

STOCK CODE: 8383

CHENFULL International Co., Ltd.

2023 Financial Statements

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

Taiwan Stock Exchange Market Observation Post System:

<http://newmops.twse.com.tw>

ChenFull International Annual Report is available at:

<https://www.chenfull.com.tw>

Printed on May 10, 2024

Independent Auditors' Report (Consolidated Financial Statements)

To the Board of Directors of ChenFull International Corporation:

Opinion

We have audited the consolidated financial statements of ChenFull International Corporation and subsidiaries (the “Group”), 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 notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission 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 Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Assessment of the Authenticity of Revenue from Specific Customers

The revenue source of the Company originates from the manufacturing and sale of various shoe-making machinery, components, and materials for factory engineering pipeline. The income of ChenFull Precision Co., Ltd., a subsidiary of the Group, comes from components for optoelectronics and semiconductor equipment, as well as aerospace components. The auditors have analyzed the sales revenue data of each customer, filtering those that meet specific criteria. After evaluating, customers that meet the specific criteria were found to have higher risks regarding the recognition of sales revenue. Therefore, the truthfulness of the recognition of their sales revenue was listed as a key audit matter. For accounting policies and information related to revenue recognition, please refer to Note 4(12) and Note 22 in the financial statements.

We performed the following audit procedures on the above key audit matter:

1. Understand, evaluate, and test that the internal control system for revenue recognition is reasonable and effectively implemented.
2. Select samples of specific customer sales revenue details and verify whether the relevant documents for revenue recognition are consistent to confirm the truthfulness

- of sales revenue.
3. Obtain details of sales returns after the reporting period, randomly inspect their related vouchers, and examine the reasonableness of the returns.

Other Matter

The Company has prepared its parent-Company-only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified 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 Statement 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 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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of 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 the Consolidated Financial Statements.

As part of an audit in accordance with the Standards on Auditing of 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 Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty

exists, we are required to draw attention in our auditors' report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 Tseng, Chien-Ming and Liu, Shu-Lin.

Deloitte & Touche

Taipei, Taiwan (The Republic of China)
February 27, 2024

ChenFull International Co., Ltd. and Subsidiaries
CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	December 31,2023	December 31,2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (Note 6 &31)	\$ 980,987	\$ 1,150,739
Financial assets measured at fair value through profit or loss – current (Note 4, 7 &31)	129,051	112,432
Contract assets – current (Note 4 & 22)	534,092	973,050
Notes receivable (Note 9 & 31)	14,051	9,398
Trade receivables (Note 4, 9, & 31)	336,922	510,727
Other receivables (Note 9 & 31)	13,370	10,893
Current tax assets (Note 25)	84	203
Inventories (Note 4 & 10)	614,901	695,165
Prepayments (Note 16)	13,852	44,298
Other financial assets - current (Note 16, 31, & 33)	26,030	25,923
Other current assets (Note 16)	<u>6,683</u>	<u>6,877</u>
Total current assets	<u>2,670,023</u>	<u>3,539,705</u>
NON-CURRENT ASSETS		
Financial assets at fair value through other comprehensive income – non-current (Note 4, 8, & 31)	31,146	31,848
Property, plant and equipment (Note 4 & 12)	1,563,204	1,426,695
Right-of-use asset (Note 4 & 13)	120,234	135,671
Investment property (Note 4 & 14)	315,824	210,894
Other intangible assets (Note 4 & 15)	21,446	21,302
Deferred tax assets (Note 4 & 25)	52,632	46,712
Other non-current assets (Note 16 & 31)	<u>211,497</u>	<u>228,039</u>
Total non-current assets	<u>2,315,983</u>	<u>2,101,161</u>
TOTAL	<u>\$ 4,986,006</u>	<u>\$ 5,640,866</u>
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Short-term borrowings (Note 17 & 31)	\$ 20,000	\$ -
Contract liabilities – current (Note 4 & 22)	192,404	175,238
Trade payables (Note 18 & 31)	256,921	678,896
Other payables (Note 19 & 31)	226,855	315,491
Current tax liabilities (Note 25)	17,911	54,825
Lease liabilities – current (Note 4, 14, & 31)	6,328	7,037
Other current liabilities (Note 19)	<u>3,343</u>	<u>2,711</u>
Total current liabilities	<u>723,762</u>	<u>1,234,198</u>
NON-CURRENT LIABILITIES		
Deferred tax liability (Note 4 & 25)	13,947	16,083
Lease liabilities - non-current (Note 4, 14, & 31)	120,964	135,010
Net defined benefit liabilities – non-current (Note 4 & 20)	27,231	27,166
Other non-current liabilities (Note 19)	<u>1,312</u>	<u>1,925</u>
Total non-current liabilities	<u>163,454</u>	<u>180,184</u>
Total liabilities	<u>887,216</u>	<u>1,414,382</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE GROUP (Note 21)		
Share capital		
Ordinary shares	<u>1,137,605</u>	<u>1,137,605</u>
Capital surplus		
Capital surplus – additional paid-in capital arising from ordinary share	258,010	258,010
Capital surplus – additional paid-in capital arising from bond conversion	207,018	207,018
Capital surplus – treasury stocks	1,440	736
Capital surplus – difference between consideration and carrying amount of subsidiaries acquired or disposed	544,174	521,174
Capital surplus – changes in ownership interests in subsidiaries	211,006	211,006
Capital surplus – consolidated additional paid-in capital	<u>10,618</u>	<u>10,618</u>
Total capital surplus	<u>1,232,266</u>	<u>1,208,562</u>
Retained earnings		
Legal reserve	493,635	465,623
Special reserve	13,106	18,139
Unappropriated earnings	<u>586,843</u>	<u>725,349</u>
Total retained earnings	<u>1,093,584</u>	<u>1,209,111</u>
Other equity		
Exchange differences on translation of foreign financial statements	(18,647)	(16,964)
Unrealized gains (losses) of financial instruments at fair value through other comprehensive income	<u>3,156</u>	<u>3,858</u>
Total other equity	(15,491)	(13,106)
Treasury shares	(31,717)	(31,717)
Total equity attributable to owners of the Company	<u>3,416,247</u>	<u>3,510,455</u>
Non-controlling interests	<u>682,543</u>	<u>716,029</u>
Total equity	<u>4,098,790</u>	<u>4,226,484</u>
TOTAL	<u>\$ 4,986,006</u>	<u>\$ 5,640,866</u>

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

(With Deloitte & Touche audit report dated February 27, 2024)

ChenFull International Co., Ltd. and Subsidiaries

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

	December 31	
	2023	2022
OPERATING REVENUE (Note 4 & 22)		
Sales	\$ 1,767,328	\$ 2,597,911
Construction revenue	854,245	1,367,242
Service revenue	<u>6,858</u>	<u>54,031</u>
Total operating revenue	<u>2,628,431</u>	<u>4,019,184</u>
OPERATING COSTS (Note 10, 20 & 23)		
Cost of goods sold	1,265,213	1,828,639
Construction costs	731,606	1,262,063
Service costs	<u>3,605</u>	<u>65,394</u>
Total operating costs	<u>2,000,424</u>	<u>3,156,096</u>
GROSS PROFIT/(LOSS)	<u>628,007</u>	<u>863,088</u>
OPERATING EXPENSES (Note 20 & 23)		
Selling and marketing expenses	99,754	126,648
General and administrative expenses	204,472	305,171
Research and development expenses	59,924	67,811
Expected credit loss	<u>2,035</u>	<u>959</u>
Total operating expenses	<u>366,185</u>	<u>500,589</u>
PROFIT/(LOSS) FROM OPERATIONS	<u>261,822</u>	<u>362,499</u>
NON-OPERATING INCOME AND EXPENSES (Note 23)		
Interest income	16,389	11,427
Other income	15,365	15,095
Other gains and losses	12,614	165,951
Finance costs	(<u>3,445</u>)	(<u>2,318</u>)
Total non-operating income and expenses	<u>40,923</u>	<u>190,155</u>
PROFIT/(LOSS) BEFORE INCOME TAX FROM CONTINUING OPERATIONS	\$ 302,745	\$ 552,654
INCOME TAX EXPENSE/(BENEFIT) (Note 4 & 25)	(<u>58,320</u>)	(<u>126,662</u>)

(Continued)

ChenFull International Co., Ltd. and Subsidiaries

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

	December 31	
	2023	2022
NET PROFIT/(LOSS) FOR THE PERIOD	<u>244,425</u>	<u>425,922</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit plans	(706)	6,530
Unrealized (gain)/loss on Fair value through other comprehensive income	(702)	2,795
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statements	(1,683)	2,238
Other comprehensive income/(loss)	(3,091)	11,563
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	<u>\$ 241,334</u>	<u>\$ 437,555</u>
NET PROFIT/(LOSS) ATTRIBUTABLE TO:		
Owners of the Company	\$ 167,755	\$ 299,525
Non-controlling interests	<u>76,670</u>	<u>126,467</u>
	<u>\$ 244,425</u>	<u>\$ 425,992</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO:		
Owners of the Company	\$ 164,814	\$ 311,124
Non-controlling interests	<u>76,520</u>	<u>126,431</u>
	<u>\$ 241,334</u>	<u>\$ 437,555</u>
EARNINGS PER SHARE (Note 26)		
From continuing operations		
Basic	<u>\$ 1.49</u>	<u>\$ 2.62</u>
Diluted	<u>\$ 1.48</u>	<u>\$ 2.61</u>

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

(With Deloitte & Touche audit report dated February 27, 2024)

(Concluded)

ChenFull International Co., Ltd. and Subsidiaries

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

	Retained Earnings					Other Equity		Treasury Shares	Total	Non-controlling Interests	Total Equity
						Exchange Differences on Translation of Financial Statements Operations	Unrealized Gain/(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income				
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings						
BALANCE AT JANUARY 1, 2022	\$ 1,181,925	\$ 1,491,515	\$ 465,623	\$ 17,730	\$ 445,636	(\$ 19,202)	\$ 1,063	(\$ 5,205)	\$ 3,579,085	\$ 413,960	\$ 3,993,045
Appropriations of prior year's earnings											
Special capital reserve	-	-	-	409	(409)	-	-	-	-	-	-
Issued to subsidiary dividend adjustment capital reserve	-	736	-	-	-	-	-	-	736	-	736
Other changes in capital surplus											
Distribution of Cash Dividend Using Capital Reserve		(295,481)							(295,481)		(295,481)
Treasury stock acquired								(207,720) 181,208	(207,720)		(207,720)
Treasury stock retired	(44,320)	(110,919)			(25,969)						
Cash dividends to subsidiary shareholders										(78,720)	(78,720)
Share-based payment transactions with subsidiaries	-	13,118	-	-	-	-	-	-	13,118	12,232	25,350
Non-controlling interests (NCI) gain/loss (Note 29)	-	161,618	-	-	-	-	-	-	161,618	230,088	391,706
Actual Disposal of Partial Equity Interest in ChenFull Precision Subsidiary (Note 29)	-	(52,025)	-	-	-	-	-	-	(52,025)	12,038	(39,987)
Net profit/(loss) for the twelve months ended December 31,2022	-	-	-		299,525	-	-	-	299,525	126,467	425,992
Other comprehensive income/(loss) for the twelve months ended December 31,2022, net of income tax	-	-	-		6,566	2,238	2,795	-	11,599	(36)	11,563
Total comprehensive income/(loss) for the twelve months ended December 31,2022	-	-	-		306,091	2,238	2,795	-	311,124	126,431	437,555
BALANCE AT December 31,2022	1,137,605	1,208,562	465,623	18,139	725,349	(16,964)	3,858	(31,717)	3,510,455	716,029	4,226,484
Appropriations of prior year's earnings											
Legal reserve			28,012		(28,012)						
Reversal of special reserve	-	-	-	(5,033)	5,033	-	-	-	-	-	-
Cash dividends to shareholders					(282,726)				(282,726)		(282,726)
Issued to subsidiary dividend adjustment capital reserve	-	704	-	-	-	-	-	-	704	-	704

(Continued)

Cash dividends to subsidiary shareholders	-	-	-	-	-	-	-	-	-	(118,211)	(118,211)
Actual disposal of partial equity interests in ChenFull Precision Co., Ltd. (Note 29)	-	23,000	-	-	-	-	-	-	23,000	8,205	31,205
Net profit/(loss) for the twelve months ended December 31,2023	-	-	-	-	167,755	-	-	-	167,755	76,670	244,425
Other comprehensive income/(loss) for the twelve months ended December 31,2023, net of income tax	-	-	-	-	(556)	(1,683)	(702)	-	(2,491)	(150)	(3,091)
Total comprehensive income/(loss) for the twelve months ended December 31,2023	-	-	-	-	167,199	(1,683)	(702)	-	164,814	76,520	241,334
BALANCE AT DECEMBER 31,2023	<u>\$ 1,137,605</u>	<u>\$ 1,232,266</u>	<u>\$ 493,635</u>	<u>\$ 13,106</u>	<u>\$ 586,843</u>	<u>(\$ 18,647)</u>	<u>\$ 3,156</u>	<u>(\$ 31,717)</u>	<u>\$ 3,416,247</u>	<u>\$ 682,543</u>	<u>\$ 4,098,790</u>

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche audit report dated February 27, 2024)

ChenFull International Co., Ltd. and Subsidiaries

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

	For the Twelve Months Ended December 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	\$ 302,745	\$ 552,654
Adjustments:		
Depreciation expense	146,884	145,096
Amortization expense	8,667	9,296
Expected credit loss recognized/(reversed) on trade receivables	2,035	959
Net (gain)/loss on fair value changes of financial assets at fair value through profit or loss	(4,210)	12,770
Finance costs	3,445	2,318
(Gain)/loss of write-downs of inventories	(8,094)	3,344
Interest income	(16,389)	(11,427)
Dividend income	(9,277)	(8,792)
Stock-based compensation expense	-	25,350
(Gain)/loss on disposal of property, plant and equipment	(470)	(6,014)
Net (gain)/loss on disposal of financial assets at fair value through profit or loss	(22,645)	1,693
Realized deferred revenue	(49)	(48)
Gain/Loss on disposal of subsidiary	-	(66,092)
Changes in operating assets and liabilities		
Contract assets	438,958	(286,132)
Notes receivable	(4,643)	15,785
Trade receivables	171,760	(65,244)
Inventories	88,358	(50,939)
Prepayments	30,501	31,178
Other current assets	(1,636)	3,471
Contract liabilities	17,166	(12,632)
Notes payable	(421,975)	59,363
Other payables	(88,267)	62,367
Other current liabilities	632	43
Net defined benefit liability	(641)	(1,434)
Cash generated from operations	632,855	416,933
Interest received	15,742	11,687
Interest paid	(3,445)	(2,318)
Income taxes paid	(104,044)	(179,618)
Net cash generated from/(used in) operating activities	<u>541,108</u>	<u>246,684</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through profit or loss	(175,037)	(218,517)
Proceeds from sale of financial assets at fair value through profit or loss	185,273	206,678
Net cash outflow from disposal of subsidiary	-	(174,315)
Proceeds from disposal of non-current assets held for sale	-	8,391

(Continued)

ChenFull International Co., Ltd. and Subsidiaries

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

	For the Twelve Months Ended December 31	
	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(\$ 270,492)	(\$ 41,757)
Proceeds from disposal of property, plant and equipment	487	110
Acquisition of intangible assets	(8,441)	(7,767)
Increase/(decrease) in other financial assets	(107)	(4,611)
Increase in other non-current assets	(95,813)	(242,841)
Dividend received	9,277	8,792
Increase in refundable deposits	-	(170)
Decrease in refundable deposits	1,353	
Net cash generated from/(used in) investing activities	(353,500)	(466,007)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	670,000	160,000
Decrease in short-term loans	(650,000)	(160,000)
Decrease/(increase) in refundable deposits	-	705
Refundable deposits returned	(564)	-
Decrease in lease liabilities	(6,598)	(6,944)
Cash dividends paid	(282,022)	(294,745)
Cash dividends for non-controlling equity	(118,211)	(78,720)
Cost of treasury stock	-	(207,720)
Proceeds from the sale of partial equity interest in subsidiary	32,673	28,887
Non-controlling interests (NCI) changes	-	391,706
Net cash generated from/(used in) financing activities	(354,722)	(166,831)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(2,638)	2,797
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(169,752)	(383,357)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,150,739</u>	<u>1,534,096</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 980,987</u>	<u>\$ 1,150,739</u>

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

(With Deloitte & Touche audit report dated February 27, 2024)

ChenFull International Co., Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. Company history:

ChenFull International Co., Ltd. (the “Company”) was established in April 1982. ChenFull’s business scope includes semiconductor control equipment system engineering; buying, selling, designing, manufacturing, and constructing cleanroom, ultrapure water equipment pipelines, and various chemical engineering equipment; manufacturing and trading of various hydraulic, mechanical parts, factory engineering pipeline materials, and precision molds; design planning of machinery and equipment for entire shoe factories and the manufacturing, processing, and trading of related material products; as well as the manufacturing and trading of various aircraft equipment.

ChenFull’s stock has been listed and traded on the Taipei Exchange (TPEX) since September 2004.

This consolidated financial report is expressed in functional New Taiwan dollars of ChenFull.

2. Approval date and procedures of financial statements:

The consolidated financial statements were authorized for issuance by the Board of Directors on Feb 22, 2024.

3. New standards, amendments and interpretations adopted:

- 1) Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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). Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have a significant effect on ChenFull and its subsidiaries’ (collectively as the “Group”) accounting policies:

- 2) IFRSs approved by the Financial Supervisory Commission (FSC) for the year 2024.

New standards, amendments and interpretations adopted	Effective Date
	Issued by IASB (Note 1)
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

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

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

Note 3: Exemption applicable to part of the disclosure requirements on first application of the Amendments.

As of the date of approval of this consolidated financial report, the Group has assessed that the amendments to other standards and interpretations will not have a significant impact on its financial position and financial performance.

- 3) IFRSs that have been issued by the IASB but have not yet been approved and published by the FSC for implementation.

New standards, amendments and interpretations adopted	Effective Date
	Issued by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	Undefined
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendment to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
Amendment to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

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

Note 2: Applicable to annual reporting periods beginning on or after January 1, 2025. Effects are recognized in retained earnings of the first-time application date upon the first-time application of the Amendment. Should the presentation currency of the Group is a non-functional currency, the effects shall be recognized in exchange differences of foreign operations under the equity item denominated in first-time application date.

As of the date of issuance of this consolidated financial report, the Group continues to evaluate the impact of other new or revised standards or interpretations on its financial position and performance, and such impacts will be disclosed upon completion of the assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

This consolidated financial report is prepared in accordance with the Financial Reporting Standards for Issuers of Securities and the IFRSs approved and issued by the Financial Supervisory Commission.

b. Basis of preparation

Except for financial instruments measured at fair value and net defined benefit liability recognized at fair value less plan assets, the consolidated financial statements are prepared on a historical cost basis.

Fair value measurement is categorized into Level 1, Level 2, and Level 3 based on the degree of observability and significance of the inputs as follows:

- (1) Level 1 inputs: Unadjusted quoted prices for identical assets or liabilities in an active market on the measurement date.
- (2) Level 2 inputs: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e.,

- as prices) or indirectly (i.e., derived from prices).
- (3) Level 3 inputs: Unobservable inputs for the asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

The Group engages in the construction business, which has an operating cycle of over 1 year. The normal operating cycle applies when considering the classification of the Group's construction-related assets and liabilities.

d. Basis of consolidation

Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. The consolidated comprehensive income statement incorporates the operating income and losses of acquired or disposed subsidiaries from the date on which control commences until the date on which control ceases. The financial statements of the subsidiaries have been appropriately adjusted to align their accounting policies with those of the consolidated entity. In preparing the consolidated financial statements, transactions, account balances, revenues, and expenses between the entities have been fully eliminated. The total comprehensive income of the subsidiaries is attributed to the owners of the Company and to non-controlling interests, with non-controlling interests possibly resulting in a deficit balance.

When changes in the ownership interests in subsidiaries do not result in a loss of control, they are treated as equity transactions. The carrying amounts of the consolidated entity and the non-controlling interests are adjusted to reflect the change in their relative interests in the subsidiaries. The difference between the adjustment amount for non-controlling interests and the fair value of the consideration paid or received is directly recognized in equity and attributed to the owners of the Company.

When the consolidated entity loses control of its subsidiary, the disposal gain or loss is the difference between (1) the fair value of the consideration received and the fair value of any remaining investment in the former subsidiary at the date control is lost, and (2) the aggregate of the carrying amount of the former subsidiary's assets (including goodwill), liabilities, and non-controlling interests at the date control is lost. The accounting treatment for all amounts recognized in other comprehensive income related to the subsidiary is consistent with the basis followed for direct disposal of related assets or liabilities.

For details on the subsidiaries, shareholding ratios, and business operations, refer to Note 11, Table 4, and Table 5.

e. Foreign currency

When preparing financial statements, transactions denominated in currencies other than the functional currency of each entity are translated into the functional currency at the exchange rates prevailing on the transaction dates.

Monetary items denominated in foreign currencies are translated into the functional currency at the closing exchange rates on each balance sheet date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated at the exchange rates on the dates when the fair values were determined, and any resulting exchange differences are recognized in profit or loss or in other comprehensive income, depending on the nature of the item. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the exchange rates on the transaction dates and are not re-measured subsequently.

When preparing consolidated financial statements, assets and liabilities of foreign operations (including subsidiaries, associates, joint ventures, or branches whose operations are conducted in countries or currencies different from those of ChenFull International) are translated into New Taiwan dollars at the exchange rates prevailing on each balance sheet date. Revenues and expenses are translated at the average exchange rates for the period, and any resulting exchange differences are recognized in other comprehensive income.

f. Inventories

Inventories consist of raw materials, supplies, finished goods and work-in-process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

g. Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment. Costs include any incremental costs that are directly attributable to the construction or acquisition of the item of property, plant and equipment.

Property, plant and equipment in the course of construction are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and

equipment when completed and ready for their intended use.

h. Investment property

Investment properties are held for earning rental income or capital appreciation or both.

Investment properties owned by the Group are initially measured at cost (including transaction costs) and subsequently measured at cost less accumulated depreciation and accumulated impairment losses. Straight-line depreciation is used for the Group's investment properties.

Property, plant and equipment that are transferred to investment properties are measured at their carrying amounts at the date of reclassification.

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

i. Intangible Assets

1. Acquired Separately

Intangible assets with a limited useful life acquired separately are initially measured at cost, including transaction costs, and subsequently measured at cost less accumulated amortization and accumulated impairment losses. Intangible assets are amortized using the straight-line method over their useful lives. At least annually, the estimated useful lives, residual values and amortization method are reviewed, with changes in accounting estimates deferred. Intangible assets with indefinite useful lives are measured at cost less accumulated impairment losses.

2. Disposal

When intangible assets are disposed of, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in the income statement.

j. Impairment of Property, Plant and Equipment, Right-of-use Assets, Investment Properties, Intangible Assets (excluding Goodwill) and Contract Costs

At each balance sheet date, the Group assesses whether there are any indications that Property, Plant and Equipment, Right-of-use Assets, Investment Properties, and Intangible Assets (excluding Goodwill) may be impaired. If any impairment indicators exist, the Group estimates the recoverable amount of the asset. If it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Shared assets are allocated to individual cash-generating units on a reasonable and consistent basis.

The recoverable amount is the higher of the fair value less costs to sell and the value in use. When the recoverable amount of an individual asset or a cash-generating unit is lower 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 the income statement.

When an impairment loss reverses in a subsequent period, the carrying amount of the asset, cash-generating unit, or contract costs related asset is increased to the revised recoverable amount, but not exceeding the carrying amount that would have been determined had no impairment loss been recognized in prior years (after deducting depreciation or amortization). The reversal of the impairment loss is recognized in the income statement.

k. Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a [trade date basis/settlement date basis].

a) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and equity instruments at FVTOCI.

i. Financial asset at FVTPL

Financial asset is classified as at FVTPL when the financial asset is mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 31.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents and accounts receivable at amortized cost, are measured at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

- i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset; and
- ii) Financial asset that has subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset.

Cash equivalents include time deposits and repurchase agreements collateralized by commercial papers with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

- iii) Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

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

b) Impairment of financial and contract assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivables), investments in debt instruments at FVTOCI, lease receivables, and contract assets.

The Group always recognizes a loss allowance for lifetime Expected Credit Loss (i.e. ECL) for accounts receivables, lease receivables, and contract assets. Other financial instruments are first evaluated by their credit risks as of initial recognitions. When credit risks do not increase significantly, loss allowance is recognized for 12-month ECL. When credit risks increase significantly, loss allowance is recognized for lifetime ECL.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group recognizes an impairment gain or loss in profit or loss for financial assets stated above with a corresponding adjustment to their carrying amount through a loss allowance account.

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Financial liabilities

a) Subsequent measurement

All the financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

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

1. Revenue recognition

1) Sale of goods sold

Revenue from the sale of goods and trade receivables are recognized when goods are delivered to locations designated by clients because clients have the rights of pricing and using the goods, and they are held liable for resale and the risks of obsolescence by that point in time.

2) Labor Revenue

Labor income is derived from the operation of the business centre.

3) Construction Revenue

For construction contracts where the property is under the control of the customer during the construction process, the Group recognizes revenue over time. Since the costs incurred in construction are directly related to the degree of completion of the performance obligations, the Group measures the progress towards completion based on the proportion of actual costs incurred to the estimated total costs. The Group recognizes contract assets progressively during the construction process and reclassifies them as receivables upon billing. If the payments received from the work exceed the amount of revenue recognized, the difference is recognized as a contract liability. Retentions held by the customer under the contract terms are intended to ensure the Group fulfills all contract obligations and are recognized as contract assets until the performance obligations are completed.

If the outcome of the performance obligations cannot be measured reliably, revenue from the construction is recognized only to the extent that it is probable that the incurred costs will be recoverable.

m. Government grants

Government grants are recognized only when it is reasonably certain that the Group will comply with the conditions attached to the government grant and that the grant will be received.

Government grants are recognized in profit or loss on a systematic basis during the period in which the related costs that they intend to compensate are recognized as expenses by the Group. Government subsidies on the condition that the Group should purchase, construct, or otherwise obtain non-current assets are recognized as deferred income and are transferred to profit or loss on the reasonable and systematic basis over the useful life of the relevant assets.

If the government subsidy is used to compensate for the expenses or losses that have occurred, or for the purpose of giving immediate financial support to the Group and has no future related costs, it is recognized in profit or loss during the period it can be received.

n. Leasing

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. The current lease contract of the Group are all operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

Initial direct costs incurred from operating lease payments are calculated with the carrying amounts of the target assets, and are recognized as expenses on a straight-line basis over the terms of the relevant leases.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities, lease payments less lease incentives received at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities.

Right-of-use assets are presented on a separate line in the consolidated balance sheets. Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, lessee's expected payment with guaranteed residual value, exercise prices of prospective option purchases with reasonable assurance, and penalties of termination of leases incurred during the lease terms less lease incentives received. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the

consolidated balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

o. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under defined contribution retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost, and net interest on the net defined benefit liability (asset)) are recognized as employee benefit expenses in the period they occur. Remeasurement, comprising actuarial gains and losses, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and other equity and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

p. Employee share options

Employee share options are measured at fair value on the grant date, taking into account the best estimate of the number of options expected to vest, and are expensed on a straight-line basis over the vesting period. Non-controlling interests are adjusted at the same time. If the options vest immediately on the grant date, the entire expense is recognized on that date. For subsidiaries of the Group that issue employee share options through a cash capital increase, the grant date is the date approved by the board of directors.

q. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

The Group determines its current income (loss) according to laws enforced in its tax declaration jurisdictions and calculates its payable (recoverable) income tax.

According to the Income Tax Law, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all [deductible temporary differences, unused loss carry forward and unused tax credits for purchases of machinery, equipment and technology, research and development expenditures, and personnel training expenditures] to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. Critical accounting judgements and key sources of estimation uncertainty

When adopting accounting policies, the management of the Group must make judgments, estimates, and assumptions based on historical experience and other relevant factors when information is not readily available from other sources. Actual results may differ from estimates.

The management will continue to review estimates and underlying assumptions. If the revision of estimates affects only the current period, it will be recognized in that period. If the revision of accounting estimates affects both the current period and future periods, it will be recognized in both the current and future periods.

6. Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	\$ 661	\$ 765
Checking accounts and demand deposits	385,961	699,875
Cash equivalents (investments with original maturities of less than 3 months)		
Time deposits	120,814	-
RP	383,812	428,830
Fully entrusted investment accounts		
Current account deposits	89,739	21,269
	<u>\$ 980,987</u>	<u>\$ 1,150,739</u>

The Group signed a discretionary asset management agreement with Time Securities Investment Consulting Co., Ltd. The bank deposits held in the discretionary account as of December 31, 2023 and December 31, 2022 were NT\$89,739 thousand dollars and NT\$21,269 thousand dollars, respectively. The interest rate ranges for bank deposits, time deposits, and repurchase agreements on the balance sheet dates were as follows:

	December 31, 2023	December 31, 2022
Bank balance	0.51%~1.45%	0.001%~1.05%
Time deposits	2.10%~4.60%	-
RP	5.50%	0.8%~4.3%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2023	December 31, 2022
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic listed shares investments	\$ 35,696	\$ 33,832
Mutual funds	93,355	78,600
	<u>\$ 129,051</u>	<u>\$ 112,432</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in equity instruments at FVTOCI

	December 31, 2023	December 31, 2022
<u>Non-current</u>		
Domestic investments		
Emerging stocks	\$ 1,062	\$ 1,844
Ordinary shares		
Unlisted (OTC) stocks		
Ordinary shares	30,084	30,004
	<u>\$ 31,146</u>	<u>\$ 31,848</u>

The Group invests in emerging and unlisted (OTC) stocks for its medium to long-term strategic objectives and expects to earn profits through long-term investments. The management believes that if the short-term fair value fluctuations of these investments are recognized in the income statement, it would not align with the aforementioned long-term investment plan. Therefore, the Group chooses to designate these investments as measured at fair value through other comprehensive income.

9. NOTES RECEIVABLE, TRADE RECEIVABLE, OTHER RECEIVABLES AND OVERDUE RECEIVABLES

	December 31, 2023	December 31, 2022
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ 14,322	\$ 9,679
Less: Allowance for impairment loss	(271)	(281)
	<u>\$ 14,051</u>	<u>\$ 9,398</u>
<u>Trade receivable</u>		
At amortized cost		
Gross carrying amount	\$ 343,364	\$ 517,040
Less: Allowance for impairment loss	(6,422)	(6,313)
	<u>\$ 336,922</u>	<u>\$ 510,727</u>

Other receivables

Others	\$ 13,307	\$ 10,893
--------	-----------	-----------

Overdue receivablesAt amortized cost

Gross carrying amount	\$ 12,726	\$ 10,810
Less: Allowance for impairment loss	(12,726)	(10,810)
	<u>\$ -</u>	<u>\$ -</u>

i. Notes receivable

December 31, 2023

	Non-overdue	Overdue 1-90 days	Total
ECL rate	1.89%	-	
Gross carrying amount	\$ 14,322	\$ -	\$ 14,322
Loss allowance (lifetime ECL)	(271)	-	(271)
Amortized cost	<u>\$ 14,051</u>	<u>\$ -</u>	<u>\$ 14,051</u>

December 31, 2022

	Non-overdue	Overdue 1-90 days	Total
ECL rate	2.90%	-	
Gross carrying amount	\$ 9,679	\$ -	\$ 9,679
Loss allowance (lifetime ECL)	(281)	-	(281)
Amortized cost	<u>\$ 9,398</u>	<u>\$ -</u>	<u>\$ 9,398</u>

Changes in loss allowance for notes receivables:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Balance on January 1	\$ 281	\$ 281
Less: Reversal of impairment loss of the year	(10)	-
Balance on December 31	<u>\$ 271</u>	<u>\$ 281</u>

ii. Trade receivable

Trade receivable measured at amortized cost

The Group's average credit period of goods sale is net 60 days end of month, from the date of invoice. When determining the recoverability of trade receivable, the Group shall consider all the changes in credit quality from the initial date of the credit period to the balance sheet date.

To mitigate credit risks, the Group's management assigns a task force responsible for credit limit determination, credit granting, and other monitoring procedures to ensure proper actions be taken to recover overdue trade receivables. In addition, the Group shall review the recoverable amount of each trade receivable on the balance sheet date to ensure the irrecoverable trade receivables are recognized as proper impairment loss. Regarding this, the Company's management believes that the Group's credit risks have significantly decreased.

The Group recognizes the loss allowance for trade receivables for lifetime ECLs. Lifetime ECLs are calculated with provision matrix, which considers clients' default records, present financial situations, and the economic situations in their industries. The Group's experience of credit loss suggests no difference among the losses of different clients. Hence, the provision matrix calculates the ECL rate with solely the overdue days of trade receivables instead of client types.

If evidence shows the counterparty is in serious financial difficulties and the Group cannot reasonably expect the recoverable amounts, such as the counterparty is under liquidation, the Group shall write off relevant trade receivables and continue the recourse activities. The recourse amounts are recognized in profit and loss.

The Group's loss allowance for trade receivables measured with provision matrix:

December 31, 2023

	Non-overdue	Overdue 1-90 days	Overdue 91-180 days	Overdue 181-270 days	Overdue more than 270 days	Total
ECL rate	0%~1%	0.34%~5%	1%~62.61%	100%	100%	
Gross carrying amount	\$327,417	\$ 8,151	\$ 4,978	\$ 1,901	\$ 917	\$ 343,364
Loss allowance (lifetime ECL)	(3,276)	(28)	(320)	(1,901)	(917)	(6,442)
Amortized cost	<u>\$ 324,141</u>	<u>\$ 8,123</u>	<u>\$ 4,658</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 336,922</u>

December 31, 2022

ECL rate	0%~0.66%	1%~28.20%	1%~45.47%	1%~59.93%	100%	
Gross carrying amount	\$492,465	\$15,758	\$ 1,348	\$ 7,173	\$ 296	\$ 517,040
Loss allowance (lifetime ECL)	(4,455)	(820)	(497)	(245)	(296)	(6,313)
Amortized cost	<u>\$ 488,010</u>	<u>\$ 14,938</u>	<u>\$ 851</u>	<u>\$ 6928</u>	<u>\$ -</u>	<u>\$ 510,727</u>

Changes in loss allowance for trade receivables:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Balance on January 1	\$ 6,313	\$ 6,119
Plus: Recognized impairment loss of the year	2,045	959
Less: Reclassification of the year	(1,916)	(765)
Balance on December 31	<u>\$ 6,442</u>	<u>\$ 6,313</u>

Changes in loss allowance for overdue receivables:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Balance on January 1	\$ 10,810	\$ 10,045
Plus: Reclassification of the year	1,916	765
Balance on December 31	<u>\$ 12,726</u>	<u>\$ 10,810</u>

iii. Net long-term notes and trade receivables

Changes in loss allowance of long-term notes and trade receivables:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Balance on January 1	\$ -	\$ 93,320
Less: Disposal of subsidiary of the year (Note 28)	-	(93,320)
Balance on December 31	<u>\$ -</u>	<u>\$ -</u>

The Group has disposed of all the interests of ChenFull Water Resource Co., Ltd. On May, 2022, as detailed in Note 28.

10. INVENTORIES

	December 31, 2023	December 31, 2022
Raw materials	\$ 217,700	\$ 174,866
Work-in-process	298,181	356,400
Finished goods	94,682	159,299
Inventory goods	<u>4,338</u>	<u>4,600</u>
	<u>\$ 614,901</u>	<u>\$ 695,165</u>

Detailed costs of goods sold:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Costs of sold inventories	\$ 1,296,236	\$ 1,836,364
Loss (gain) of write-downs of inventories	(8,094)	3,344
Others	(22,929)	(11,069)
	<u>\$ 1,265,213</u>	<u>\$ 1,828,639</u>

Recovery on net realizable values of inventories is due to partial inventory price increase.

11. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statement

Entities in this financial statement include:

Investment Company	Subsidiary	Percentage of equity held		Note
		December 31, 2023	December 31, 2022	
CHENFULL INTERNATIONAL CO., LTD.	CHENFENG MACHINERY & ENTERPRICE CO., LTD. (hereinafter referred to as Chenfeng Machinery)	100%	100%	-
	CHENFULL PRECISION CO., LTD (hereinafter referred to as ChenFull Precision)	63%	63%	

Investment Company	Subsidiary	Percentage of equity held		Note
		December 31, 2023	December 31, 2022	
	CHEN FULL HOLDING CO., LTD.	100%	100%	-
				(Continued)
CHENFENG MACHINERY & ENTERPRICE CO., LTD.	CHENFULL PRECISION CO., LTD (hereinafter referred to as ChenFull Precision)	-	0.41%	*
CHENFULL HOLDING CO., LTD.	NEW OPPORTUNITY LIMITED	100%	100%	-
NEW OPPORTUNITY LIMITED	CHENFENG MACHINERY (DONGGUAN) CO., LTD. (hereinafter referred to as Chenfeng Machinery Dongguan)	100%	100%	-

*Chengfeng Machinery, the subsidiary of the Group, disposed of all the shares of ChenFull Precision throughout the period of April, 2023, to May, 2023. The aforementioned transaction is viewed as equity transaction because the Group did not lose control of the subsidiary. See Note 29.

b. Information of subsidiaries with significant non-controlling interests

Subsidiary	Percentage of equity held as non-controlling interests and voting rights	
	December 31, 2023	December 31, 2022
ChenFull Precision	37%	36.59%

For information about the principal place of business and the companies' registration country, please refer to Table 4.

Subsidiary	Profit and loss assigned to non-controlling interests	
	For the year ended December 31, 2023	For the year ended December 31, 2022
ChenFull Precision	\$ 76,670	\$ 126,467

Subsidiary	Non-controlling interests	
	December 31, 2023	December 31, 2022
ChenFull Precision	\$ 682,543	\$ 716,029

The following consolidated financial information of ChenFull Precision is based on the amounts before the elimination of transactions between companies:

ChenFull Precision

	December 31, 2023	December 31, 2022
Current asset	\$ 1,179,087	\$ 1,451,800
Non-current asset	1,101,636	1,107,784
Current liability	(312,151)	(461,988)
Non-current liability	(123,735)	(140,532)
Equity	<u>\$ 1,844,837</u>	<u>\$ 1,957,064</u>
Equity attributable to:		
Owner of the Company	\$ 1,162,294	\$ 1,241,035
Non-controlling interests of ChenFull Precision	<u>682,543</u>	<u>716,029</u>
	<u>\$ 1,844,837</u>	<u>\$ 1,957,064</u>
Operating revenue	<u>\$ 1,350,162</u>	<u>\$ 1,783,495</u>
Net income of the year	\$ 207,690	\$ 355,409
Other consolidated profit and loss	(404)	(97)
Gross consolidated profit and loss	<u>\$ 207,286</u>	<u>\$ 355,312</u>
Net income attributable to:		
Owner of the Company	\$ 131,020	\$ 228,942
Non-controlling interests of ChenFull Precision	<u>76,670</u>	<u>126,467</u>
	<u>\$ 207,690</u>	<u>\$ 355,409</u>
Consolidated profit and loss attributable to:		
Owner of the Company	\$ 130,766	\$ 228,881
Non-controlling interests of ChenFull Precision	<u>76,520</u>	<u>126,431</u>
	<u>\$ 207,286</u>	<u>\$ 355,312</u>
Cash flow		
Operating activities	\$ 156,437	\$ 428,374
Investing activities	(112,833)	(192,866)

Financing activities	(<u>326,431</u>)	<u>169,922</u>
Net cash inflow (outflow)	(<u>\$ 282,827</u>)	<u>\$ 405,430</u>

12. PROPERTY, PLANT, AND EQUIPMENT

	Freehold land	Buildings	Machinery equipment	Other equipment	Construction in progress	Total
<u>Cost</u>						
Balance at January 1, 2023	\$ 387,479	\$ 1,094,030	\$ 992,250	\$ 343,541	\$ 2,604	\$ 2,819,904
Addition	166,411	34,124	67,240	2,348	-	270,123
Disposal	-	(2,250)	(8,867)	(1,800)	-	(12,917)
Reclassification	68,288	1,659	48,637	(5,923)	(1,714)	110,947
Transfer to investment property	(90,602)	(23,423)	-	-	-	(114,025)
Net exchange difference	-	-	(9)	(18)	-	(27)
Balance at December 31, 2023	<u>\$ 531,576</u>	<u>\$ 1,104,140</u>	<u>\$ 1,099,251</u>	<u>\$ 338,148</u>	<u>\$ 890</u>	<u>\$ 3,074,005</u>

<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2023	\$ -	\$ 392,032	\$ 757,808	\$ 243,369	\$ -	\$ 1,393,209
Disposal	-	(2,250)	(8,850)	(1,800)	-	(12,900)
Depreciation expense	-	41,874	65,878	28,247	-	135,999
Reclassification	-	-	5,923	(5,923)	-	-
Transfer to investment property	-	(5,489)	-	-	-	(5,489)
Net exchange difference	-	-	(9)	(9)	-	(18)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 426,167</u>	<u>\$ 820,750</u>	<u>\$ 263,884</u>	<u>\$ -</u>	<u>\$ 1,510,801</u>

Carrying amounts at December 31, 2023	<u>\$ 531,576</u>	<u>\$ 677,973</u>	<u>\$ 278,501</u>	<u>\$ 74,264</u>	<u>\$ 890</u>	<u>\$ 1,563,204</u>
---------------------------------------	-------------------	-------------------	-------------------	------------------	---------------	---------------------

<u>Cost</u>						
Balance at January 1, 2022	\$ 426,603	\$ 1,081,906	\$ 973,858	\$ 456,029	\$ 1,858	\$ 2,940,254
Addition	-	9,342	11,797	17,962	2,603	41,704
Disposal	-	(335)	(210)	(11,710)	-	(12,255)
Disposal of subsidiary	-	-	(3,278)	(122,690)	-	(125,968)
Reclassification	-	14,047	10,076	3,947	(1,857)	26,213
Transfer to investment property	(39,124)	(10,930)	-	-	-	(50,054)
Net exchange difference	-	-	7	3	-	10
Balance at December 31, 2022	<u>\$ 387,479</u>	<u>\$ 1,094,030</u>	<u>\$ 992,250</u>	<u>\$ 343,541</u>	<u>\$ 2,604</u>	<u>\$ 2,819,904</u>

<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2022	\$ -	\$ 353,435	\$ 705,743	\$ 272,884	\$ -	\$ 1,332,062
Disposal	-	(335)	(186)	(11,709)	-	(12,230)
Disposal of subsidiary	-	-	(3,278)	(56,708)	-	(59,986)
Depreciation expense	-	40,917	55,522	38,899	-	135,338
Transfer to investment property	-	(1,985)	-	-	-	(1,985)
Net exchange difference	-	-	7	3	-	10
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 392,032</u>	<u>\$ 757,808</u>	<u>\$ 243,369</u>	<u>\$ -</u>	<u>\$ 1,393,209</u>

Carrying amount at December 31, 2022	<u>\$ 387,479</u>	<u>\$ 701,998</u>	<u>\$ 234,442</u>	<u>\$ 100,172</u>	<u>\$ 2,604</u>	<u>\$ 1,426,695</u>
--------------------------------------	-------------------	-------------------	-------------------	-------------------	-----------------	---------------------

For the need of expansion and operation, the Group acquired 5,639.26 m² of farmlands in the Changfa section of Dayuan District, Taoyuan City, numbered 0497, 0499, and 0500, with a recognized freehold land cost of NT\$234,699 thousand. Due to legal restrictions, ChenFull International Co., Ltd. of the Group was not allowed to register ownership of farmlands. ChenFull International Co., Ltd. hence signed the Contract of Borrowing Other's Name for Real Estate Registration on March 3, 2023 with an employee with yeoman status, who acquired the farmlands for the Group, and stipulated the ownership of the farmlands. In addition, the caution of the land ownership is registered to ChenFull International Co., Ltd; the employee has no right of *de facto* disposal unless consented by ChenFull International Co., Ltd.

Depreciation expenses are accrued using the straight-line method over useful lives:

Building	
Main buildings	5 to 56 years
Electrical engineering	20 to 21 years
Water supply and drainage equipment	10 to 11 years
Air-conditioning equipment	7 to 9 years
Others	2 to 21 years
Machinery equipment	2 to 11 years
Other equipment	2 to 11 years

The Group did not recognize or reverse impairment losses for 2022 and 2023.

13. LEASE AGREEMENT

a. Right-of-use assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Carrying amounts of right-of-use assets		
Land	<u>\$ 120,234</u>	<u>\$ 135,671</u>
	<u>For the year ended December 31, 2023</u>	<u>For the year ended December 31, 2022</u>
Depreciation expenses of right-of-use assets		

	For the year ended December 31, 2023	For the year ended December 31, 2022
Land	<u>\$ 7,279</u>	<u>\$ 7,537</u>
b. Lease liabilities		
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Carrying amounts of lease liabilities		
Current	<u>\$ 6,328</u>	<u>\$ 7,037</u>
Non-current	<u>\$ 120,964</u>	<u>\$ 135,010</u>

Discount rates of lease liabilities are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Land	2.043%	1.322%

c. Important leasing activities and terms

Lands leased by the Group are for plant use. The lease term commences in October, 2020, and terminates in December, 2028. The above-mentioned lease is re-signed in 2023 due to a reduction in the scope of the lease. The lease term of the new lease commences in July, 2023, and terminates in December, 2040. Lessor of the land lease in the Republic of China is allowed to adjust lease payments according to the law.

d. Other lease information

	For the year ended December 31, 2023	For the year ended December 31, 2022
Expense from short-term leases	<u>\$ 17,725</u>	<u>\$ 21,876</u>
Expense from leases of low-value assets	<u>\$ 1,462</u>	<u>\$ 1,266</u>
Gross cash (outflow) of leases	<u>(\$ 28,041)</u>	<u>(\$ 32,013)</u>

The Group applied exemption of recognition to leases qualified as short-term leases and leases of low-value assets. These leases are not recognized as relevant right-of-use assets and lease liabilities.

14. INVESTMENT PROPERTY

	<u>Completed investment property</u>
<u>Cost</u>	
Balance on January 1, 2023	\$ 221,690
From property, plant, and equipment	<u>114,025</u>
Balance on December 31, 2023	<u>\$ 335,715</u>
<u>Accumulated depreciation and impairment</u>	
Balance on January 1, 2023	\$ 10,796
Depreciation expense	3,606
From property, plant, and equipment	<u>5,489</u>
Balance on December 31, 2023	<u>\$ 19,891</u>
Net amount on December 31, 2023	<u>\$ 315,824</u>
<u>Cost</u>	
Balance on January 1, 2022	\$ 171,636
From property, plant, and equipment	<u>50,054</u>
Balance on December 31, 2022	<u>\$ 221,690</u>
<u>Accumulated depreciation and impairment</u>	
Balance on January 1, 2022	\$ 6,590
Depreciation expense	2,221
From property, plant, and equipment	<u>1,985</u>
Balance on December 31, 2022	<u>\$ 10,796</u>
Net amount on December 31, 2022	<u>\$ 210,894</u>

Lease terms for investment properties are 1-2 years. Lessees do not have the bargain purchase price option of the investment properties when the lease terminates.

The Group has increased the scope of the lease of investment properties for this term, resulting in significant changes in the costs and accumulated depreciation of investment properties for this term.

Future receivable lease payments from leasing investment properties through operating lease are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
First year	\$ 2,732	\$ 2,194
Second year	<u>58</u>	<u>-</u>
	<u>\$ 2,790</u>	<u>\$ 2,194</u>

Depreciation expenses are accrued using the straight-line method over useful lives:

Main building

20 years

The fair value of the investment properties on December 31, 2023, was NT\$370,105 thousand. Such fair value was evaluated by the Group's management according to the market trend of transaction prices similar to those of real estate in its vicinity, instead of by an independent evaluator.

15. OTHER INTANGIBLE ASSETS

	Cost of computer software
<u>Cost</u>	
Balance at January 1, 2023	\$ 39,712
Addition	8,441
Disposal	(9,347)
Reclassification	370
Balance at December 31, 2023	<u>\$ 39,176</u>
<u>Accumulated amortization and impairment</u>	
Balance at January 1, 2023	\$ 18,410
Amortization expense	8,667
Disposal	(9,347)
Balance at December 31, 2023	<u>\$ 17,730</u>
Carrying amount at December 31, 2023	<u>\$ 21,446</u>
<u>Cost</u>	
Balance at January 1, 2022	\$ 43,212
Addition	7,767
Disposal	(11,541)
Reclassification	274
Balance at December 31, 2022	<u>\$ 39,712</u>
<u>Accumulated amortization and impairment</u>	
Balance at January 1, 2022	\$ 20,655
Amortization expense	9,296
Disposal	(11,541)
Balance at December 31, 2022	<u>\$ 18,410</u>
Carrying amount at December 31, 2022	<u>\$ 21,302</u>

In addition to the recognition of amortization expense, no significant disposal and impairment of the Group's intangible assets occurred in 2023 and 2022.

Amortization expenses are accrued using the straight-line method over useful lives:

Cost of computer software

1 to 5 years

Aggregated amortization expenses according to functions:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Operating cost	\$ 2,260	\$ 1,503
Operating expense	<u>6,407</u>	<u>7,793</u>
	<u>\$ 8,667</u>	<u>\$ 9,296</u>

16. OTHER ASSETS

	December 31, 2023	December 31, 2022
<u>Current</u>		
Prepayments		
Prepayments for purchases	\$ 9,996	\$ 40,555
Others	<u>3,856</u>	<u>3,743</u>
	<u>\$ 13,852</u>	<u>\$ 44,298</u>
Other financial assets – current		
Time deposits with original maturities of more than 3 months (a)	\$ 16,987	\$ 16,882
Time deposits pledged(a) (Note 33)	<u>9,043</u>	<u>9,041</u>
	<u>\$ 26,030</u>	<u>\$ 25,923</u>
Other current assets		
Temporary payments	\$ 6,661	\$ 6,833
Advances to employees	<u>22</u>	<u>44</u>
	<u>\$ 6,683</u>	<u>\$ 6,877</u>

Non-current

Other non-current assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other receivables (b)		
Other receivables	\$ 73,948	\$ 73,948
Less: Allowance for uncollectible accounts	(73,948)	(73,948)
Equipment prepayments	203,005	218,194
Conveyancing land (c)	1,114	1,114
Refundable deposits	7,378	8,731
	<u>\$ 211,497</u>	<u>\$ 228,039</u>

甲、As of December 31, 2023 to December 31, 2022, the annual simple interest rate range of time deposits with original maturities of more than 3 months and time deposits pledged were 0.42%-3.80% and 0.09%-3.40%, respectively.

乙、Other receivables – non-current

ChenFull International Co., Ltd. of the Group contracted the construction of Haohan Zhongxiao Construction Co., Ltd. (hereinafter referred to as Haohan Co. Ltd.). Because of the dispute about contract interpretation, payments and amount between both sides, the Company appealed to Haohan Co., Ltd. for construction payments of NT\$110,821 thousand. Subsequently, on September 30, 2011, excluding the NT\$7,368 thousand still under litigation, ChenFull International Co., Ltd. reached a settlement and made a notarial certificate with Haohan Co., Ltd., with Haohan Co., Ltd. paying NT\$92,499 thousand for the rest of the amount (including construction receivable and performance guarantee NT\$84,851 thousand, and court costs NT\$7,468 thousand, reported as other non-current assets). Regarding the lawsuit above, on March 25, 2014, the high court judged that Haohan Co., Ltd. had to pay ChenFull International Co., Ltd. construction payments plus interest totalled NT\$9,383 thousand, which was issued for debt obligation on record by the court. In addition, because Haohan Co., Ltd. did not repay its debt according to the settlement, ChenFull International Co., Ltd. has petitioned to the court for the compulsory execution. It won the lawsuit and received debt obligation from the court for appealing to the former person in charge of Haohan Co., Ltd., Chen Shui-Tu, for NT\$92,499 thousand according to the liability for endorsement. After the compulsory execution, ChenFull International Co., Ltd. has gradually received NT\$10,903 thousand. The rest appealed NT\$73,948 thousand to Haohan Co., Ltd mentioned above has been recognized as 100% allowance for uncollectible accounts.

丙、Conveyancing land

For the need of operation expansion, the Group acquired 6,454 m² farmlands with land number 1065-0086 and 0015 at Xucuo Harbor, Dayuan Township, Taoyuan County, which cost \$25,120 thousand. Due to legal restrictions, ChenFull International Co., Ltd. of the Group was not allowed to register farmland ownership. ChenFull International Co., Ltd. (hereinafter referred to as Party A) hence entered into an agreement on October 21, 2002, with its former chairman, Xu Zhi-Hong (hereinafter referred to as Party B), who had the yeoman status, that Party B acquired the farmland for Party A. The land was transferred to Party A on November 5, 2002. Both sides expressed clearly the ownership of the farmland. Party B agreed to unconditionally waive all claims of right, and, when the regulation on farmland transfer was loosened, or farmland transfer became possible due to changes in urban planning, to unconditionally provide documents necessary for the transfer without causing difficulties or demanding a markup. ChenFull International Co., Ltd. obtained the approval letter of changing part of land categories from the competent authority and completed the land transfer in August, 2009. At the end of 2011, a new plant in Dayuan was completed; it serves as the production base for factory engineering tubes manufacturing.

As of December 31, 2023, lands numbered 0488-0000 and 0484-0000, split out from the land numbered 1065-0015, measured 281.98 m², are still farmlands. They are reserved for the government for waterway management plans and recognized as other non-current assets – other for NT\$1,114 thousand.

17. BORROWINGS

Short-term borrowings

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Unsecured borrowings</u>		
Line of credit borrowing	\$ 20,000	\$ -

The interest rate on bank loans at December 31, 2023 was 1.75%.

18. PAYABLES

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Payables</u>		
Incurred by operation	\$ 256,921	\$ 678,896

The average credit period for purchases of a part of the goods is one to four months. No interest shall arise for payables. The Group has formulated its financial risk management policy to ensure that all the payables are settled within the agreed credit period.

19. OTHER LIABILITIES

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Current</u>		
Other payables		
Payables for purchases of equipment	\$ 7,270	\$ 7,639
Payables for salaries and premiums	88,727	116,642
Payables for employees' compensations	48,089	58,204
Payables for directors' remunerations	7,820	7,830
Payables for annual leaves	12,075	12,520
Others	62,874	112,656
	<u>\$ 226,855</u>	<u>\$ 315,491</u>
Other current liabilities		
Temporary receipts	\$ 766	\$ 3
Receipts under custody	2,528	2,659
Deferred income – current (Note 24)	49	49

	December 31, 2023	December 31, 2022
	<u>\$ 3,343</u>	<u>\$ 2,711</u>
	December 31, 2023	December 31, 2022
<u>Non-current</u>		
Deferred income		
Government grants (Note 24)	\$ 138	\$ 187
Deposits received	<u>1,174</u>	<u>1,738</u>
	<u>\$ 1,312</u>	<u>\$ 1,925</u>

(Continued)

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

In the Group, Chenfeng Machinery Dongguan, NEW OPPORTUNITY LIMITED., and CHEN FULL HOLDING CO., LTD. have not yet established an employee retirement plan, and the local government has not mandated to establish a plan. The provisions of IFRS Bulletin No. 19 are not applicable.

In the Group, ChenFull International and Chenfeng Machinery adopted a pension plan applicable to the Labor Pension Act (the LPA), which is a state-managed defined contribution plan. Under the LPA, the companies make monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plan adopted by ChenFull International and ChenFull Precision of the Group in accordance with the Labor Standards Law is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes 2% of each employee's total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund 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 pension fund deposits are managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts in respect of the defined benefit plans included in the consolidated balance sheet are as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligation	\$ 28,811	\$ 38,930
Fair value of plan assets	(1,580)	(11,764)
Net defined benefit liability	<u>\$ 27,231</u>	<u>\$ 27,166</u>

Changes in the net defined benefit liability are as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
January 1, 2023	\$ 38,930	(\$ 11,764)	\$ 27,166
Interest expense (income)	659	(206)	453
Recognized in profit or loss	659	(206)	453
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(17)	(17)
Actuarial loss – changes in financial assumptions	2,237	-	2,237
Actuarial gain – experience adjustment	(1,338)	-	(1,338)
Recognized in other comprehensive income	899	(17)	882
Contributions from the employer	-	(528)	(528)
Benefits paid	(11,677)	10,935	(742)
December 31, 2023	<u>\$ 28,811</u>	<u>(\$ 1,580)</u>	<u>\$ 27,231</u>
January 1, 2022	\$ 52,798	(\$ 16,035)	\$ 36,763
Service cost			
Current service cost	58	-	58
Interest expense (income)	265	(81)	184
Recognized in profit or loss	323	(81)	242
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,706)	(1,706)
Actuarial loss – changes in financial assumptions	(3,758)	-	(3,758)
Actuarial gain – experience adjustment	(2,699)	-	(2,699)
Recognized in other comprehensive income	(6,457)	(1,706)	(8,163)
Contributions from the employer	-	(659)	(659)
Benefits paid	(7,734)	6,717	(1,017)
December 31, 2022	<u>\$ 38,930</u>	<u>(\$ 11,764)</u>	<u>\$ 27,166</u>

Amounts in respect of defined benefit plans recognized in profit or loss are consolidated by their functions as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Operating costs	\$ 118	\$ 124
Selling and marketing expenses	33	16
Administrative expenses	253	85
Research and development expenses	49	17
	<u>\$ 453</u>	<u>\$ 242</u>

The Group is exposed to the following risks due to the pension system under the Labor Standards Law:

- i. Investment risk: The plan assets are invested in domestic and foreign equity, debt securities, bank deposits, etc. at the discretion of the Bureau or under the mandated management. However, the returns generated by plan assets should not be below the amounts calculated with the interest rate for a 2-year time deposit at local banks.
- ii. Interest risk: A decrease in government bond yield will increase the present value of the defined benefit obligation, which, however, will be offset by an increase in the return on debt investment of the plan assets, and influence the net defined benefit liability.
- iii. Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries and wages of plan participants. An increase in the participants' salaries and wages will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation of the Group were carried out by qualified actuaries. The significant assumptions used for the valuations are as follows:

	December 31, 2023	December 31, 2022
Discount rate	1.222%~1.249%	1.688%~1.694%
Expected rate of salary increase	2.000%~3.000%	1.500%~2.500%

Mortality rate is based on the data of the 2021 Taiwan Standard Ordinary Experience Mortality Table.

Disability rate is calculated as 10% of the mortality rate.

Dimission rate is a smoothed rate calculated based on the past data of dimission rate provided by ChenFull International and ChenFull Precision and the consideration of the future trend.

If possible reasonable changes in each of the significant actuarial assumptions occur and other assumptions remain unchanged, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31, 2023	December 31, 2022
Discount rate		
0.5% increase	(\$ 1,013)	(\$ 1,532)
0.5% decrease	<u>\$ 1,079</u>	<u>\$ 1,633</u>
Expected rate of salary increase		
0.5% increase	<u>\$ 1,132</u>	<u>\$ 1,692</u>
0.5% decrease	(\$ 1,071)	(\$ 1,600)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31, 2023	December 31, 2022
Expected contributions to the plan for the next year	<u>\$ 543</u>	<u>\$ 675</u>
Average duration of the defined benefit obligation	7.51-13 years	8.46-13 years

21. EQUITY

a. Share capital Ordinary shares

	December 31, 2023	December 31, 2022
Authorized shares (in thousands)	<u>150,000</u>	<u>150,000</u>
Authorized share capital	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>
Shares issued and fully paid (in thousands)	<u>113,761</u>	<u>113,761</u>
Share capital issued	<u>\$ 1,137,605</u>	<u>\$ 1,137,605</u>

The face value of each ordinary share issued is NT\$10. Each share grants the holder the right to vote and receive dividends.

On May 12, 2022, the board of directors of the Company resolved to retire 4,432 thousand treasury shares. The record date of the capital reduction is May 27, 2022, and the registration of the retirement was completed on the same date, resulting in decreases in share capital by NT\$44,320 thousand, capital surplus by NT\$110,919 thousand, and unappropriated retained earnings by NT\$25,969.

b. Capital surplus

	December 31, 2023	December 31, 2022
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note 1)</u>		
Additional paid-in capital	\$ 258,010	\$ 258,010
Premium over bond conversion	207,018	207,018
Treasury share transactions	1,440	736
Difference between consideration and carrying amount of subsidiaries acquired or disposed	544,174	521,174
Consolidated excess	10,618	10,618
<u>May only be used to offset a deficit</u>		
Changes in ownership interests in subsidiaries (Note 2)	211,006	211,006
	<u>\$ 1,232,266</u>	<u>\$ 1,208,562</u>

Note 1: This capital surplus category may be used to offset deficits, and distributed as cash or transferred to share capital when the Company suffers no deficits. However, only a fixed proportion of the annual paid-in capital can be transferred to share capital.

Note 2: This capital surplus category refers to the effects of equity transactions recognized due to changes in interests in subsidiaries or the adjustments from capital surplus of subsidiaries recognized by the Company using the equity method when the Company does not acquire or dispose of the equity of subsidiaries.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Company's Articles of Incorporation, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit unless the legal reserve has reached the paid-in capital of the Company, and setting aside or reversing a special reserve in accordance with the laws and regulations or partially retaining the profit. Any remaining profit, together with any undistributed retained earnings, shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors and supervisors in the Articles of Incorporation, refer to employees' compensation and remuneration of directors and supervisors in Note 22-g.

The Company's dividends policy is enforced in accordance with the comprehensive operating environment and industrial characteristics. An appropriate distribution plan is devised based on the Company's future financial structure and capital budgets, comprehensively considering the Company's profit status, unappropriated retained earnings, and capital surplus. In principle, to ensure a stable corporate development and maximize the shareholders' interests, dividends distributed for a fiscal year shall not be lower than 50% of the distributable earnings of the year, and cash dividends shall be no lower than 10% of the total dividends distributed.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for the years ended December 31, 2022 and 2021, were resolved by the board of directors on May 31, 2023, and May 27, 2022, in the shareholders' meetings and are as follows:

	Appropriation of earnings	
	For the year ended December 31, 2022	For the year ended December 31, 2021
Legal reserve	\$ 28,012	\$ -
Special reserve	(\$ 5,033)	\$ 409
Cash dividends	\$ 282,726	\$ -
Cash dividends per share (NT\$)	\$ 2.5	\$ -

The Company's shareholders' meeting on May 27, 2022, also resolved to distribute NT\$295,481 thousand cash from the capital surplus.

d. Other equity items

1) Exchange differences on translation of foreign financial statements

	For the year ended December 31, 2023	For the year ended December 31, 2022
Balance at January 1	(\$ 16,964)	(\$ 19,202)
Recognized during the period		
Exchange differences on translation of foreign financial statements	(1,683)	2,238
Other comprehensive income during the period	(1,683)	2,238
Balance at December 31	(\$ 18,647)	(\$ 16,964)

2) Unrealized profit or loss of financial assets measured at fair value through other comprehensive income

	For the year ended December 31, 2023	For the year ended December 31, 2022
Balance at January 1	\$ 3,858	\$ 1,063
Recognized during the period		
Unrealized profit or loss		
Equity instruments	(702)	2,795
Other comprehensive income		
for the period	(702)	2,795
Balance at December 31	<u>\$ 3,156</u>	<u>\$ 3,858</u>

e. Treasury shares

Purpose of buyback	Shares dividend (in thousands of shares)	Shares transferred to employees (in thousands of shares)	Buyback for retirement (in thousands of shares)	Shares held by subsidiaries (in thousands of shares)	Total (in thousands of shares)
Number of shares at January 1, 2023	63	670	-	219	952
Number of shares at December 31, 2023	<u>63</u>	<u>670</u>	<u>-</u>	<u>219</u>	<u>952</u>
Number of shares at January 1, 2022	63	-	-	219	282
Increase	-	670	4,432	-	5,102
Decrease	-	-	(4,432)	-	(4,432)
Number of shares at December 31, 2022	<u>63</u>	<u>670</u>	<u>-</u>	<u>219</u>	<u>952</u>

To motivate employees, increase solidarity, maintain the Company's creditworthiness and shareholders' interests, the Company's board of directors resolved to buy back 10,000 thousand shares on March 9, 2022, at the shareholders' meeting, of which 2,000 thousand shares were transferred to employees and 8,000 thousand shares were used for maintaining the Company's creditworthiness and shareholders' interests. The buyback periods were between March 10, 2022, and March 18, 2022, and between March 21, 2022, and May 8, 2022. The buyback price range was NT\$28.63 to NT\$48. The buyback continued when the price was below the price range. The Company had bought back 5,102 thousand shares for the year ended December 31, 2022, which was NT\$207,720 thousand in total.

The buyback shares shall be transferred to employees within five years as stipulated by the Securities and Exchange Act. Shares not transferred within this period shall be considered unissued shares. The Company shall register for the change.

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as rights to dividends and to vote.

The Company's shares held by its subsidiaries on the balance sheet date are as follows:

Name of subsidiary	Number of shares held (in thousands of shares)	Carrying amount	Market price
<u>December 31, 2023</u>			
Chenfeng Machinery & Enterprise Co., Ltd.	282	<u>\$ 10,735</u>	<u>\$ 10,735</u>
<u>December 31, 2022</u>			
Chenfeng Machinery & Enterprise Co., Ltd.	282	<u>\$ 10,636</u>	<u>\$ 10,636</u>

The subsidiaries holding treasury shares retain shareholders' rights, except the rights to participate in any share issuance for cash and to vote.

f. Non-controlling interests

	For the year ended December 31, 2023	For the year ended December 31, 2022
Balance at January 1	\$ 716,029	\$ 413,960
Net income	76,670	126,467
Other comprehensive income		
Remeasurements of the defined benefit plan	(150)	(36)
Increased non-controlling interests of ChenFull Precision through non-proportional capital increase (Note 29)	-	230,088
Disposal of partial equity of ChenFull Precision (Note 29)	-	12,038
Changes in capital surplus of ChenFull Precision	-	5,470
Non-controlling interests related to employee's outstanding vesting share options (Note 27)	-	6,762
Cash dividends for shareholders of ChenFull Precision	(118,211)	(78,720)
Shares of ChenFull Precision disposed by Chenfeng Machinery (Note 29)	<u>8,205</u>	<u>-</u>
Balance at December 31	<u>\$ 682,543</u>	<u>\$ 716,029</u>

22. REVENUE

	For the year ended December 31, 2023	For the year ended December 31, 2022
Customer contract revenue		
Sale of goods revenue	\$ 1,767,328	\$ 2,597,911
Construction revenue	854,245	1,367,242
Service revenue	6,858	54,031
	<u>\$ 2,628,431</u>	<u>\$ 4,019,184</u>

a. Description of customer contract revenue

1) Sale of goods revenue

As the goods are delivered to the customer's designated place, the customer has the right to set the price and use the goods, and has the primary responsibility for reselling, and bears the risk of obsolescence of the goods. The Group recognizes the income and receivable at that point in time.

2) Construction revenue

Property is a property construction contract controlled by the client during the construction process, and the Group gradually recognizes revenue over time.

3) Service revenue

Service revenue is derived from the operational services provided through operating the business center.

b. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Trade receivables (Note 9)	<u>\$ 336,922</u>	<u>\$ 510,727</u>	<u>\$ 495,552</u>
Contract assets – current			
Construction	<u>\$ 534,092</u>	<u>\$ 973,050</u>	<u>\$ 686,918</u>
Contract liabilities – current			
Sale of goods	\$ 40,875	\$ 49,820	\$ 51,263
Construction	<u>151,529</u>	<u>125,418</u>	<u>136,607</u>
	<u>\$ 192,404</u>	<u>\$ 175,238</u>	<u>\$ 187,870</u>

23. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Interest income

	For the year ended December 31, 2023	For the year ended December 31, 2022
Bank deposits	\$ 6,610	\$ 3,881
Long-term trade receivables	-	1,381
Repurchase agreements collateralized by bonds	9,023	6,065
Financial assets at FVTPL	666	-
Others	90	100
	<u>\$ 16,389</u>	<u>\$ 11,427</u>

b. Other income

	For the year ended December 31, 2023	For the year ended December 31, 2022
Rental income	\$ 1,329	\$ 1,343
Dividends	9,277	8,792
Other income	<u>4,759</u>	<u>4,960</u>
	<u>\$ 15,365</u>	<u>\$ 15,095</u>

c. Other gains and losses

	For the year ended December 31, 2023	For the year ended December 31, 2022
Gain on disposal of property, plant, and equipment	\$ 470	\$ 6,014
Gain/(loss) on disposal of financial assets		
Financial assets at FVTPL	22,645	(1,693)
Gain/(loss) on financial assets		
Financial assets at FVTPL	4,210	(12,770)
Gain on disposal of subsidiaries (Note 28)	-	66,092
Net foreign exchange gains/(losses)	(13,975)	109,125
Other losses	(736)	(817)
	<u>\$ 12,614</u>	<u>\$ 165,951</u>

d. Finance costs

	For the year ended December 31, 2023	For the year ended December 31, 2022
Interest on bank loans	\$ 1,197	\$ 391
Interest on lease liabilities	2,248	1,927
	<u>\$ 3,445</u>	<u>\$ 2,318</u>

e. Depreciation and amortization

	For the year ended December 31, 2023	For the year ended December 31, 2022
Property, plant, and equipment	\$ 135,999	\$ 135,338
Investment property	3,606	2,221
Right-of-use assets	7,279	7,537
Intangible assets	8,667	9,296
	<u>\$ 155,551</u>	<u>\$ 154,392</u>
Analysis of depreciation by function		
Operating costs	\$ 127,778	\$ 125,661
Operating expenses	19,106	19,435
	<u>\$ 146,884</u>	<u>\$ 145,096</u>
Analysis of amortization by function		
Operating costs	\$ 2,260	\$ 1,503
Operating expenses	6,407	7,793
	<u>\$ 8,667</u>	<u>\$ 9,296</u>

f. Employee benefit expense

	For the year ended December 31, 2023	For the year ended December 31, 2022
Post-employment benefits (Note20)		
Defined contribution plans	\$ 25,196	\$ 25,592
Defined benefit plans	453	242
	<u>25,649</u>	<u>25,834</u>
Share-based payments		
Equity-settled payments (Note 27)	-	25,350
Other employee benefits	657,831	762,777
Total employee benefits expense	<u>\$ 683,480</u>	<u>\$ 813,961</u>
Analysis of employee benefits expense by function		
Operating costs	\$ 448,570	\$ 495,422
Operating expenses	234,910	318,539
	<u>\$ 683,480</u>	<u>\$ 813,961</u>

g. Employees' compensation and remuneration of directors and supervisors

The Company accrued employees' compensation and remuneration of directors and supervisors at rates of no less than 2% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. For the year ended December 31, 2023 and 2022, the employees' compensation and the remuneration of directors and supervisors were resolved by the board of directors on February 22, 2024, and March 13, 2023, respectively, and are shown as follows:

Accrual rate

	For the year ended December 31, 2023	For the year ended December 31, 2022
Employees' compensation	5.27%	4.30%
Remuneration of directors and supervisors	1.99%	1.09%

Amount

	For the year ended December 31, 2023	For the year ended December 31, 2022
	Cash	Cash
Employees' compensation	\$ 10,090	\$ 15,000
Remuneration of directors and supervisors	3,800	3,810

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate and carried to the report for the next fiscal year.

There was no difference between the amounts of the employees' compensation and the remuneration of directors and supervisors resolved by the board of directors in 2022 and 2021, and the amounts recognized in the consolidated financial statements on 2022 and 2021.

Information on the employees' compensation and remuneration of directors and supervisors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

24. GOVERNMENT GRANTS

The Group received government grants of NT\$390,000 for power and utility equipment in November 2019. This amount has been classified as deferred income and is transferred to profit or loss within the useful life of the relevant asset. The amount transferred to profit for the years ended December 31, 2023 and 2022, were NT\$49,000 and NT\$48,000.

25. INCOME TAX RELATED TO CONTINUING OPERATION

a. Major components of tax expense (income) recognized in profit or loss

	For the year ended December 31, 2023	For the year ended December 31, 2022
Current tax		
Current period	\$ 56,483	\$ 91,990
Adjustment for prior periods	427	13,548
Tax on unappropriated earnings	-	471
Repatriated offshore funds	8,871	-
	<u>65,781</u>	<u>106,009</u>
Deferred tax		
In respect of the current period	(8,151)	11,791
Adjustments on prior years	690	8,862
	<u>(7,461)</u>	<u>20,653</u>
Income tax recognized in profit or loss	<u>\$ 58,320</u>	<u>\$ 126,662</u>

A reconciliation of accounting profit and income tax expenses is as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Profit before tax from continuing operations	<u>\$ 302,745</u>	<u>\$ 552,654</u>
Income tax expense calculated with profit before tax at the statutory rate	\$ 60,549	\$ 110,531
Nondeductible expenses in determining taxable income	1,881	413
Differences with basic tax	2,070	-
Tax-exempt income	(8,337)	(10,756)
Land value increment tax	-	50
Income tax on una ppropriated earnings	-	471
Repatriated offshore funds	8,871	-
Investment tax credits for the period	(7,991)	(7,373)
Unrecognized loss carryforwards	-	(711)
Unrecognized deductible temporary differences	-	10,167
Effects of different tax rate of group entities operating in other jurisdictions	160	1,460
Adjustments for prior years' tax	427	13,548
Adjustments for prior years' deferred tax	690	8,862
Income tax expenses recognized in profit or loss	<u>\$ 58,320</u>	<u>\$ 126,662</u>

The corporate income tax rate is 20%, according to the Income Tax Act of the Republic of China. In addition, The tax rate applicable to subsidiaries in the P.R.C. is 25%; the tax amount generated by other jurisdictions is calculated based on the applicable tax rate in each relevant jurisdiction.

b. Income tax recognized in other comprehensive income

	For the year ended December 31, 2023	For the year ended December 31, 2022
<u>Deferred tax</u>		
In respect of the current period		
-Exchange on foreign operations	\$ 419	(\$ 559)
-Remeasurement of defined benefit plans	176	(1,633)
Income tax expenses recognized in other comprehensive income	<u>\$ 595</u>	<u>(\$ 2,192)</u>

c. Current tax assets and liabilities

	December 31, 2023	December 31, 2022
Current tax assets		
Tax refund receivable	<u>\$ 84</u>	<u>\$ 203</u>
Current tax liabilities		
Income tax payable	<u>\$ 17,911</u>	<u>\$ 54,825</u>

d. Deferred tax assets and liabilities

For the year ended December 31, 2023

	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Closing balance
Deferred tax assets				
Temporary differences				
Unrealized cost of goods sold	\$ 1,705	\$ 3,644	\$ -	\$ 5,349
Payable for annual leave	1,268	(89)	-	1,179
Unrealized profit or loss on exchanges	76	4,730	-	4,806
Unrealized loss on allowance for inventory valuation	14,535	(1,438)	-	13,097
Excess in allowance for uncollectible accounts	17,016	739	-	17,755
Defined benefit plans	6,393	(166)	176	6,403

Exchange difference on foreign operations	2,576	-	419	2,995
Financial assets at FVTPL	<u>2,371</u>	<u>(843)</u>	<u>-</u>	<u>1,528</u>
	45,940	6,577	595	53,112
Loss carryforwards	<u>772</u>	<u>(1,252)</u>	<u>-</u>	<u>(480)</u>
	<u>\$ 46,712</u>	<u>\$ 5,325</u>	<u>\$ 595</u>	<u>\$ 52,632</u>

Deferred tax liabilities				
Temporary differences				
Foreign investment	(\$ 13,551)	\$ 78	\$ -	(\$ 13,473)
Unrealized gain on allowance for inventory valuation	-	(180)	-	(180)
Unrealized profit or loss on exchanges	(2,263)	2,263	-	-
Excess in allowance for uncollectible accounts	(269)	(25)	-	(294)
	<u>(\$ 16,083)</u>	<u>\$ 2,136</u>	<u>\$ -</u>	<u>(\$ 13,947)</u>

For the year ended December 31, 2022

	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Disposal of subsidiaries	Closing balance
Deferred tax assets					
Temporary differences					
Unrealized costs of goods sold	\$ 1,188	\$ 517	\$ -	\$ -	\$ 1,705
Payable for annual leave	1,182	86	-	-	1,268
Unrealized replacement expense	16,705	(5,178)	-	(11,527)	-
Unrealized gross profit	915	(915)	-	-	-
Unrealized profit or loss on exchanges	738	(662)	-	-	76
Unrealized loss on allowance for inventory valuation	20,068	(5,533)	-	-	14,535
Excess in allowance for uncollectible accounts	19,751	(2,735)	-	-	17,016
Defined benefit plans	8,049	(23)	(1,633)	-	6,393
Exchange difference on foreign operations	3,135	-	(559)	-	2,576
Financial assets at FVTPL	<u>133</u>	<u>2,238</u>	<u>-</u>	<u>-</u>	<u>2,371</u>
	71,864	(12,205)	(2,192)	(11,527)	45,940
Loss carryforwards	<u>3,273</u>	<u>(2,501)</u>	<u>-</u>	<u>-</u>	<u>772</u>
	<u>\$ 75,137</u>	<u>(\$ 14,706)</u>	<u>(\$ 2,192)</u>	<u>(\$ 11,527)</u>	<u>\$ 46,712</u>
Deferred tax liabilities					
Temporary differences					
Foreign investments	(\$ 9,023)	(\$ 4,528)	\$ -	\$ -	(\$ 13,551)
Unrealized gain on allowance for inventory valuation	(475)	475	-	-	-
Unrealized profit or loss on exchanges	-	(2,263)	-	-	(2,263)
Excess in allowance for uncollectible accounts	(271)	2	-	-	(269)
Financial assets at FVTPL	<u>(367)</u>	<u>367</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(\$ 10,136)</u>	<u>(\$ 5,947)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 16,083)</u>

e. Income tax assessment

The profit-seeking enterprise income taxes declared by ChenFull International, ChenFull Precision, and Chenfeng Machinery until the year ended December 31, 2021, have been assessed by the tax authorities.

26. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share are as follows:

Net profit for the period

	For the year ended December 31, 2023	For the year ended December 31, 2022
Profits used in the computation of basic earnings per share	<u>\$ 167,755</u>	<u>\$ 299,525</u>
Profits used in the computation of diluted earnings per share	<u>\$ 167,755</u>	<u>\$ 299,525</u>

Number of ordinary shares (in thousands of shares)

	For the year ended December 31, 2023	For the year ended December 31, 2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	112,809	114,179
Effect of potentially dilutive ordinary shares:		
Employees' compensation	<u>334</u>	<u>397</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>113,143</u>	<u>114,576</u>

If the Group offers to settle compensation or bonuses paid to employees in cash or shares, it assumes the entire amount of the compensation or bonuses be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

27. SHARE-BASED PAYMENT TRANSACTION

Retaining employees' share options for cash capital increase

The board of directors of ChenFull Precision, a subsidiary of the Group, resolved on December 10, 2021, to issue 5,379 thousand new shares through cash capital increase before listing on the OTC market. This cash capital increase was authorized by Taipei Exchange and effective on December 28, 2021. As resolved by the board of directors, the record date for the cash capital increase is March 9, 2022.

A part of the shares issued through the above-mentioned cash capital increase were retained for control and for the employees to subscribe to. The grant date was January 21, 2022.

Information of the employees' share options is as follows:

Employees' share options	For the year ended December 31, 2022	
	Unit (in thousands of shares)	Weighted average exercise price (NT\$)
Ordinary shares outstanding in the beginning of the period	-	\$ -
Granted in the period	806	66
Exercised in the period	(806)	66
Ordinary shares outstanding in the end of the period	-	-
Exercisable in the end of the period	-	-
Weighted average of fair value of share options granted to employees for the period (NT\$)	\$ 31.4515	

For share options exercised in the year ended December 31, 2022, the weighted average of exercise price on the exercise date was NT\$66.

The Group used the Black-Scholes model to price the share options granted to employees. The input values for the model is as follows:

	January, 2022
Number of shares	806 thousand shares
Restriction period of share transfer	No restriction
Fair value per share on grant date	NT\$97.42
Exercise price	NT\$66
Expected volatility	18.563%
Duration	0.1123 year
Risk-free rate	0.48755%

The recognized cost of compensations and remunerations for the year ended December 31, 2022, was NT\$25,350 thousand.

28. DISPOSAL OF SUBSIDIARIES

ChenFull International signed an equity transfer agreement with Yuanshan Management Consulting Co., Ltd. in May, 2022, to transfer all the shares of ChenFull Water Resources. The transfer was completed on May 30, 2022, and ChenFull International has since lost control of that subsidiary.

a. Collected considerations

	ChenFull Water Resources
Cash and cash equivalents	\$ 42

b. Analysis of loss-of-control assets and liabilities

	ChenFull Water Resources
Current assets	
Cash and cash equivalents	\$ 174,357
Net accounts receivable	65,735
Prepayments	17,788
Other current assets	10
Non-current assets	
Property, plant, and equipment	65,982
Deferred tax assets	11,526
Other non-current assets	200,750
Current liabilities	
Accounts payable	(5,088)
Other payables	(594,739)
Income tax liabilities for the period	(2,371)
Disposed net assets	(\$ 66,050)

c. Gain on disposal of subsidiaries

	ChenFull Water Resources
Collected considerations	\$ 42
Disposed net assets	(66,050)
Gain on disposal	\$ 66,092

d. Net cash outflow on disposal of subsidiaries

	ChenFull Water Resources
Considerations collected through cash and cash equivalents	\$ 42
Less: Balance of disposed cash and cash equivalents	(174,357)
	<u>(\$ 174,315)</u>

29. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Chenfeng Machinery, the subsidiary of the Group, disposed of all the shares of ChenFull Precision throughout the period of April to May, 2023. Its shareholding has since decreased from 0.41% to 0%.

	(April to May, 2023) ChenFull Precision
Cash considerations collected	\$ 32,673
	(8,205)
Amounts of tax effects from equity transactions transferrable to capital surplus	(1,468)
Equity transaction differences	<u>\$ 23,000</u>
<u>Adjusted accounts for equity transaction differences</u>	
Capital surplus – Difference between consideration and carrying value of subsidiaries acquired or disposed	<u>\$ 23,000</u>

On March 9, 2022, the group waived its subscription to the cash capital increase of ChenFull Precision Company and disposed of its 0.74% shareholding, resulting in a decrease in its overall shareholding from 70.12% to 63%.

On the same date, Chenfeng Company, a subsidiary of the group, also waived its subscription to the cash capital increase of ChenFull Precision Company, causing its shareholding percentage to decrease from 0.45% to 0.41%.

	(March 9, 2022) ChenFull Precision
Cash considerations collected	\$ 420,593
Net carrying amount of non-controlling interests disposed	(242,126)
Equity transaction differences	<u>\$ 178,467</u>
<u>Adjusted accounts for equity transaction differences</u>	
Capital surplus - Recognition of Changes in Equity Interests in Subsidiaries	<u>\$ 161,618</u>
Capital surplus – Difference between consideration and carrying value of subsidiaries acquired or disposed	<u>\$ 16,849</u>

As the above transaction does not alter the Group's control over the stated subsidiaries, it is classified as equity transaction.

30. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of the Group (comprising share capital, capital surplus, retained earnings and other equity).

The Group is not subject to any externally imposed capital requirements.

Key management personnel of the Group review the capital structure on an annual basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, the Group may balance the capital structure through dividend payments, share issuance and buyback, new debt issuance, or existing debt redemption.

31. FINANCIAL INSTRUMENT

a. Information of fair value – Financial instruments not measured at fair value

The management of the Group believed that the carrying amounts of financial liabilities financial instruments not measured at fair value approach their fair value.

b. Information of fair value – Financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Domestic listed shares	\$ 35,696	\$ -	\$ -	\$ 35,696
Mutual funds	93,355	-	-	93,355
	<u>\$ 129,051</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 129,051</u>
<u>Financial assets at FVTOCI</u>				
Equity instrument investment				

	Level 1	Level 2	Level 3	Total
— Domestic shares on emerging market	\$ -	\$ -	\$ 1,062	\$ 1,062
— Domestic unlisted shares	-	-	30,084	30,084
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,146</u>	<u>\$ 31,146</u>

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Domestic listed shares	\$ 33,832	\$ -	\$ -	\$ 33,832
Mutual funds	78,600	-	-	78,600
	<u>\$ 112,432</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 112,432</u>
<u>Financial assets at FVTOCI</u>				
Equity instrument investment				
— Domestic shares on emerging market	\$ -	\$ -	\$ 1,844	\$ 1,844
— Domestic unlisted shares	-	-	30,004	30,004
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,848</u>	<u>\$ 31,848</u>

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Reconciliation of financial instruments measured at Level 3 fair value

For the year ended December 31, 2023

Financial assets	Financial assets at FVTOCI Equity instruments
Opening balance	\$ 31,848
Recognized in other comprehensive income (unrealized valued profit or loss of financial assets at FVTOCI)	(702)
Closing balance	<u>\$ 31,146</u>

For the year ended December 31, 2022

Financial assets	Financial assets at FVTOCI Equity instruments
Opening balance	\$ 29,053
Recognized in other comprehensive income (unrealized valued profit or loss of financial assets at FVTOCI)	2,795
Closing balance	<u>\$ 31,848</u>

3) Evaluation techniques and assumptions for fair value measurement

The fair values of financial assets and financial liabilities are determined in the following ways:

The fair values of financial assets and financial liabilities meeting standard criteria and traded at a volatile market are determined by the market price. If no market price is available for reference, they are estimated using valuation approaches. The estimates and assumptions used by the Group in the valuation approach are consistent with the information used by market participants as estimates and assumptions when pricing financial products.

Unquoted equity securities

Unquoted equity securities measured at fair value are included in the consolidated financial statement. Such fair value is evaluated reasonably by market valuation approaches – price-to-earnings ratio approach, price-to-sales ratio approach, and price-book ratio approach.

c. Categories of financial instruments

	December 31, 2023	December 31, 2022
<u>Financial assets</u>		
FVTPL		
Mandatorily at FVTPL	\$ 129,051	\$ 112,432
Financial assets at amortized cost (1)	1,371,360	1,707,680
Refundable deposits	7,378	8,731
Financial assets at FVTOCI		
Equity instrument investment	31,146	31,848
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (2)	341,026	792,567
Deposits received	1,174	1,738

- (1) The balances comprise financial assets measured at amortized cost, which include cash and cash equivalents, note receivables, trade receivables, other receivables, other financial assets, etc.
- (2) The balances comprise financial liabilities measured at amortized cost, which include short-term borrowings, trade payables, other payables (excluding payable employees' benefits), etc.

d. Financial risk management objectives and policies

The Group's prime objective of risk management is to manage operation-relevant market, credit, and liquidity risks. The Group identifies, measures, and manages the above risks based on its policies and risk appetite.

The Group has established appropriate policies, procedures, and internal control systems in accordance with relevant regulations for the above financial risks management. Important financial activities shall be reviewed by the board of directors in accordance with relevant regulations and internal control systems. The Group shall comply with relevant financial risk management regulations.

1) Market risk

The Group's operating activities exposed it primarily to the financial risks of changes in foreign exchange rates (see (a) below) and interest rates (see (b) below).

(a) Currency risk

The carrying amounts of the Group's non-functional currency-denominated monetary assets and monetary liabilities (including those written off on consolidation) are set out in Note 35.

Sensitivity analysis

The Group is mainly subject to the fluctuations of the U.S. Dollar exchange rate.

The table below details the Group's sensitivity to a 1% increase or decrease in New Taiwan dollar (the functional currency) against the relevant foreign currencies. One percent is the sensitivity rate used when reporting currency risk internally to key management personnel and represents the management's assessment of the reasonably possible change in exchange rates. The positive numbers below indicate an increase in pre-tax profit and other equity associated with the New Taiwan dollar strengthening 1% against the relevant currency. For a 1% weakening of the New Taiwan dollar against the relevant currency, there would be an equal impact on pre-tax profit and other equity, except that the numbers would be negative.

	Impact of U.S. dollar	
	For the year ended	For the year ended
	December 31, 2023	December 31, 2022
Profit or loss	\$ 6,858	\$ 5,649

(b) Interest rate risk

Interest rate risks refer to the fluctuation risks of fair values of financial instruments or future cash flows incurred by changes in the market interest rates.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period are as follows:

	December 31, 2023	December 31, 2022
Fair value interest rate risk		
— Financial assets	\$ 530,595	\$ 454,693
— Financial liabilities	147,292	142,047
Cash flow interest rate risk		
— Financial assets	475,761	721,204
— Financial liabilities	-	-

Sensitivity analysis

The Group's fixed-rate financial assets and financial liabilities are not analyzed because they are measured at amortized costs. The computations in the sensitivity analysis relevant to interest rate risks are based on the financial assets at the end of the reporting period. The Company reports to the management about changes in interest rates when the market rate increases/decreases by 0.25% for reasonable risk assessment. If all the other variables had remained unchanged and the market rate had increased/decreased by 25%, the Group's profits before tax from January to December, 2023 and 2022, would have increased/decreased NT\$1,189 thousand and NT\$1,803 thousand, respectively.

(c) Other price risks

The Group is exposed to equity price risks due to equity security investments and mutual funds.

Sensitivity analysis

If equity prices had increased/decreased by 5%, the profits before tax from January to December, 2023 and 2022, would have increased/decreased NT\$6,453 thousand and NT\$5,622 thousand respectively due to the increase/decrease in the fair values of financial assets at FVTPL. Other comprehensive incomes before tax from January to December, 2023 and 2022, would have increased/decreased NT\$1,557 thousand and NT\$1,592 thousand respectively due to the increase/decrease in the fair values of financial assets at FVTOCI.

There were no significant changes in the Group's sensitivity to equity security investments this period, compared to the prior period.

2) Credit management

Credit risk refers to the risk that a counterparty defaults on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risks which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Group adopts a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. To mitigate credit risks, the Group's management has established a management and control procedure to determine the lines of credit and grant credits, ensuring the recovery of overdue receivables. In addition, the Group will

double-check the recovered receivables one after another at the end of the reporting period to ensure the unrecoverable receivables are accounted as reasonable impairment loss. The Company's management believes that the Group's credit risks have been significantly mitigated, so the credit risks are limited.

The Group's credit risks mainly concentrate on its top five clients. As of December 31, 2023 and 2022, respectively, 66% and 70% of the Group's receivables were on the top five clients. Other receivables did not impose credit concentration risks as significant as those clients.

3) Liquidity risk

The Group manages liquidity risks by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, the Group's management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

Bank borrowings constitute an important source of liquidity for the Group. As of December 31, 2023 and 2022, the Group had available unutilized financing facilities set out in (b) below.

(a) Table of liquidity and interest rate risks for non-derivative financial liabilities

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table is drawn up based on the undiscounted cash flows of financial liabilities (including the principle and estimated interests) from the earliest date on which the Group can be required to pay. The maturity analysis for other non-derivative financial liabilities are based on the agreed repayment dates.

December 31, 2023

	Less than 1 year	1-2 years	2-3 years	3+ years	Total
<u>Non-derivative financial liabilities</u>					
Trade payables	\$ 256,921	\$ -	\$ -	\$ -	\$ 256,921
Lease liabilities	8,869	8,869	8,869	124,171	150,778
Other payables	64,093	-	-	-	64,093
Borrowings	<u>20,012</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,012</u>
	<u>\$ 349,895</u>	<u>\$ 8,869</u>	<u>\$ 8,869</u>	<u>\$ 124,171</u>	<u>\$ 491,804</u>

Further analysis of the maturity of lease liabilities is as follows:

	Less than 1 year	1-3 years	3-6 years	6+ years	Total
Lease liabilities	<u>\$ 8,869</u>	<u>\$ 17,738</u>	<u>\$ 26,608</u>	<u>\$ 97,563</u>	<u>\$ 150,778</u>

December 31, 2022

	Less than 1 year	1-2 years	2-3 years	3+ years	Total
<u>Non-derivative financial liabilities</u>					
Trade payables	\$ 678,896	\$ -	\$ -	\$ -	\$ 678,896
Lease liabilities	8,872	8,872	8,872	133,075	159,691
Other payables	<u>113,671</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>113,671</u>
	<u>\$ 801,439</u>	<u>\$ 8,872</u>	<u>\$ 8,872</u>	<u>\$ 133,075</u>	<u>\$ 952,258</u>

Further analysis of the maturity of lease liabilities is as follows:

	Less than 1 year	1-3 years	3-6 years	6+ years	Total
Lease liabilities	<u>\$ 8,872</u>	<u>\$ 17,744</u>	<u>\$ 26,615</u>	<u>\$ 106,460</u>	<u>\$ 159,691</u>

(b) Financing facilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Unsecured bank credit and commercial paper facilities (reviewed annually)		
— Amount used	\$ 29,846	\$ 30,133
— Amount unused	<u>1,700,154</u>	<u>1,569,867</u>
	<u>\$ 1,730,000</u>	<u>\$ 1,600,000</u>

32. TRANSACTIONS WITH RELATED PARTIES

Transactions between and account balances, incomes, and expenses of ChenFull International and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

Compensation for key management personnel

	<u>For the year ended December 31, 2023</u>	<u>For the year ended December 31, 2022</u>
Short-term employee benefits	\$ 25,458	\$ 25,676
Post-employment benefits	<u>595</u>	<u>602</u>
	<u>\$ 26,053</u>	<u>\$ 26,278</u>

The remunerations of directors and key management personnel were determined by the remuneration committee based on the performance of individuals and market trends.

33. PLEDGED ASSETS

The following assets were provided as collateral for business needs:

	December 31, 2023	December 31, 2022
Other financial assets – current		
Pledged deposits	\$ 9,043	\$ 9,041

34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Company are as follows:

- As of December 31, 2023, ChenFull International of the Group deposited guarantee notes of NT\$1,037,138 thousand for lines of credit, business commitments, and construction warranties.
- As of December 31, 2023, ChenFull Precision of the Group deposited guarantee notes of NT\$447,846 thousand for lines of credit and business commitments.
- As of December 31, 2023, ChenFull International of the Group received guarantee notes from providers of NT\$42,150 thousand for guaranteed commitments or warranties.
- As of December 31, 2023, ChenFull Precision of the Group received guarantee notes from providers of NT\$20,415 thousand for guaranteed commitments or warranties.
- The Group has equipment purchase and plant construction contracts with providers which value a total of NT\$680, 109 thousand. As of December 31, 2023, NT\$203,895 thousand had been paid (recognized as equipment prepayments and constructing real estates).

35. INFORMATION OF FOREIGN-CURRENCY-DENOMINATED ASSETS AND LIABILITIES WITH SIGNIFICANT INFLUENCE

The following information is expressed with the Group's entities' aggregated foreign currencies other than functional currencies. The disclosed exchange rates refer to the rates of translating foreign currencies into functional currencies. Foreign-currency-denominated assets and liabilities with significant influence are as follows:

December 31, 2023

	Foreign currency	Exchange rate	Carrying amount
Foreign currency assets			
Monetary items			
USD	\$ 22,397	30.705 (USD:TWD)	\$ 687,711
RMB	6,073	乙、 (RMB:TWD)	26,277
EUR	73	33.98 (EUR:TWD)	2,472
JPY	18,705	0.217 (JPY:TWD)	4,063
			<u>\$ 720,523</u>
Foreign currency liabilities			
Monetary items			
USD	\$ 64	30.705 (USD:TWD)	\$ 1,956
RMB	119	4.327 (RMB:TWD)	514
			<u>\$ 2,470</u>

December 31, 2022

	Foreign currency	Exchange rate	Carrying amount
Foreign currency assets			
Monetary items			
USD	\$ 18,484	30.71 (USD:TWD)	\$ 567,628
RMB	447	4.408 (RMB:TWD)	1,971
EUR	440	32.72 (EUR:TWD)	14,401
JPY	80,907	0.232 (JPY:TWD)	18,770
			<u>\$ 602,770</u>
Foreign currency liabilities			
Monetary items			
USD	88	30.71 (USD:TWD)	\$ 2,700
EUR	18	32.72 (EUR:TWD)	584
			<u>\$ 3,284</u>

For the years ended December 31, 2023 and 2022, the Group's realized and unrealized foreign exchange gains and losses were a NT\$13,975 thousand loss and a NT\$109,125 thousand gain, respectively. It is impractical to disclose net foreign exchange gains (losses) by each foreign currency significant influence due to the variety of the foreign currency transactions and functional currencies of the Group's entities.

36. DISCLOSED ITEMS

- Significant transactions and,
- Reinvested enterprises:

No.	Item	Note
1	Loans to others	N.A.
2	Endorsements and guarantees provided	Table 1
3	Securities held at the end of the period (excluding investments in subsidiaries, associates, and joint ventures)	Table 2
4	Accumulated amount of buying or selling the same security exceeding NT\$300 million or 20% of paid-in capital	N.A.
5	Amount of property acquired exceeding NT\$300 million or 20% of paid-in capital	Table 3
6	Amount of property disposed exceeding NT\$300 million or 20% of paid-in capital	N.A.
7	Amount of purchases and sales with related parties exceeding NT\$100 million or 20% of paid-in capital	N.A.

No.	Item	Note
8	Amount of receivables from related parties exceeding NT\$100 million or 20% of paid-in capital	N.A.
9	Derivative transactions	N.A.
10	Other: Intercompany business relationships and amount of significant transactions	Table 6
11	Information of investees	Table 4

c. Information of investments in mainland China:

No.	Item	Note
1	Name of investees in mainland China, their principal business activities, paid-in capitals, methods of investment, inward and outward remittance of funds, shareholding percentage, investment profits or losses, carrying amount of the investments at the end of the period, repatriations of investment incomes, and limits on the amount of investment in the mainland China area	Table 5
2	Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses	
	(1) Amount and percentage of purchases and balance and percentage of the related receivables at the end of the period	Table 7
	(2) Amount and percentage of sales and balance and percentage of the related receivables at the end of the period	Table 7
	(3) Amount of asset transactions and generated profits or losses	N.A.
	(4) Balance of note endorsements/guarantees or collaterals provided at the end of the period and their objectives	N.A.
	(5) Highest balance, period-end balance, interest rate interval, and total interest for the current period of financing	N.A.
	(6) Other transactions with significant influence in the current profit or loss or financial situation, such as providing or receiving services	N.A.

d. Information of key shareholders: Shareholders with more than 5% of shareholding. Their names, numbers and percentages of shares held are set out in Table 8.

37. SEGMENT INFORMATION

Information reported to the chief operating decision-maker for the purpose of resource allocation and assessment of divisional performance focuses on the types of goods or services delivered or provided. The Group's reportable divisions are as follows:

Engineering and Machinery Division – factorial affairs, system integration, and shoemaking machinery
Precision Division – precision precessing

a. Divisional revenue and operationg results

The following is an analysis of the Group's revenue and operating results of continuing operations by reportable divisions:

	Engineering and Machinery Division	Precision Division	Common	Reconciliations and eliminations	Total
<u>For the year ended December 31, 2023</u>					
Revenues					
Revenues from external clients	\$ 1,278,269	\$ 1,350,162	\$ -	\$ -	\$ 2,628,431
Inter-divisional revenues	13,923	-	-	(13,923)	-
Interest revenues	-	-	16,389	-	16,389
Total revenues	<u>\$ 1,292,192</u>	<u>\$ 1,350,162</u>	<u>\$ 16,389</u>	<u>(\$ 13,923)</u>	<u>\$ 2,644,820</u>
Interest expense	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,445</u>	<u>\$ -</u>	<u>\$ 3,445</u>
Depreciation and amortization	<u>\$ 20,021</u>	<u>\$ 120,142</u>	<u>\$ 15,388</u>	<u>\$ -</u>	<u>\$ 155,551</u>
Profit before tax (continuing operations)	<u>\$ 67,727</u>	<u>\$ 252,644</u>	<u>(\$ 17,626)</u>	<u>\$ -</u>	<u>\$ 302,745</u>
<u>For the year ended December 31, 2022</u>					
Revenues					
Revenues from external clients	\$ 2,235,689	\$ 1,783,495	\$ -	\$ -	\$ 4,019,184
Inter-divisional revenues	12,885	-	-	(12,885)	-
Interest revenues	-	-	11,427	-	11,427
Total revenues	<u>\$ 2,248,574</u>	<u>\$ 1,783,495</u>	<u>\$ 11,427</u>	<u>(\$ 12,885)</u>	<u>\$ 4,030,611</u>
Interest expense	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,318</u>	<u>\$ -</u>	<u>\$ 2,318</u>
Depreciation and amortization	<u>\$ 31,483</u>	<u>\$ 109,741</u>	<u>\$ 13,168</u>	<u>\$ -</u>	<u>\$ 154,392</u>
Profit before tax (continuing operations)	<u>\$ 107,496</u>	<u>\$ 437,576</u>	<u>\$ 7,582</u>	<u>\$ -</u>	<u>\$ 552,654</u>

Inter-divisional goods sales were conducted according to market prices.

Divisional profit represents the profit earned by each division, excluding allocation of central administration costs and directors' remunerations, associates' share of incomes calculated with the equity method, incomes from disposal of long-term equity investments calculated with the equity method, rental revenue, interest income, gains or losses on disposal of fixed assets, gains or losses on disposal of investments, exchange gains or losses, valuation gains or losses on financial instruments, interest expenses, and income tax expenses. This was the measure reported to the chief operating decision-maker for the purpose of resource allocation and assessment of divisional performance.

b. Divisional assets and liabilities

	Engineering and Machinery Division	Precision Division	Common	Reconciliations and eliminations	Total
<u>December 31, 2023</u>					
Assets					

	Engineering and Machinery Division	Precision Division	Common	Reconciliations and eliminations	Total
Capital expenditure of non-current assets	\$ 125,570	\$ 102,314	\$ 50,678	\$ -	\$ 278,562
Divisional assets	\$ 1,491,434	\$ 2,280,261	\$ 1,214,311	\$ -	\$ 4,986,006
Divisional liabilities	\$ 384,827	\$ 435,423	\$ 66,966	\$ -	\$ 887,216
<u>December 31, 2022</u>					
Assets					
Capital expenditure of non-current assets	\$ 31,373	\$ 16,357	\$ 1,744	\$ -	\$ 49,474
Divisional assets	\$ 2,149,130	\$ 2,559,585	\$ 932,151	\$ -	\$ 5,640,866
Divisional liabilities	\$ 771,874	\$ 602,520	\$ 39,988	\$ -	\$ 1,414,382

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Tawian Dollars, Unless Stated Otherwise)

No. (Note 1)	Endorser/ Guarantor	Endoresee/Guarantee		Limit on endorsement/guarantee given on behalf of a single party (Note 3: a, (2))	Maximum balance endorsed/guaranteed during the period	Period-end balance endorsed/ guaranteed	Actual borrowing amount	Amount endorsed/guaranteed by collateral	Ratio of accumulated endorsement/ guarantee to net equity in latest financial statements (%)	Aggregate endorsement/ guarantee limit (Note 3)	Endorsement /Guarantee given by parent on behalf of subsidiaries	Endorsement /Guarantee given by subsidiaries on behalf of parent	Endorsement /Guarantee given on behalf of companies in Mainland China
		Name	Relationship (Note 2)										
0	ChenFull International Co., Ltd.	ChenFull Precision Co., Ltd.	(2)	\$683,187	\$ 38,487	\$ 38,487	\$ 38,487	\$ -	1.13%	\$683,249	Y	N	N

Note 1: Explanation of the number column is as follows:

- (1) Issuer is numbered 0.
- (2) Investees are numbered from 1 to onwards.

Note 2: The relationships between endorser/guarantor and endoresee/guarantee are as follows:

- (1) Companies with business accounts
- (2) Companies of which more than 50% of the shares with voting rights are directly and indirectly held by the Company
- (3) Companies directly and indirectly holding more than 50% of the Company’s shares with voting rights
- (4) Companies of which 90% of the shares with voting rights are directly and indirectly held by the Company
- (5) Mutually endorsed/guaranteed companies based on contracts between trades or co-builders due to the need of contracting constructions
- (6) Companies endorsed/guaranteed by all the contributing shareholders according to their shareholding due to joint investments.
- (7) Joint collaterals of pre-sale house contract performance security from trades according to the Consumer Protection Act

Note 3: Calculation and amount of limit on endorsement/guarantee

- a. Limit on endorsement/guarantee given on behalf of a single party:
 - (1) The Company’s limit on endorsement/guarantee given on behalf of a single party is determined according to the Company’s endorsement/guarantee procedure. The limit shall not exceed 10% of the Company’s net value of the current period (2023.12.31).
 - (2) The Company’s limit on endorsement/guarantee given on behalf of a single affiliated Company is determined according to the Company’s endorsement/guarantee procedure. The limit shall not exceed 20% of the Company’s net value of the current period (2023.12.31).
- b. Aggregate endorsed/guaranteed limit:
 - (1) The Company’s accumulated external endorsed/guaranteed limit is determined according to the Company’s endorsement/guarantee procedure. The limit shall not exceed 20% of the Company’s net value of the current period (2023.12.31).

CHENFULL INTERNATIONAL CO., LTD. AND SUBSIDIARIES

Table 2

MARKETABLE SECURITIES HELD AT THE END OF THE PERIOD
FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Tawian Dollars, Unless Stated Otherwise)

Name of holding subsidiary	Type and name of marketable securities	Relationship with the issuer	Financial statement account	At the end of the period				Note
				Shares	Carrying amount	Percentage of ownership	Fair value	
ChenFull International Co., Ltd.	<u>Domestic unlisted shares</u>							
	Main Chau Enterprise Co., Ltd.	N.A.	Financial assets at fair value through other comprehensive income – non-current	2,703,905	\$ 21,804	9.45	\$ 21,804	
	<u>Unpublic stocks</u>							
	Taiwan Incubator SME Development Corporation	N.A.	Financial assets at fair value through other comprehensive income – non-current	854,360	\$ 8,280	1.21	\$ 8,280	
	<u>Domestic mutual funds</u>							
	Yuanta/P-shares Taiwan Top 50 ETF	N.A.	Financial assets at fair value through profit or loss – current	160,000	\$ 21,672	0.01	\$ 21,672	
	Yuanta 2-10 Year Investment Grade Corporate Bond Fund	N.A.	Ditto	3,000,000	30,259	3.23	30,259	
	Cathay FTSE China A50 ETF	N.A.	Ditto	462,000	8,667 \$ 60,598	0.19	8,667 \$ 60,598	
Chenfeng Machinery & Enterprise Co., Ltd.	<u>Domestic listed shares</u>							
	Fubon Financial Holding Co., Ltd. Pfd.	N.A.	Financial assets at fair value through profit or loss – current	155,000	\$ 8,525	0.05	\$ 8,525	
	<u>Domestic listed shares</u>							
	ChenFull International Co., Ltd.	Parent Company	Financial assets at fair value through other comprehensive income – non-current	281,759	\$ 10,735	0.25	\$ 10,735	
	<u>Domestic emerging market shares</u>							
	IGIANT Optics Co., Ltd.	N.A.	Financial assets at fair value through other comprehensive income – non-current	66,000	\$ 1,062	0.19	\$ 1,062	

(Continued)

Name of holding subsidiary	Type and name of marketable securities	Relationship with the issuer	Financial statement account	At the end of the period				Note
				Shares	Carrying amount	Percentage of ownership	Fair value	
	<u>Unpublic stocks</u>							
	iMagic Technology Co., Ltd.	N.A.	Financial assets at fair value through other comprehensive income – non-current	46,750	\$ -	0.19	\$ -	
	Envirolink Co., Ltd.	N.A.	Ditto	35,000	-	0.25	-	
					<u>\$ -</u>		<u>\$ -</u>	
	<u>Domestic mutual funds</u>							
	Yuanta/P-shares Taiwan Top 50 ETF	N.A.	Financial assets at fair value through profit or loss – current	100,000	\$ 13,545	-	\$ 13,545	
	Cathay FTSE China A50 ETF	N.A.	Ditto	490,000	9,192	0.21	9,192	
	Yuanta Japan Leaders Equity Fund (A)	N.A.	Ditto	1,002,004	10,020	-	10,020	
					<u>\$ 32,757</u>		<u>\$ 32,757</u>	
	<u>Domestic listed shares</u>							
	Feng Tay Enterprises Co., Ltd.	N.A.	Financial assets at fair value through profit or loss – current	24,640	\$ 4,312	-	\$ 4,312	
	Fubon Financial Holding Co., Ltd. Pfd.	N.A.	Ditto	155,000	8,525	0.05	8,525	
	Fully fiduciary discretionary investment account (Note 2)							
	Novatek Microelectronics Corp.	N.A.	Ditto	5,000	2,585	-	2,585	
	International Games System Co., Ltd.	N.A.	Ditto	4,000	2,896	-	2,896	
	Formosa Laboratories Inc.	N.A.	Ditto	32,000	3,264	0.03	3,264	
	Sercom Corporation	N.A.	Ditto	25,000	3,363	0.01	3,363	
	Brave C&H Supply Co., Ltd.	N.A.	Ditto	14,000	2,226	0.04	2,226	
					<u>\$ 27,171</u>		<u>\$ 27,171</u>	

Note 1: The marketable securities in this table refer to marketable securities derived from financial instruments within the scope of IFRS 9, including shares, bonds, funds, and the above-mentioned items.

Note 2: This refers to having the trustee make discretionary transactions at the centralized market by signing a fully fiduciary asset management contract with an investment consulting Company.

Note 3: For information of interests in investment in subsidiaries, please refer to Tables 4 and 5.

AMOUNT OF PROPERTY ACQUIRED EXCEEDING NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Tawian Dollars, Unless Stated Otherwise)

Name of the company	Property	Date of occurrence	Amount	Payment status	Counterparty	Relationship	Data of prior transfer with related parties				Price reference	Purpose and utilization	Miscellaneous
							Owner	Relationship with the issuer	Transfer date	Amount			
ChenFull International Co., Ltd.	Freehold land	July 28, 2022	\$ 169,170	Paid	Chuang Chang Shu Juan	Not related	-	-	-	\$	Market price	Operation and self use	N.A.
ChenFull International Co., Ltd.	Freehold land	January, 18, 2023	44,901	Paid	Liu Jia Chang, Liu Fan Ying Mei	Not related	-	-	-		Market price	Operation and self use	N.A.
ChenFull International Co., Ltd.	Freehold land	June 29, 2023	14,050	Paid	Jiang Tsai Hsueh	Not related	-	-	-		Market price	Operation and self use	N.A.

Note 1: If the acquired property is required to be valued, the result shall be specified in the “Price reference” column.

Note 2: Paid-in capital refers to the Company’s paid-in capital. If the shares of an issuer have no carrying amount or the amount is not NT\$10, for the requirement regarding the transaction amount exceeding 20% of the paid-in capital, the amount is calculated with equity attributable to the parent Company.

Note 3: The date of occurrence refers to the date of signing contract, payment date, transaction date, transfer date, date of board of directors’ resolution, or other dates on which the counterparties and amounts are confirmed, whichever comes earlier.

CHENFULL INTERNATIONAL CO., LTD. AND SUBSIDIARIES

Table 4

**INVESTEES' NAMES, LOCATIONS, AND OTHER INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023**

(In Thousands of New Tawian Dollars, Unless Stated Otherwise)

Investor company	Investee company	Location	Main businesses	Oringinal amount of investment		Shareholding at the end of the current period			Profit (loss) of the investee	Recognized investment gain (loss) for the period	Note
				End of the current period	End of the prior period	Shares	Percentage (%)	Carrying amount			
ChenFull International Co., Ltd.	Chenfeng Machinery & Enterprise Co., Ltd.	12F., No. 107, Sec. 4, Zhongxiao E. Rd., Da'an Dist., Taipei City, R.O.C. (Taiwan)	Business center operation and shoemaking machinery sales	\$132,880	\$132,880	15,280,000	100	\$ 177,436	\$26,124	\$ 26,124	Subsidiary
	CHEN FULL HOLDING CO., LTD.	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	Holding Company	60,448 (USD 2,000)	60,448 (USD 2,000)	-	100	78,115	(385)	(385)	Subsidiary
	ChenFull Precision Co., Ltd.	No. 28, Houke S. Rd., Houli Dist., Taichung City, R.O.C. (Taiwan)	Precision components and aviation equipment proceesing and manufacturing	372,780	372,780	37,278,000	63	1,162,295	207,690	130,849	Subsidiary
Chenfeng Machinery & Enterprise Co., Ltd.	ChenFull Precision Co., Ltd.	No. 28, Houke S. Rd., Houli Dist., Taichung City, R.O.C. (Taiwan)	Precision components and aviation equipment proceesing and manufacturing	-	23,516	-	-	-	-	171	Note 2
CHEN FULL HOLDING CO., LTD.	NEW OPPORTUNITY LIMITED	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	Holding Company	60,448 (USD 2,000)	60,448 (USD 2,000)	-	100	60,019 (USD 1,955)	(540) (USD-17)	(540) (USD -17)	Subsidiary
NEW OPPORTUNITY LIMITED	Chenfeng Machinery (Dongguan) Co., Ltd. (Note 1)	No, 23, Yanhe Rd., Houjie Town, Dongguan City, Guangdong Province, China	Precision machinery, shoemaking equipment, ventilation equipment, and related components sales and contracting	60,448 (USD 2,000)	60,448 (USD 2,000)	-	100	59,996 (USD 1,954)	(562) (USD -18)	(562) (USD -18)	Subsidiary

Note 1: For information about investee companies based in Mainland China, please refer to Table 5.

Not 2: Chenfeng Machinery & Enterprise Co., Ltd. disposed of all the shares of ChenFull Precision Co., Ltd. between Aplril and May, 2023; its period-end shareholding is 0%.

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Tawian Dollars, Unless Stated Otherwise)

Investee company in Mainland China	Main businesses	Paid-in capital	Method of investment (Note 1)	Accumulated outward remittance for investment from Taiwan as of the start of the period	Investment flow for the period		Accumulated outward remittance for investment from Taiwan as of the end of the period	Profit (loss) of the investee	Shreholding of direct or indirect investments (%)	Recognized investment gain (loss) for the period (Note 2)	Period-end carrying value of investments	Period-end accumulated investment profit repatriation
					Outflow	Inflow						
Chenfeng Machinery (Dongguan) Co., Ltd.	Precision machinery, shoemaking equipment, ventilation equipment, and related components sales and contracting	\$ 60,488 (USD2,000)	b	\$ 60,448 (USD 2,000)	\$ -	\$ -	\$ 60,448 (USD 2,000)	(\$ 562) (USD -18)	100	(\$ 562) (USD -18) b-(2)	\$ 59,996 (USD 1,954)	\$ 44,358 (USD 1,440)

Accumulated outward remittance for investment in Mainland China as of the end of the period	Investment amounts authorized by Investment Commission, MOEA	Limit on the amounts of investment stipulated by Investment Commission, MOEA
NTD 60,448 (USD 2,000)	NTD 60,448 (USD 2,000)	NTD 2,049,748 (USD 66,756)

Note 1: There are three types of investment method. Only the types should be labelled:

- a. Investments made directly in Mainland China
- b. Re-investments in Mainland China through a third-region investment company
- c. Other methods

Note 2: Recognized in investment profit and loss for the period:

- a. It shall be noted if no investment profit or loss can be reported because the investment is still under preparation.
- b. Investment profit or loss is basically recognized in the following three categories, which shall be noted:
 - (1) Financial statements audited and attested by international accounting firms in cooperation with accounting firms in the Republic of China
 - (2) Financial statements audited and attested by chartered accountants of the parent company in Taiwan
 - (3) Others

Note 3: The amounts in this Table is expressed in New Taiwan dollar. Foreign currencies are translated into New Taiwan dollar at the spot rates of the reporting date. (The spot rate of USD to TWD on December 31, 2023, was 30.705.)

INTERGROUP RELATIONSHIPS AND SIGNIFICANT INTERGROUP TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Tawian Dollars, Unless Stated Otherwise)

NO.	Transaction party	Counterparty	Relationship	Transaction details			
				Account	Amount (Note 4)	Terms	Percentage of the amount to the consolidated total revenue or assets
0	ChenFuall International	Chenfeng Machinery	1	Other receivables	\$ 343	Equivalent to general clients	0.01%
	ChenFuall International	Chenfeng Machinery	1	Rental income	998	Ditto	0.04%
	ChenFuall International	Chenfeng Machinery	1	Other income	3,086	Ditto	0.12%
	ChenFuall International	Chenfeng Machinery (Dongguan)	1	Purchase	602	Ditto	0.02%
	ChenFuall International	Chenfeng Machinery (Dongguan)	1	Sales revenue	13,321	Ditto	0.51%
	ChenFuall International	Chenfeng Machinery (Dongguan)	1	Other income	19	Ditto	-
	ChenFuall International	Chenfeng Machinery (Dongguan)	1	Contract liabilities	2,360	Ditto	0.05%
	ChenFuall International	Chenfeng Machinery (Dongguan)	1	Payables	731	Ditto	0.01%
	ChenFuall International	ChenFull Precision	1	Contract liabilities	59	Ditto	-
	ChenFuall International	ChenFull Precision	1	Other receivables	403	Ditto	0.01%
	ChenFuall International	ChenFull Precision	1	Rental income	4,920	Ditto	0.19%
	ChenFuall International	ChenFull Precision	1	Other income	14,787	Ditto	0.56%
	ChenFuall International	ChenFull Precision	1	Rental expense	96	Ditto	-
	ChenFuall International	ChenFull Precision	1	Manufacturing expense	33	Ditto	-

Note 1: Information of business accounts between the parent company and subsidiaries shall be labelled with numbers in the “NO.” column. The numbers are explained below:
(1) Parent company is numbered 0.
(2) Subsidiaries are numbered from 1 to onwards.

Note 2: There are three types of relationships. Only the types shall be labelled:
(1) From parent company to subsidiary
(2) From subsidiary to parent company
(3) From subsidiary to subsidiary

Note 3: The calculation of the percentage of the amount to the consolidated total revenue or assets is as follows: if the transaction is classified in asset liabilities, the percentage of the period-end balance to the consolidated total assets shall be calculated; if the transaction is classified in profit or loss, the percentage of mid-period accumulated amounts to the consolidated total revenue shall be calculated.

Note 4: Only one-way transactions are disclosed in this Table. The transactions above have been offset when preparing the consolidated financial statement.

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, UNREALIZED GAINS OR LOSSES, AND OTHER INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Tawian Dollars, Unless Stated Otherwise)

Investee company in Mainland China	Transaction type	Purchase and sale		Price	Transaction terms		Notes and trade receivables (payables)		Unrealized profit or loss	Note
		Amount	%		Payment terms	Compared with general transactions	Amount	%		
Chenfeng Machinery (Dongguan) Co., Ltd.	Sale Purchase	\$ 13,321	0.51	Same as general clients	Same as general clients	Same as general clients	\$ -	-	\$ -	
		602	0.02	Same as general clients	Same as general clients	Same as general clients	(731)	(0.01)	-	

INFORMATION OF KEY SHAREHOLDERS
FOR THE YEAR ENDED DECEMBER 31, 2023

Key shareholder	Shares	
	Shares held	Percentage
Futian Investment Co., Ltd.	9,004,180	7.91%

Note 1: The information of key shareholders in this Table is data of shareholders with more than 5% of the Company’s dematerialized registered/delivered ordinary and special shares (including treasury shares) calculated by Taiwan Depository & Clearing Corporation on the last operating date of the current quarter. The share capital and dematerialized shares registered/delivered in this consolidated financial statement might be different due to difference in the bases of calculation during preparation.

Note 2: The above information, if shares are delivered to a trust by the shareholders, is disclosed separately by the trustee in the individual trust account. As for shareholders who, pursuant to the Securities and Exchange Act, hold shares exceeding 10% and are required to report insiders’ shareholding, their holdings include both their own shares and those held in trust, with decision-making rights over trust assets. For information regarding insiders’ shareholding reporting, please refer to the Market Observation Post System.