or due within the operating cycle)	117,500	141,250	1,645,625
Guarantee deposits received	1,683	-	-
	<u>\$ 6,467,518</u>	<u>\$ 141,436</u>	<u>\$ 1,645,625</u>

(b) Liquidity for derivative financial liabilities

The following table detailed the Company's liquidity analysis for its derivative financial instruments. The table was based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

Dec 31, 2023

<u>Derived financial liabilities</u>	<u>In 1 year</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>Over 5 years</u>
<u>Net settled</u>				
Cross-currency swap contracts	\$ 43,414	\$ -	\$ -	\$ -

Dec 31, 2022

<u>Derived financial liabilities</u>	<u>In 1 year</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>Over 5 years</u>
<u>Net settled</u>				
Cross-currency swap contracts	\$ 529	\$ -	\$ -	\$ -

28. Trading with Related Parties

Except for the other notes on the disclosures, the transactions between the Company and other related parties are as follows.

a. Related parties and association

<u>Related parties</u>	<u>Relationship with the Company</u>
LEALEA ENTERPRISE CO. LTD.	Investors with significant influence
LI MAO INVESTMENT CO. LTD.	Subsidiary
LI SHING INVESTMENT CO. LTD.	Subsidiary
HUNG HSING INVESTMENT CO. LTD.	Subsidiary
LIBOLON ENERGY CO. LTD.	Subsidiary
ETON PETROCHEMICAL CO. LTD.	Subsidiary
PT. INDONESIA HWALIN KNITTING	Subsidiary
ETON PETROCHEMICAL INTERNATIONAL CO. LTD.	Sub-subsidiary
LIBOLON (SHANGHAI) INTERNATIONAL TRADING CO., LTD.	Sub-subsidiary
FU LI TRANSPORTAION CO.	Associated company
LEA JIE ENERGY CO. LTD.	Associated company
LIBOLON ENTERPRISE CO. LTD.	Associated company
RICH DEVELOPMENT CO. LTD.	Associated company
LI LING FILM CO. LTD.	Associated company
LEALEA TECHNOLOGY CO. LTD.	Associated company
LI ZAN INVESTMENT CO. LTD.	Associated company

<u>Related parties</u>	<u>Relationship with the Company</u>
LI HAO INVESTMENT CO. LTD.	Associated company
PT. INDONESIA LIBOLON FIBER SYSTEM	Associated company
APEX FONG YI TECHNOLOGY CO. LTD.	Other
LIBOLON INTERNATIONAL CORP.	Other
LEALEA HOTELS & RESORTS CO., LTD.	Other

b. Operating Income

<u>Accounting item</u>	<u>Related Party Category/Name</u>	<u>2023</u>	<u>2022</u>
Sales revenue	Investor with significant influence	\$ 366,823	\$ 564,464
	Subsidiary	7,605	6,119
	Sub-subsidiary	223,950	360,581
	Associated company	426,842	558,720
	Other	-	3,300
		<u>\$ 1,025,220</u>	<u>\$ 1,493,184</u>

There is no significant difference between the company's sales to associated companies and general transactions with other related parties.

c. Purchases

<u>Related Party Category</u>	<u>2023</u>	<u>2022</u>
Investor with significant influence	\$ 790,617	\$ 755,678
Sub-subsidiary	65,808	100,857
Associated company	46,084	91,018
	<u>\$ 902,509</u>	<u>\$ 947,553</u>

d. Amounts receivable from related parties (excluding loans to related parties)

<u>Accounting item</u>	<u>Related Party Category/Name</u>	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Note receivable	Investor with significant influence		
	Lealea enterprise	\$ 24,104	\$ 24,831
	Associated company		
	Li Ling	72,836	84,937
	Other	-	9
		<u>96,940</u>	<u>109,777</u>

<u>Accounting item</u>	<u>Related Party Category/Name</u>	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Accounts receivable	Investors with significant influence	\$ 42,316	\$ 28,408
	Subsidiary	849	670
	Sub-subsidiary		
	LIBOLON(SHANGHAI)	103,620	26,282
	Associated company	<u>36,522</u>	<u>35,257</u>
		<u>183,307</u>	<u>90,617</u>
Other receivables	Investors with significant influence	14,118	15,126
	Subsidiary		
	Eton Petrochemical Co.	1,450,813	1,101,954
	Other	114	1
	Sub-subsidiary	34	-
	Associated company	2,779	2,355
	Other	<u>4</u>	<u>2</u>
		<u>1,467,862</u>	<u>1,119,438</u>
		<u>\$ 1,748,109</u>	<u>\$ 1,319,832</u>

No guarantee is received for the accounts receivable from related parties. No allowance for losses is provided for accounts receivable from related parties in 2023 and 2022. The collection and payment deadlines for the Company and related parties, except that Libolon (Shanghai)'s payment term is 120 days, are not materially differentiated from those for general customers and manufacturers.

e. Accounts payable to related parties (excluding borrowings from related parties)

<u>Accounting item</u>	<u>Related Party Category/Name</u>	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Notes payable	Investors with significant influence		
	Lealea enterprise	\$ 83,915	\$ 50,990
	Associated company	<u>2,403</u>	<u>1,494</u>
		<u>86,318</u>	<u>52,484</u>
Accounts payable	Investors with significant influence		
	Lealea enterprise	55,957	53,381
	Sub-subsidiary	3,092	-
	Associated company	<u>6,069</u>	<u>6,684</u>
		<u>65,118</u>	<u>60,065</u>
		<u>\$ 151,436</u>	<u>\$ 112,549</u>

The balance of the outstanding accounts payable to related parties is not guaranteed.

f. Disposal of property, plant and equipment

Related Party Category/Name	Disposal price		Disposal profit (loss)	
	2023	2022	2023	2022
Investors with significant influence				
Lealea enterprise	\$ 4,300	\$ -	\$ 4,300	\$ -

g. Acquisition of property, plant and equipment

Related Party Category/Name	Acquisition price	
	2023	2022
Investors with significant influence	\$ -	\$ 100
Associated company	-	10,401
	\$ -	\$ 10,501

h. Acquisition of other assets

Related Party Category	Accounting item	Acquisition price	
		2023	2022
Associated company	Other intangible assets – computer software	\$ 2,000	\$ 2,827

i. Loan to related parties

	Dec 31, 2023				
	Highest balance	Balance, end of year	Interest range(%)	Interest income	Interest receivable
Subsidiary					
Eton					
Petrochemical	\$ 750,300	\$ 531,586	2.62000~3.10000	\$ 12,184	\$ 1,860
Sub-subsidiary					
Eton					
Petrochemical international	497,434	-	2.62000~3.10000	4,368	103
Associated company					
PT. INDONESIA LIBOLON FIBER SYSTEM	378,951	372,145	2.62000~3.10000	6,219	973
Li Ling	140,000	45,000	2.26822~2.33888	782	29
		\$ 948,731		\$ 23,553	\$ 2,965
Dec 31, 2022					
	Highest balance	Balance, end of year	Interest range(%)	Interest income	Interest receivable
Subsidiary					
Eton					
Petrochemical	\$ 1,006,277	\$ 78,310	1.38802~2.62000	\$ 7,149	\$ 425
Sub-subsidiary					
Eton					
Petrochemical international	617,122	274,855	1.38802~2.62000	4,406	596
Associated company					
PT. INDONESIA LIBOLON FIBER SYSTEM	453,591	30,710	1.40332~2.62000	2,855	17
		\$ 383,875		\$ 14,410	\$ 1,038

j. Loan from related parties

	Dec 31, 2023				
	Highest balance	Balance, end of year	Interest range(%)	Interest expense	Interest payable
Subsidiary					
Li Mao Co.	\$ 80,000	\$ 60,000	1.67857~1.77582	\$ 860	\$ 87
Li Shing Co.	75,000	75,000	1.67857~1.77582	1,155	108
Hung Hsing Co.	60,000	31,000	1.67857~1.77582	469	45
Associated company					
Li Hao Co.	71,000	71,000	1.65532~1.72051	1,183	103
Li Zan Co.	42,000	<u>42,000</u>	1.65532~1.72051	<u>676</u>	<u>61</u>
		<u>\$ 279,000</u>		<u>\$ 4,343</u>	<u>\$ 404</u>
	Dec 31, 2022				
	Highest balance	Balance, end of year	Interest range(%)	Interest expense	Interest payable
Subsidiary					
Li Mao Co.	\$ 42,000	\$ 42,000	0.81037~1.82470	\$ 318	\$ 65
Li Shing Co.	75,000	75,000	0.81037~1.82470	726	116
Hung Hsing Co.	68,000	30,000	0.81037~1.82470	330	47
Associated company					
Li Hao Co.	71,000	71,000	0.80354~1.66230	716	100
Li Zan Co.	42,000	<u>34,000</u>	0.80354~1.66230	<u>359</u>	<u>48</u>
		<u>\$ 252,000</u>		<u>\$ 2,449</u>	<u>\$ 376</u>

The borrowing interest rate of the company's loan from related parties is equivalent to the market interest rate. Loans from associates and other related parties are all credit loans.

k. Other

Purchases — freight	2023	2022
Associated company	<u>\$ 19,743</u>	<u>\$ 20,037</u>
Export expense	2023	2022
Associated company	<u>\$ 12,870</u>	<u>\$ 12,385</u>
Sale — freight	2023	2022
Investors with significant influence	<u>\$ 223</u>	<u>\$ 1,948</u>
Rental income	2023	2022
Investors with significant influence		
Lealea enterprise	\$ 7,644	\$ 7,746
Subsidiary	8	410
Associated company		
Lealea Technology	5,986	5,468
Other	2,512	2,574
Other	<u>18</u>	<u>20</u>
	<u>\$ 16,168</u>	<u>\$ 16,218</u>

The rental income collected by the company from related parties is based on the local general market rate, and the payment period is one-month promissory note.

Other income	2023	2022
Investors with significant influence		
Lealea enterprise	\$ 15,834	\$ 25,827
Subsidiary	1	2
Sub-subsidiary	4,342	4,422
Associated company		
Li Ling	3,582	3,662
Other	540	668
	\$ 24,299	\$ 34,581

Lease expense	2023	2022
Investors with significant influence		
Lealea enterprise	\$ 28,015	\$ 28,246

The rent paid by the company to related parties is based on the local general market rate, and the payment period is one-month promissory note.

Tech service fees	2023	2022
Associated company		
Lealea Technology	\$ 25,320	\$ 24,552

Ohter expense — steam	2023	2022
Investors with significant influence		
Lealea enterprise	\$ 10,822	\$ 62,808

Environmental maintenance expense	2023	2022
Investors with significant influence	\$ -	\$ 22

Services expense — coal disposal	2023	2022
Associated company		
Lea Jie Energy	\$ 1,143	\$ 914

Fuel expense — coal	2023	2022
Associated company		
Lea Jie Energy	\$ 274,953	\$ 281,633

Consultant fee	2023	2022
Subsidiary	\$ -	\$ 579

l. Salary of senior management

The total remuneration for directors and other senior management is as follows :

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 24,789	\$ 25,039
Retirement benefits	<u>375</u>	<u>550</u>
	<u>\$ 25,164</u>	<u>\$ 25,589</u>

The remuneration of directors and senior management is determined by the remuneration committee in accordance with individual performance and market trends.

m. Other related parties' transactions

Related Party Category	Item	Price of contracted but unfinished (untaxed) <u>Dec 31, 2023</u>	Prepaid equipment balance <u>Dec 31, 2023</u>
Associated company			
Lealea Technology	Software and Hardware	<u>\$ 848</u>	<u>\$ -</u>

Related Party Category	Item	Price of contracted but unfinished (untaxed) <u>Dec 31, 2022</u>	Prepaid equipment balance <u>Dec 31, 2022</u>
Associated company			
Lealea Technology	Software and Hardware	<u>\$ 1,950</u>	<u>\$ -</u>

29. Pledged assets

The following assets of the company have been provided as collateral for financial institutions.

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Pledged deposit receipt (Account for other financial assets –current) (Note 6 and 10)	\$ 2,000	\$ 2,000
Property, plant and equipment (Note 13)	<u>2,824,989</u>	<u>2,898,486</u>
	<u>\$ 2,826,989</u>	<u>\$ 2,900,486</u>

30. Significant contingent liabilities and unrecognized commitments

Except as mentioned in other notes, the company has the following major commitments and contingencies on the balance sheet date :

On December 31, 2023 and 2022, the company still has issued and unused letters of credit. The details are as follows :

	Unit : Foreign currency in thousands	
	Dec 31, 2023	Dec 31, 2022
USD	\$ 71,360	\$ 75,851
EUR	-	194
JPY	-	34,500
CHF	-	190
NTD	114,401	-
RMB	114,357	-

31. Significantly influencing foreign currency financial assets and liabilities information

The following information is summarized and expressed in foreign currencies other than the functional currencies of the company. The disclosed exchange rates refer to the exchange rates of these foreign currencies into functional currencies. Foreign currency assets and liabilities with significant impact are as follows :

	Unit : Foreign currency / NTD in thousand		
	Dec 31, 2023		
	Foreign currency	Exchange rate	Carrying amount
<u>Financial assets</u>			
<u>Currency items</u>			
USD	\$ 145,509,842	30.705 (USD : NTD)	\$ 4,467,880
RMB	400,573	4.327 (RMB : NTD)	1,733
<u>Non currency items</u>			
Financial assets measured at FVMTPL-non-current			
USD	96,149	30.705 (USD : NTD)	2,952
Investment using equity method			
IDR	305,167,070,931	0.0019918 (IDR : NTD)	607,832

	Dec 31, 2023		
	Foreign currency	Exchange rate	Carrying amount
<u>Financial liabilities</u>			
<u>Currency items</u>			
USD	\$ 56,843,603	30.705 (USD : NTD)	\$ 1,745,383
RMB	50,206	4.327 (RMB : NTD)	217
<u>Non currency items</u>			
Derivative financial instruments			
USD	70,000,000 (contract amount)	30.705 (USD : NTD)	43,414
	Dec 31, 2022		
	Foreign currency	Exchange rate	Carrying amount
<u>Financial assets</u>			
<u>Currency items</u>			
USD	\$ 116,164,050	30.71 (USD : NTD)	\$ 3,567,398
RMB	10,396,064	4.408 (RMB : NTD)	45,826
<u>Non currency items</u>			
Derivative financial instruments			
USD	50,000,000 (contract amount)	30.71 (USD : NTD)	2,813
Financial assets measured at FVMTPL-non-current			
USD	96,149	30.71 (USD : NTD)	2,953
Investment using equity method			
IDR	317,581,997,560	0.0019522 (IDR : NTD)	619,983
<u>Financial liabilities</u>			
<u>Currency items</u>			
USD	42,374,857	30.71 (USD : NTD)	1,301,332
RMB	52,855	4.408 (RMB : NTD)	233
<u>Non currency items</u>			
Derivative financial instruments			
USD	15,000,000 (contract amount)	30.71 (USD : NTD)	529

The company's unrealized foreign currency exchange loss in 2023 and 2022 were NT\$71,273 thousand and NT\$21,011 thousand, respectively. Due to the wide variety of currencies in foreign currency transactions, it is impossible to disclose the exchange gain and loss according to the foreign currencies that have major impacts.

32. Disclosed items in notes

a. Major transaction items related information :

- (1) Loan to others. (Attached table 1)
- (2) Provision of endorsements and guarantees to others. (Attached table 2)
- (3) Holding marketable securities at the end of the period (excluding investment in subsidiaries, associates and joint venture equity). (Attached table 3)
- (4) The cumulative amount of buying or selling the same securities reaches NT\$300 million or more than 20% of the paid-in capital. (None)
- (5) Acquired real estate with an amount of NT\$300 million or more than 20% of the paid-in capital. (None)
- (6) Disposal of real estate with an amount of NT\$300 million or more than 20% of the paid-in capital. (None)
- (7) The amount of purchase and sale of goods with related parties reaches NT\$100 million or more than 20% of the paid-in capital. (Attached table 4)
- (8) Accounts receivables from related parties amount to NT\$100 million or more than 20% of the paid-in capital. (Attached table 5)
- (9) Engage in derivatives trading. (Note 7 and Note 27)
- (10) Invested company's information. (Attached table 6)

b. Reinvestment business related information : None

c. Information on investments in China :

- (1) The name of the mainland investee company, main business items, paid-in capital, investment methods, capital remittances and exits, shareholding ratio, investment gains and losses, investment book amount at the end of the period, repatriated investment gains and losses, and limits for investments to mainland China. (Attached table 7)
- (2) The following major transactions, prices, payment terms, and unrealized gains and losses occurred directly or indirectly with the investee company in mainland China via the third region: (Attached table 8)
 - (a) The amount and percentage of purchases and the ending balance and percentage of related accounts payable.

- (b) The amount and percentage of sales and the ending balance and percentage of related accounts receivable.
 - (c) The amount of property transactions and the profits and losses generated.
 - (d) The ending balance of the bill endorsement guaranteed or collateral provided and its purpose.
 - (e) The maximum balance, ending balance, interest rate range and total interest of the current period of the financial intermediation.
 - (f) Other transactions that have a significant impact on the current profit and loss or financial status, such as the provision or receipt of labor services.
- d. Information on major shareholders: the name, amount and proportion of shareholders with a shareholding ratio of 5% and more. (Attached table 9)

33. Segment information

The company has disclosed segment information in the consolidated financial report, and this parent company only financial report does not disclose relevant information separately.

Li Peng Enterprise Co. Ltd
 Financings Provided
 Jan 1 to Dec 31, 2023

Attached Table 1

No. (Note 1)	Financing Company	Loan and loanee	Financial Statement Account (Note 2)	Related party	Maximum balance for the period (Note 3)	Ending balance (Note 8)	Amount actually drawn	Interest rate%	Nature for financing (Note 4)	Transaction amounts (Note 5)	Reason for short-term financing (Note 6)	Allow bad
0	Li Peng Enterprise Co., Ltd.	Eton Petrochemical Co., Ltd.	Loan to related parties	Yes	\$ 900,000	\$ 900,000	\$ 531,586	1.48725~3.10000	2	\$ -	Operating capital	\$
		Eton Petrochemical International Co., Ltd.	Loan to related parties	Yes	750,000	450,000	-	1.48725~3.10000	2	-	Operating capital	
		PT INDONESIA LIBOLON FIBER SYSTEM	Loan to related parties	Yes	900,000	400,000	372,145	1.42779~3.10000	2	-	Operating capital	
		Li Ling Film Co., Ltd.	Loan to related parties	Yes	300,000	300,000	45,000	2.26822~2.36682	2	-	Operating capital	

Note 1: The description of number column is as follows: (1) The issuer is coded "0". (2) The investee company is numbered sequentially from Arabic numeral 1 according to the company type.

Note 2: The accounts receivable from associates, accounts receivable from related parties, shareholder transactions, prepayments, temporary payments, etc. that are classified as nature for financing.

Note 3: "Maximum balance for the period" refers to the highest balance of lending amount to others in the current year.

Note 4: "Nature for financing" should be listed as (1) companies or firms having business relationship with the Company, or (2) ones requiring short-term financing.

Note 5: As the nature of financing is companies or firms having business relationship with the Company, the business transaction amount should be filled in. The transaction amount refers to the amount and the lender.

Note 6: As the nature of financing is companies or firms requiring short-term financing, the reasons of financing and the usage of funds, such as repayment of loans, purchase of equipment, working capital, etc.

Note 7: The fields should be filled in accordance with the procedures for lending funds to other parties of the Company that specifies the financing limits for each borrowing Company as 100% of the financing company's total financing amount limits as 40% of the shareholders' equity of Lipeng Enterprise Co., Ltd.

Note 8: Should a public company comply with the Article 14-1 of "Regulations Governing Lending of Funds and Making of Endorsements/Guarantees by Public Companies" to submit financing amount, though the financing funds have not yet been allocated, the financing amount approved by the Board of Directors should still be included in the balance announcement for exposing the financing amount. The repayment shall be disclosed to reflect the adjustment of risk. In accordance with the Article 14-2 of the Regulations, a public company may authorize the chairman of the Board of Directors to use the financing funds in installments or revolving within a one-year period, but the financing funds approved by the Board of Directors should still be used as the declared balance. Although the funds will be repaid again, the financing funds approved by the Board of Directors should be used as the announced balance.

Li Peng Enterprise Co. Ltd.

Provision of endorsements and guarantees to others

Jan 1 to Dec 31, 2023

Attached Table 2

Unit : In Thousands of New Taiwan Dollars, Unless Specified Otherwise

No. (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2023 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2023 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company (%)	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Note
		Company Name	Relationship with the endorser/ guarantor (Note 2)											
0	Li Peng Enterprise Co., Ltd.	Eton Petrochemical Co., Ltd.	2	\$ 1,806,787	\$ 1,656,515	\$ 1,627,365	\$ 738,229	\$ -	18.01	\$ 3,613,574	Y	N	N	-
0	Li Peng Enterprise Co., Ltd.	Eton Petrochemical International Co., Ltd.	2	1,806,787	951,855	951,855	-	-	10.54	3,613,574	Y	N	N	-

Note 1: The numbers filled in for the endorsements/guarantees provided by the group or subsidiaries are as follows:

1. The Company is "0".
2. The subsidiaries are numbered in order starting from "1".

Note 2: The following code represents the relationship with the company:

1. A company with which it does business.
2. A company in which the public company directly and indirectly holds more than 50 percent of the voting shares.
3. A company that directly and indirectly holds more than 50 percent of the voting shares in the public company.
4. A company in which the public company holds, directly or indirectly, 90% or more of the voting shares.
5. A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
6. A company that all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.
7. Companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3 : Limit on endorsements/ guarantees provided for a single party is 20% of the Li Peng company's shareholders' equity; Ceiling on total amount of endorsements/ guarantees provided is 40% of the Li Peng company's shareholders' equity.

Note 4 : Maximum outstanding endorsement/ guarantee amount in the current year.

Note 5 : The amount agreed in the board resolution shall be listed. But based on the subparagraph 8, article 12 of Guideline for Capital Loan and Endorsement of the Public Companies, the board of members will authorize the chairman of the board for execution, the amount refers to the amount carried out by the Chairman of the Board.

Note 6 : The actual used amount within the endorsed guaranteed balance range used by the endorsed company shall be listed.

Note 7 : The listed parent company endorsement of the subsidiary company, the subsidiary company endorsement of the listed parent company or the endorsement from the Mainland China area shall list as Y category.

Note 8 : The company provided a joint guarantee for Eton Petrochemical Co., Ltd. and Eton Petrochemical International Co., Ltd. to obtain a bank loan line of USD\$43 million. The separate presentation in the above table resulted in double calculation of the closing balance. In essence, it was a joint guarantee for obtaining a single credit line. Endorsement guaranteed.

Li Peng Enterprise Co. Ltd.
Holding securities at the end of the period
For the Year Ended Dec 31, 2023

Attached Table 3

Unit : NTD thousand

Held Company Name	Marketable securities type and name (Note 1)	Relationship with the company (Note 2)	Financial statement account	End of the period				Note (Note 4)
				Shares (Units)	Carrying value (Note 3)	% of ownership	Fair value	
Li Peng Enterprise Co. Ltd.	Share							
	Trade-Van Information Services Co., Ltd.	None	Financial assets mandatorily measured at FVTPL – current	427,675	\$ 28,612	0.29	\$ 28,612	None
	Far EasTone Telecommunications Co., Ltd.	//	//	306,219	24,436	0.01	24,436	//
	Information Technology Total Services Co. Ltd.	//	//	33,750	1,672	0.12	1,672	//
	Lealea Enterprise Co., Ltd.	The chairman is same as the company, and the company holds 16.17% of the shares and is the legal director	Financial assets measured at FVTOCI – non-current	75,221,924	778,547	7.56	778,547	//
	Taiwan Filament Weaving Development Co., Ltd.	None	Financial assets mandatorily measured at FVTPL – non-current	3,302,964	5,686	5.76	-	//
	Huazhi Venture Capital Co., Ltd.	//	//	21,739	217	4.35	-	//
	TECHGAINS PAN-PACIFIC Corp.	//	//	150,000	430	0.26	-	//
	Book4u Co., Ltd.	//	//	6,250	-	0.12	-	//

Note 1: The securities mentioned in this table refer to stocks, bonds, beneficiary certificates, and securities derived from such items, that are within the scope of IFRS 9 "Financial Instruments".

Note 2: The securities issuer who is not classified as related party does not need to fill in the column.

Note 3: If measured by fair value, please fill in the "carrying value" column with the carrying balance that has adjusted the value in accordance with fair value evaluation and deducted allowance losses; if it is not measured by fair value, please fill in the "carrying value" column with the original acquisition cost or the carrying balance of the amortized cost after deducting the accumulated impairment.

Note 4: If the listed securities are restricted due to the provision of guarantees, pledged loans, or other agreed-upon, the note column should indicate the number of guarantees or pledged shares, the amount of guarantees or pledges, and restrictions on use.

Note 5: For information about the equity investments in subsidiaries, associates, and joint ventures, please refer to attached "Table 6".

Li Peng Enterprise Co. Ltd.

Total purchases from or sales to Related Parties of at least NT\$100 million or 20% of the paid-in capital

Jan 1 to Dec 31, 2023

Attached Table 4

Unit : NTD thousand

Buyer (Seller)	Related Party	Relationship	Transactions				Trading conditions and general trading circumstances and reasons (Note 1)		Notes and accounts receivable (payable)		Note (Note 2)
			Purchase /Sales	Amount	% of total Purchase (Sales)	Credit period	Unit Price	Credit period	Balance	%of total notes and accounts receivable (payable)	
Li Peng Enterprise Co., Ltd.	Lealea Enterprise Co., Ltd.	Chairman is same as the company	Purchase	\$ 790,617	14	Notes receivable 30 days after shipment	NA	NA	Notes and accounts payable (\$ 139,872)	(23)	None
"	"	"	Sales	(366,823)	(4)	"	"	"	Notes and accounts receivable 66,420	7	"
"	Li Ling Film Co., Ltd.	"	Sales	(419,496)	(5)	Notes receivable 60 days after shipment	"	"	Notes and accounts receivable 109,353	11	"
"	Libolon (Shanghai) International Trading Co.,Ltd.	100% of the company's indirect shares are investee	Sales	(223,899)	(2)	T/T 120 days after	"	"	Notes and accounts receivable 103,620	11	"

Note 1: If the related party's trade terms are different from the general trade terms, the differences and reasons of abnormal transaction should be described in the "unit price" and "payment terms" columns.

Note 2: If there are unearned receipts, prepayment, the reason, contractual terms, amount, and differences with general transaction should be stated in the note column.

Note 3: The amount of paid-in capital refers to the amount of paid-in capital of the parent company. If the issuer's shares have no denomination or the denomination per share is not NT\$10, the transaction amount requirement of 20% of the paid-in capital shall be calculated based on the 10% equity attributable to the owner of the parent company on the balance sheet.

Li Peng Enterprise Co. Ltd.

Receivables from related parties amount to NT\$100 million or more than 20% of the paid-in capital

For the Year Ended Dec 31, 2023

Attached Table 5

Unit : NTD thousand

Account receivable company	Related Party	Relationship	Ending balance of receivables from related parties (Note 1)	Turnover	Overdue		Recovered amount of the receivables from related parties after the period	Provision for allowance of bad debt
					Amount	Way Processing		
Li Peng Enterprise Co., Ltd	Eton Petrochemical Co., Ltd.	A related party in which the company directly holds 75% of its shares	Other receivables \$ 1,450,813	NA	\$ -	—	\$ 1,433,901	\$ -
"	Libolon (Shanghai) International Trading Co.,Ltd.	100% of the company's indirect shares are investee	Accounts receivable 103,620	3.45 times	-	—	82,383	-
"	Li Ling Film Co., Ltd.	Chairman is same as the company	Notes and accounts receivable 109,353	3.69times	-	—	32,989	-

Note 1: Please fill in the blank according to account receivables from related parties, receivable notes, other receivables, etc.

Note 2: Paid-in capital refers to the paid-in capital of the parent company. Where the issuer's shares have no par value or the par value per share is not NT \$10, the transaction amount of 20% of the paid in capital shall be calculated by 10% of the equity attributable to the owner of the parent company in the balance sheet.

Li Peng Enterprise Co. Ltd.

Names, Locations, and related Information of investees over which the company exercises significant influence

Jan 1 to Dec 31, 2023

Attached Table 6

Unit : NTD thousand

Investor Company	Related party (Note 1 · 2)	Location	Main business and products	Original investment amount		Balance at the end of period			Net Income (Losses) of the Investee (Note 4(2))	Share of Profits/Losses of Investee (Note 4(3))	Note
				End of period	End of last year	Shares	Percentage of Ownership	Carrying amount			
Li Peng Enterprise Co., Ltd.	In Talent Investments Limited	Samoa	Reinvestment related business	\$ 65,893	\$ 65,893	2,000,000	100.00	\$ 260,881	\$ 10,107	\$ 12,889	
	Li Mao Investment Co., Ltd.	11th Floor, No.162 Songjiang Road, Taipei City	Reinvestment in various production businesses, securities investment, banks	415,715	415,715	40,356,000	53.38	358,502	1,160	619	
	Hung Hsing Investment Co., Ltd.	"	"	401,449	401,449	26,296,000	53.02	273,008	(2,111)	(1,119)	
	Li Shing Investment Co., Ltd.	"	"	415,280	415,280	42,400,000	53.00	416,005	8,717	4,620	
	Li Hao Investment Co., Ltd.	"	"	363,629	363,629	35,244,000	46.62	363,207	(5,296)	(2,469)	
	Li Zan Investment Co., Ltd.	"	"	329,212	329,212	21,540,000	46.83	211,267	(7,454)	(3,491)	
	Lealea Technology Co., Ltd.	"	Technology software services	40,408	40,408	9,797,555	18.20	160,742	170,317	31,484	
	Li Ling Film Co., Ltd.	"	Nylon film production	20,000	20,000	2,000,000	3.33	-	(211,572)	(6,995)	
	Rich Development Co., Ltd.	8th Floor, No. 99, Jilin Road, Taipei City	Entrusted builders to build commercial buildings and lease and sell residential buildings	492,829	492,829	51,117,852	6.87	943,064	240,599	16,531	
	Fu Li Transport Co., Ltd.	No. 122, Zili Second Street, Wuqi District, Taichung City	Automobile container freight industry, warehousing industry, automobile and parts manufacturing industry	28,000	28,000	2,800,000	20.00	36,036	128	25	
	Lea Jie Energy Co., Ltd.	4th Floor, No.162 Songjiang Road, Taipei City	Coal retail and wholesale	90,000	90,000	9,000,000	30.00	98,730	7,504	2,239	
	Libolon Energy Co., Ltd.	No. 38, Gongye Road, Houliiao Village, Fangyuan Township, Changhua County	Renewable energy, self- powered generation equipment and cogeneration industry	21,000	21,000	2,100,000	70.00	5,615	(2,399)	(1,679)	
	PT.INDONESIA LIBOLON FIBER SYSTEM	Lantai 1 Jl. Cideng Barat No. 15, RT.011/RW.001 Kel. Duri Pulo. Kec. Gambir. DKZ Jakarta	Knitted fabric, fabric improvement	937,995	937,995	6,930,000	30.00	847,842	(63,917)	(23,222)	
	PT. INDONESIA HWALIN KNITTING	Jl. Raya Ubrug RT 003 RW 001 Kembang Kuning Jatiluhur Kab. Purwakarta Jawa Barat	Processing and manufacturing of telescopic nylon knitted fabrics, various man-made fiber fabrics, embryonic fabrics and other import and export trade business.	203,427	203,427	7,550,000	82.07	183,377	(6,688)	(10,320)	
	Eton Petrochemical Co., Ltd.	4th Floor, No.162 Songjiang Road, Taipei City	Chemical raw material wholesale	9,000	9,000	900,000	75.00	45,249	37,945	28,459	

Note 1: If a public offering company has a foreign holding company and uses consolidated statements as the main financial statements in accordance with local laws and regulations, the disclosure of information about the foreign invested company may only disclose relevant information to the holding company.

Note 2: If it is not in the situation described in Note 1, fill as in accordance to the following regulations:

- (1) The columns of "name of investee company", "location", "main business item", "original investment amount" and "end-of-term shareholding" shall be based on the reinvestment status of the company (public offering) and each direct investment or fill in the reinvestment status of the invested company indirectly controlled in order, and indicate the relationship between each invested company and the (public offering) company (if it is a subsidiary or a granddaughter company) in the remarks column.
- (2) In column B of "Invested Company's Current Profit and Loss", the amount of current profit and loss of each invested company should be filled in.
- (3) Column B of "Investment Profits and Losses Recognized in the Current Period" only needs to fill in the amount of profit and loss of each subsidiary recognized by the (public offering) company for direct reinvestment and each invested company evaluated by the equity method, and the rest is exempt fill. When filling in the "recognition of the current profit and loss amount of each subsidiary for direct reinvestment", it should be confirmed that the current profit and loss amount of each subsidiary has included the investment profit and loss of its reinvestment that should be recognized in accordance with the regulations.

Note 3: Please refer to Attached Tables 7 and 8 for relevant information of China investee companies.

Li Peng Enterprise Co. Ltd.
Information on investment in mainland China
Jan 1 to Dec 31, 2023

Attached Table 7

Unit : NTD thousand, original currency in Yuan

Related party in China	Main business	Paid-in capital	Investment method	Beginning of the period Cumulative investment amount remitted from Taiwan	Investment amount remitted or recovered in the current period		End of the period Remit from Taiwan accumulated investment amount	Invested company's current profit and loss	The company's direct or indirect investment % of shares held	Recognized in this period Investment profits and losses (Note 3(2)B)	Investment carrying amount at end of period	Investment income remitted back to Taiwan as of the current period	Note
					Outward	Inward							
Libolon (Shanghai) International Trading Co., Ltd.	Weaving, dyeing, finishing, processing, manufacturing, and trading of man-made fibers	\$ 65,893 USD 2,000,000	Note 2(2)	\$ 65,893 (USD 2,000,000)	\$ -	\$ -	\$ 65,893 (USD 2,000,000)	\$ 10,106	100	\$ 10,106	\$ 263,961	\$ 64,103	

Accumulated Outward Remittance for Investment in Mainland China as of Dec 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
USD 2,000,000 NTD 65,893	USD 2,000,000 NTD 65,893	\$ 5,420,361

Note 1: 2023 annual average exchange rate RMB to NTD=1 : 4.3956

Note 2: The investment methods are divided into the following three types, just indicate the types:

- (1) Go directly to the mainland for investment.
- (2) Reinvest in mainland China through a third-region company (please specify the investment company in the third region).
- (3) Other methods.

Note 3: In the current period recognized investment profit and loss column:

- (1) If it is under preparation and there is no investment gain or loss, it should be indicated.
- (2) The investment profit and loss recognition basis are divided into the following three types, which should be specified.
 - A. The financial statements that have been verified by international accounting firms in partnership with the Republic of China Accounting Firm.
 - B. The financial statements of the visa are checked by the Taiwanese parent company's visa accountant.
 - C. Others.

Note 4: The relevant figures in this table should be presented in New Taiwan Dollars.

Li Peng Enterprise Co. Ltd.

The following major transactions with mainland investee companies directly or indirectly via a third region, their prices, payment terms, unrealized profits and losses, and other relevant information

Jan 1 to Dec 31, 2023

Attached Table 8

Unit : In Thousands of New Taiwan Dollars, Unless Specified Otherwise

Related Party in mainland China	Transaction	Purchase, sales (Note)		Price	Terms		Notes, accounts receivable (payable)		Unrealized profit (loss)	Note
		Amount	%		Payment terms	Compare to normal trade	Amount	%		
Libolon (Shanghai) International Trading Co., Ltd.	Sales	(\$ 223,899)	(2)	Set according to local market conditions, trading conditions are similar to general customers	120 days after shipment, the collection period will be extended depending on local conditions	Similar	Accounts Receivable \$ 103,620	11	\$ -	-
"	Purchase	65,808	1	"	T/T before shipment	"	Accounts Payable 3,092	(1)	3,058	-

Note: In the case of property transactions or other types of transactions, the terms should be modified according to the circumstances.

Li Peng Enterprise Co. Ltd.
Information of main shareholder
Dec 31, 2023

Attached Table 9

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Lealea Enterprise Co., Ltd.	147,192,853	16.17%
Li Hao Investment Co., Ltd.	49,467,968	5.43%

Note 1: This table is based on the information provided by the Taiwan Depository & Clearing Corporation for stockholders holding greater than 5% of the Company's ordinary and special stocks, including treasury stocks, completed the process of registration and book-entry delivery in dematerialized from on the last business date of current quarter. There may be a discrepancy in the number of shares recorded on the parent company only financial statements and its dematerialized securities arising from the difference in basis of preparation.

Note 2: As table above, the shareholder who delivers the shares to the trust is disclosed by the individual trustee, who opened the trust account, in accordance with the Securities Exchange Act, the shareholders have to disclose the insider equity more than 10% of the shares, include their own shares and their delivery to the trust and have the right to make decisions on the trust property. Information on insider equity declaration is available on the Market Observation Post System website.

Li Peng Enterprise Co., Ltd.

Chairman: Kuo, Shao-Yi

