

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Consolidated Financial Statements

**With Independent Auditor's Review Report
For the Three Months Ended March 31, 2024 and 2023**

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

Independent Auditors' Report

To the Board of Directors of Lien Hwa Industrial Holdings Corporation:

Introduction

We have reviewed the accompanying consolidated balance sheets of Lien Hwa Industrial Holdings Corporation and its subsidiaries (LHIHC Group) as of March 31, 2024 and 2023, and the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 4 (2) of the consolidated financial report, some of the non-important subsidiaries included in the consolidated financial report above are based on the financial reports of the investee companies that have not been reviewed by accountants during the same period. The total assets in 2024 and March 31, 2023 were \$7,889,177 thousand and \$6,335,521 thousand respectively, accounting for 8.81% and 8.81% of the total consolidated assets; the total liabilities were \$1,931,294 thousand and \$1,808,293 thousand, respectively. They accounted for 9.82% and 9.98% of the total consolidated

liabilities respectively; the comprehensive (loss) losses from January 1 to March 31, 2024 and 2023 were respectively \$390,662 thousand and \$140,441 thousand, accounting for 5.94% and 6.09 % of the consolidated comprehensive (profit) loss.

In addition to those mentioned in the previous paragraph, as stated in Note 6 (7) of the consolidated financial report, LHIHC Group adopted the equity method in 2024 and March 31, 2023. The investment is \$14,840,910 thousand and \$12,947,839 thousand, respectively, and the shares of related enterprises (profits) using the equity method from January 1 to March 31, 2024 and 2023 are \$244,222 thousand and \$435,855 thousand, based on the financial reports of the investee companies that have not been reviewed by accountants for the same period.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of LHIHC Group as of March 31, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

KPMG

Taipei, Taiwan (Republic of China)

May 10, 2024

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

The independent auditors' audit report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

Reviewed only, not audited in accordance with Standards on Auditing

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2024, December 31, 2023 and March 31

Unit: NT\$ Thousands

		2024.3.31		2023.12.31		2023.3.31				2024.3.31		2023.12.31		2023.3.31	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%	Amount	%
Current assets :								Current liabilities :							
1100	Cash and cash equivalent (note 6(1))	\$ 4,403,891	5	4,686,205	6	3,572,463	5	2100	Short-term loan (note 6(13))	\$ 7,907,000	9	7,787,000	10	7,378,000	11
1110	Financial assets measured at fair values through profit or loss- current(note 6(2))	485,510	1	554,907	-	124,007	-	2110	Short-term notes payable (note 6(14))	658,816	1	1,298,464	2	1,307,440	2
								2130	Contract liabilities– current (note 6(23))	2,324,418	3	1,874,557	2	1,764,135	2
1120	Financial assets measured at fair values through other comprehensive profit or loss- current (note 6(3) and 8)	922,607	1	836,658	1	517,186	1	2150	Notes payable (note 7)	9,059	-	64,730	-	8,612	-
								2170	Accounts payable (note 7)	1,661,882	2	2,455,020	3	1,311,438	2
1140	Contract assets – current (note 6(23))	5,488,256	6	4,993,031	6	4,806,986	7	2200	Other payables (note 6(21) and 7)	2,578,825	3	739,418	1	2,412,780	3
1150	Notes receivable, net (note 6(4))	272,075	-	282,401	-	256,065	1	2230	Current income tax liabilities	148,240	-	118,453	-	90,897	-
1170	Accounts receivable, net (note 6(4) and 7)	1,679,973	2	3,054,969	4	1,565,290	1	2280	Lease liabilities – current (note 6(17) and 7)	50,613	-	51,780	-	60,075	-
1200	Other receivables (note 6(5) and 7)	86,799	-	68,159	-	33,692	-	2320	Long-term liabilities, current portion (note 6(15))	300,000	-	309,166	-	131,919	-
1210	Other receivables due from related parties (note 6(5) and 7)	1,237,2023	1	4,952	-	407,270	1	2300	Other current liabilities	40,736	-	125,252	-	36,348	-
1220	Current income tax assets	3,042	-	3,589	-	3,110	-								
130X	Net inventory (note 6(6))	1,237,267	1	1,565,551	2	1,746,047	2		Non-current liabilities:						
1470	Other current assets (note 7 and 8)	533,794	1	561,676	1	456,064	1	2530	Bonds payable (note 6(16))	2,497,098	3	2,496,866	3	2,496,170	3
		16,350,326	18	16,612,098	20	13,488,180	19	2540	Long-term loan (note 6(15))	750,000	1	1,129,590	2	332,800	2
+	Non-current assets:							2570	Deferred income tax liabilities	159,856	-	158,936	-	159,241	-
1510	Non-current financial assets at fair value through profit or loss (note 6(2) and 8)	87,973	-	52,877	-	26,955	-	2580	Lease liabilities – non-current (note 6(17) and 7)	404,191	-	415,980	-	439,650	1
1517	Non-current financial assets at fair value through other comprehensive income (note 6(3))	41,815,672	47	37,224,457	44	30,932,772	43	2640	Net defined benefit liabilities – non-current	6,727	-	7,014	-	16,433	-
								2645	Deposits received(note 7)	75,816	-	90,977	-	78,300	-
1550	Investment under the equity method (note 6(7))	23,184,804	26	22,645,341	27	19,964,731	28	2670	Other non-current liabilities – other(note 7)	91,501	-	92,454	-	90,310	-
1600	Property, plant and equipment (note 6(10) and 8)	5,111,789	6	4,991,649	6	4,483,773	6			3,985,189	4	4,391,817	5	3,612,904	6
1755	Right-of-use assets (note 6(11) and 7)	502,278	1	515,427	1	549,436	1		Total liabilities	19,664,778	22	19,215,657	23	18,114,548	26
1760	Net investment property (note 6(12) and 8)	1,930,585	2	1,944,313	2	1,995,676	3		Equity attributable to the owners of the parent company						
1780	Intangible assets	239,211	-	245,878	-	146,894	-		(note 6(21)):						
1840	Deferred income tax assets	85,019	-	83,039	-	104,595	-	3110	Common stock share capital	15,837,396	18	15,837,396	19	14,801,305	21
1920	Guaranteed deposits paid (note 8)	165,118	-	149,062	-	154,832	-	3200	Additional paid-in capital	1,157,999	1	1,163,321	1	1,102,630	2
1975	Net defined benefit assets – non-current	35,989	-	35,985	-	37,479	-	3300	Retained earnings	14,355,558	16	15,308,863	18	13,259,358	18
1995	Other non-current assets- others (note 8)	34,228	-	83,194	-	44,933	-	3400	Other equities	16,844,329	19	13,432,597	16	8,135,821	11
		73,192,666	82	67,971,222	80	58,442,076	81	3500	Treasury stock	(136,868)	-	(136,868)	-	(136,868)	-
									Total equity attributable to the owners of the parent company	48,058,414	54	45,605,309	54	37,162,246	52
								36XX	Non-controlling interests	21,819,800	24	19,762,354	23	16,653,462	22
									Total equity	69,878,214	78	65,367,663	77	53,815,708	74
Total assets		\$ 89,542,992	100	84,583,320	100	71,930,256	100		Total liabilities and equity	\$ 89,542,992	100	84,583,320	100	71,930,256	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

Reviewed only, not audited in accordance with Standards on Auditing

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

January 1 to March 31, 2024 and 2023

Unit: NT\$ Thousands

		March 31, 2024		March 31, 2023	
		Amount	%	Amount	%
4000	Operating revenue (note 6(23) and 7)	\$ 3,050,500	100	2,871,445	100
5000	Operating cost (note 6(6) and 7)	2,500,227	82	2,452,126	85
	Operating gross profit	550,273	18	419,319	15
	Operating expenses:				
6100	Marketing expense(note 7)	167,631	5	176,185	6
6200	Management expense	138,945	4	122,103	5
6300	R&D expenses	19,236	1	12,586	-
6450	Estimate credit (reversal gain) loss (note 6(4))	(574)	-	(1,252)	-
		325,238	10	309,622	11
	Net operating profit	225,035	8	109,697	4
	Non-operating income and expenses:				
7100	Interest revenues (note 6(25))	34,020	1	30,712	1
7010	Other revenues (note 6(25))	187,568	6	169,014	6
7020	Other profit and loss (note 6(25))	18,936	1	2,533	-
7050	Financial cost (note 6(25))	(52,272)	(2)	(47,364)	(2)
7060	Shareholding in the profit or loss of the affiliated companies and joint ventures under the equity method (note 6(7))	822,365	27	904,921	32
		1,010,617	33	1,059,816	37
	Net income before tax	1,235,652	41	1,169,513	41
7951	Less: Income tax expenses (note 6(20))	30,989	1	13,634	1
	Net income	1,204,663	40	1,155,879	40
8300	Other comprehensive income:				
8310	Titles not reclassified into income				
8316	Unrealized valuation gains and losses from the equity instrument investment measured at fair value through other comprehensive income	4,526,479	148	872,960	30
8320	Share of other comprehensive income of affiliates and joint ventures under equity method	331,661	11	228,928	8
8349	Less: Income tax related to items not reclassified	-	-	-	-
	Total items not reclassified into profit or loss	4,858,140	159	1,101,888	38
8360	Titles potentially reclassified into income subsequently				
8361	Exchange difference in the financial statements of foreign operations	193,788	6	16,866	1
8370	Share of other comprehensive income of affiliates and joint ventures under equity method	318,682	10	31,409	1
8399	Less: Income tax related to items not reclassified	-	-	-	-
	Total items not reclassified into profit or loss	512,470	16	48,275	2
8300	Other comprehensive income in current period (net amount after tax)	5,370,610	175	1,150,163	40
	Total comprehensive income	\$ 6,575,273	215	2,306,042	80
	Net profit attributable to:				
8610	Parent company shareholders	\$ 1,099,135	37	1,089,558	38
8620	Non-controlling interests	105,528	3	66,321	2
	Net income	\$ 1,204,663	40	1,155,879	40
	Total comprehensive income attributable to:				
8710	Parent company shareholders	\$ 4,517,369	148	1,764,280	61
8720	Non-controlling interests	2,057,904	67	541,762	19
	Total comprehensive income	\$ 6,575,273	215	2,306,042	80
	EPS (unit: \$NTD) (note 6(23))				
9750	Basic earnings per share	\$ 0.70		0.69	
9850	Diluted earnings per share	\$ 0.70		0.69	

See accompanying notes to consolidated financial statements.

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LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Consolidated Statement of Changes in Shareholders' Equity

January 1 to March 31, 2024 and 2023

Unit: NT\$ Thousands

	Equity attributable to the owners of parent company										
	Retained earnings					Other equities		Treasury stocks	Total equity attributed to parent company shareholders	Non-controlling interests	Total equities
						Exchange difference in the financial statements of foreign operations	Unrealized loss and profit of financial assets at fair value calculated through other comprehensive income				
	Common stock share capital	Additional paid-in capital	Legal reserve	Special reserve	Undistributed earnings						
Balance on January 1, 2023	\$ 14,801,305	1,101,041	4,219,316	141,843	9,732,138	26,492	7,435,280	(136,868)	37,320,547	16,111,576	53,432,123
Net income	-	-	-	-	1,089,558	-	-	-	1,089,558	66,321	1,155,879
Other comprehensive income	-	-	-	-	-	46,629	628,093	-	674,722	475,441	1,150,163
Total comprehensive income	-	-	-	-	1,089,558	46,629	628,093	-	1,764,280	541,762	2,306,042
Allocation and distribution of earnings:											
Cash dividends on ordinary shares	-	-	-	-	(1,924,170)	-	-	-	(1,924,170)	-	(1,924,170)
Changes of affiliates and joint ventures under equity method	-	1,514	-	-	-	-	-	-	1,514	-	1,514
Increase/decrease in non-controlling equity	-	-	-	-	-	-	-	-	-	124	124
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	673	-	(673)	-	-	-	-
Others	-	75	-	-	-	-	-	-	75	-	75
Balance on March 31, 2023	\$ 14,801,305	1,102,630	4,219,316	141,843	8,898,199	73,121	8,062,700	(136,868)	37,162,246	16,653,462	53,815,708
Balance on January 1, 2024	\$ 15,837,396	1,163,321	4,616,536	141,843	10,550,484	(187,471)	13,620,068	(136,868)	45,605,309	19,762,354	65,367,663
Net income	-	-	-	-	1,099,135	-	-	-	1,099,135	105,528	1,204,663
Other comprehensive income	-	-	-	-	-	500,593	2,917,641	-	3,418,234	1,952,376	5,370,610
Total comprehensive income	-	-	-	-	1,099,135	500,593	2,917,641	-	4,517,369	2,057,904	6,575,273
Allocation and distribution of earnings:											
Cash dividends on ordinary shares	-	-	-	-	(2,058,861)	-	-	-	(2,058,861)	-	(2,058,861)
Changes of affiliates and joint ventures under equity method	-	(5,396)	-	-	6,502	-	(6,502)	-	(5,396)	-	(5,396)
Increase/decrease in non-controlling equity	-	35	-	-	-	-	-	-	35	-	35
Changes in ownership interests in subsidiaries	-	39	-	-	(81)	-	-	-	(42)	-	(42)
Increase/decrease in non-controlling equity	-	-	-	-	-	-	-	-	-	(458)	(458)
Balance on March 31, 2024	\$ 15,837,396	1,157,999	4,616,536	141,843	9,597,179	313,122	16,531,207	(136,868)	48,058,414	21,819,800	69,878,214

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

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LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash flows

January 1 to March 31, 2024 and 2023

Unit: NT\$ Thousands

	<u>March 31,2024</u>	<u>March 31,2023</u>
Cash flows from operating activities:		
Net income before tax	\$ 1,235,652	1,169,513
Adjustments:		
Income/expenses		
Depreciation expense	92,871	93,309
Amortization expense	9,444	8,304
Estimate credit (reversal gain) loss	(574)	(1,252)
Net earnings of financial assets and liabilities measured at fair value through profit or loss	(32,936)	843
Interest expense	52,272	47,364
Interest income	(34,020)	(30,712)
Dividend income	(349,679)	(322,710)
Shareholding in the profit of the affiliated companies and joint ventures under the equity method	(822,365)	(904,921)
Gain from the disposal and scrap of property, plants and equipment	(61)	-
Income/expenses	<u>(1,085,048)</u>	<u>(1,109,775)</u>
Changes in operating activities related assets and liabilities:		
Net changes in assets relating to operating activities:		
Contract assets	(495,225)	234,719
Receivable notes	10,326	48,697
Accounts receivable	1,376,112	117,960
Other receivable	(7,564)	(3,050)
Other receivable - related parties	39,153	-
Inventory	327,368	(8,663)
Other current assets	32,091	6,386
Net defined benefit assets	<u>(291)</u>	<u>(2,818)</u>
Net changes in liabilities relating to operating activities:	<u>1,281,970</u>	<u>393,231</u>
Net changes in operating liabilities:		
Contract liabilities	452,020	(22,860)
Notes payable	(55,671)	1,274
Accounts payable	(792,934)	(230,548)
Other payable	(178,847)	(65,703)
Other current liabilities	<u>(87,252)</u>	<u>(4,394)</u>
Net changes in liabilities relating to operating activities	<u>(662,684)</u>	<u>(322,231)</u>
Changes in operating activities related assets and liabilities	<u>619,286</u>	<u>71,000</u>
Adjustments	<u>(465,762)</u>	<u>(1,038,775)</u>
Cash flows from operating activities	769,890	130,738
Interest received	23,769	30,413
Dividend received	9,258	612,179
Interest paid	(44,131)	(39,552)
Income tax paid	<u>(2,050)</u>	<u>(3,682)</u>
Net cash inflow from operating activities	<u>756,736</u>	<u>730,096</u>

See accompanying notes to consolidated financial statements.

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LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash flows (continued)

January 1 to March 31, 2024 and 2023

Unit: NT\$ Thousand

	<u>March 31,2024</u>	<u>March 31,2023</u>
Cash flows from investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	33,583
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	3,882	3,250
Acquisition of financial assets at fair value through profit or loss	(197,582)	(93,793)
Proceeds from disposal of financial assets at fair value through profit or loss	268,844	43,836
Acquisition of investments using the equity method	(391)	-
Acquisition of property, plant and equipment	(260,689)	(44,194)
Acquisition of property, plant and equipment	80	-
Increase in refundable deposits	(16,000)	(35,300)
Acquisition of intangible assets	(2,777)	(9,769)
Acquisition of investment properties	4,103	(3,092)
Decrease (Increase) in other non-current assets	2,129	(4,944)
Net cash outflow from investing activities	<u>(198,401)</u>	<u>(110,423)</u>
Cash flows from financing activities:		
Increase in short-term loans	120,000	170,000
(Decrease) Increase in short-term notes payable	(639,648)	249,243
Retirement of long-term loan	(388,756)	(359,069)
(Decrease) Increase in guarantee deposits received	(15,325)	365
Payments of lease liabilities	(12,782)	(15,124)
Decrease in other non-current liabilities	(1,085)	(1,138)
Other financing activities	98	199
Net cash (outflow) inflow from financing activities	<u>(937,498)</u>	<u>44,476</u>
Effect of foreign exchange rate change	<u>96,849</u>	<u>(5,732)</u>
Current cash and cash equivalents (Decrease) increase	<u>(282,314)</u>	<u>658,417</u>
Opening balance of cash and cash equivalents	<u>4,686,205</u>	<u>2,914,046</u>
Closing balance of cash and cash equivalents	<u>\$ 4,403,891</u>	<u>3,572,463</u>

See accompanying notes to consolidated financial statements.

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Reviewed only, not audited in accordance with Standards on Auditing

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the three months ended March 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

I. Company history

Lien Hwa Industrial Holdings Corporation (Hereinafter referred to as “the Company”) was approved by the Ministry of Economic Affairs and founded in July, 1955. The Company merged with China Chemical Corporation on 1, 2002. To become more competitive and improve the business performance, the Company performed organizational reconstructing and established a professional breakdown system. It was resolved that September 1, 2019 was the base date of company demerger. The flour business and the rental business were split in the form of surviving spin-off and transferred to the subsidiaries, Lien Hwa Milling Corporation and Lien Hwa Property Development Corporation, respectively. After the demerger and transformation, the main business became general investment. And was registered at 10F, No. 209, Sec.1, Nangang Rd., Nangang Dist., Taipei City, Taiwan, R.O.C.

The main business of the Company and subsidiaries (hereinafter referred to as “consolidated company”) includes flour production and sale, real estate rental, integrated system service, automatic system and other electronic business.

II. Financial report approval date and procedures

The consolidated financial statements were approved and published by the Board of Directors on May 10, 2024.

III. New standards and interpretations not yet adopted

(I) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Consolidated Company has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2024.

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendment to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

(II) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC :

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 "Presentation and Disclosure in Financial Statements"	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> • A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined operating profit' subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company's main business activities. • Management Performance Measures (MPMs): The new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. • Greater disaggregation of information: The new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. 	January 1, 2027

The Consolidated Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Consolidated Company completes its evaluation.

The Consolidated Company does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture"
- IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"
- Amendments to IAS 21 "Lack of Exchangeability"

IV. Summary of Significant Accounting Policies

(I) Statement of compliance

The accompanying consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 "Interim Financial Reporting" which are endorsed and issued into effect by FSC and do not include all of the information required by the Regulations and International Financial Reporting Standards. International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements. °

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2023. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2023.

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

(II) Basis of consolidation

1. List of subsidiaries in the consolidated financial statements

List of subsidiaries in the consolidated financial statements were as follows:

Name of investor	Name of the Subsidiary	Business Nature	Proportion of Ownership (%)			Description
			2024.3.31	2023.12.31	2023.3.31	
The Company	Hua Cheng Investment Co., Ltd.	General investment	100.00%	100.00%	100.00%	(Note7)
"	Lien Rui Investment Corp.	"	100.00%	100.00%	100.00%	(Note7)
"	Fortune Dragon Holding Inc.	"	100.00%	100.00%	100.00%	
"	MiTAC Inc.	"	35.89%	35.89%	35.89%	
"	MiTAC Information Technology Corp.	Integrated system service, automatic system, applied software design and sale of industrial computer	38.77%	38.77%	43.93%	(Note 1)
"	Lien Hwa Property Development Corporation	Rental and leasing business	100.00%	100.00%	100.00%	
"	Asia Hydrogen Energy Corporation	Manufacture of machinery and equipment for power generation, transmission and distribution, and energy technology service.	50.927%	50.927%	-	(Note 2and 7)
"	Lien Hwa Milling Corporation	Flour production and sale	74.999%	74.999%	74.999%	
"	Lien Hwa Industrial Corporation	General investment	100.00%	100.00%	100.00%	(Note 7)
Hua Cheng Investment Co., Ltd.	Jian Foods Incorporation	Wholesaling and retailing business	0.001%	0.001%	0.001%	Hua Cheng Investment Co., Ltd. and Lien Rui Investment Corp. hold 97.091% of the shares of the company. It is therefore deemed as a subsidiary.(Note 7)

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

Name of investor	Name of the Subsidiary	Business Nature	Proportion of Ownership (%)			Description
			2024.3.31	2023.12.31	2023.3.31	
Hua Cheng Investment Co., Ltd.	Camel Ring International Company	Wholesaling and retailing business	0.16%	0.16%	0.16%	Hua Cheng Investment Co., Ltd. and Lien Rui Investment Corp. hold 100% of the shares of the company. It is therefore deemed as a subsidiary ° (Note 7)
"	MiTAC Inc.	General investment	1.95%	1.95%	1.95%	
"	MiTAC Information Technology Corp	Integrated system service, automatic system, applied software design and sale of industrial computer	5.30%	5.30%	6.00%	(Note1)
"	Lien Hwa Milling Corporation	Flour production and sale	0.001%	0.001%	0.001%	Hua Cheng Investment Co., Ltd. and Lien Rui Investment Corp. hold 75% of the shares of the company. It is therefore deemed as a subsidiary.
"	Asia Hydrogen Energy Corporation	Manufacture of machinery and equipment for power generation, transmission and distribution, and energy technology service.	0.007%	0.007%	-	Hua Cheng Investment Co., Ltd. and Lien Rui Investment Corp. hold 50.934% of the shares of the company. It is therefore. (Note 7)

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

Name of investor	Name of the Subsidiary	Business Nature	Proportion of Ownership (%)			Description
			2024.03.31	2023.12.31	2023.3.31	
Lien Rui Investment Corp.	Jian Foods Incorporation	Wholesaling and retailing business	97.09%	97.09%	95.86%	(Note 3and 7)
"	Oggi Restaurant Group Co., Ltd.	Restaurant business	100.00%	100.00%	100.00%	(Note 7)
"	Camel Ring International Company	Wholesaling and retailing business	99.84%	99.84%	99.84%	(Note 7)
Fortune Dragon Holding Inc.	Pacific Gateway Holdings Inc.	General investment	100.00%	100.00%	100.00%	
"	Hifood Co., Ltd.	"	65.81%	65.81%	65.81%	(Note 7)
"	Sun Lead International Limited	"	100.00%	100.00%	100.00%	(Note 7)
Pacific Gateway Holdings Inc.	Yantai Taihwa Food Industrial Co., Ltd.	Flour production and sale	100.00%	100.00%	100.00%	
Hifood Co., Ltd.	Hifood (Shanghai) Co., Ltd.	Rental and leasing business	100.00%	100.00%	100.00%	(Note 7)
MiTAC Inc.	Mix System Holdings Ltd. (MIX)	General investment	100.00%	100.00%	100.00%	(Note 7)
"	Ho Li Investment Co., Ltd.	"	100.00%	100.00%	100.00%	(Note 7)
"	MiTAC Hikari Corp.	System integration service	50.00%	50.00%	50.00%	(Note 7)
"	MiTAC Information Technology Corp	Integrated system service, automatic system, applied software design and sale of industrial computer	33.21%	33.18%	24.40%	(Note 4)
"	MiTAC Advance Technology Corp.	Information Software Services, Computer and Peripheral Equipment Manufacturing, Other Electrical Engineering and Electronic Machinery Equipment Manufacturing	11.05%	11.05%	-	MiTAC Inc. and MiTAC Information Technology Corp. hold 70.5% of the shares of the company. It is therefore deemed as a subsidiary. (Note 5)

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

Name of investor	Name of the Subsidiary	Business Nature	Proportion of Ownership (%)			Description
			2024.03.31	2023.12.31	2023.3.31	
MIX	Mitac Investment China Co., Ltd. (MICCL)	General investment	100.00%	100.00%	100.00%	(Note 7)
MICCL	Mitac (Shanghai) Business Management Consulting Co., Ltd	Business management consulting, business information consulting and system integration services	100.00%	100.00%	100.00%	(Note 7)
Mitac (Shanghai) Business	Claridy Solutions (Wuxi), Inc.	Research and development of Radio Frequency	6.33%	6.33%	10.31%	Mitac (Shanghai) Business and Aidixun hold 100% of the shares of the company. It is therefore deemed as a subsidiary.(Note 7)
MiTAC Information Technology Corp.	MiTAC Communication Co., Ltd.	Sale, rental and maintenance of telephone switching systems and data communication products, communication system project contracting	100.00%	100.00%	100.00%	(Note 7)
"	Samoa Mitac Information Holding Ltd. (MiTAC Information Holding Co., Ltd.)	General investment	100.00%	100.00%	100.00%	(Note 7)
"	Mitac Information Technology (Singapore) Pte. Ltd	Semiconductor Facility Monitoring and Control System engineering, Network Communication System engineering	100.00%	100.00%	100.00%	(Note 7)
"	General Resources Co.	Railway E&M system engineering 、 Environmental protection solutions engineering (exhaust gas system treatment)	100.00%	100.00%	100.00%	(Note 7)

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

Name of investor	Name of the Subsidiary	Business Nature	Proportion of Ownership (%)			Description
			2024.03.31	2023.12.31	2023.3.31	
MiTAC Information Technology Corp.	MiTAC Advance Technology Corp.	Information Software Services, Computer and Peripheral Equipment Manufacturing, Other Electrical Engineering and Electronic Machinery Equipment Manufacturing	59.45%	59.45%	-	(Note 5)
General Resources Co.	General Resources Company (HK) Limited	Railway E&M system engineering	100.00%	100.00%	100.00%	(Note 7)
"	GENERAL RESOURCES VIETNAM COMPANY LIMITED	Railway E&M system engineering	100.00%	100.00%	100.00%	(Note 7)
MiTAC Information Holding Co., Ltd.	Aidixun Investment Co., Ltd.(Aidixun)	General investment	100.00%	100.00%	100.00%	(Note 7)
Aidixun	Claridy Solutions (Wuxi), Inc.	Research and development of Radio Frequency Identification (RFID) technology; production and sale of the products	93.67%	93.67%	89.69%	(Note 6 、 7)
"	Claridy Solutions (Nanjing), Inc.	Software research and development and software design	-	-	100.00%	(Note 6 、 7)

Note 1. MiTAC Information Technology Corp. carried out a cash capital increase of NT\$ 240,000 thousand on August 18, 2023. The company and Hua Cheng Investment Co., Ltd. relinquished their subscription shares on September 21, 2023.

Note 2. The consolidated company invested in Asia Hydrogen Energy Corporation on November 30, 2023, with a total investment amount of NT\$303,958 thousand and shareholding ratio of 50.934%.

Note 3. Jian Foods Incorporation conducted a cash capital increase of NT\$36,000 thousand on August 22, 2023, all of which were subscribed by Lien Rui Investment Corp.

Note 4. MiTAC Information Technology Corp. carried out a cash capital increase of NT\$240,000 thousand on August 18, 2023, with MiTAC Inc. subscribed for NT\$237,054 thousand.

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

Note 5. MiTAC Information Technology Corp. invested in the establishment of MiTAC Advance Technology Corp. on July 27, 2023, with a total investment of NT\$1,000 thousand and shareholding ratio is 100%. Additionally, in August 18, 2023, the board of directors decided to spin off its Innovation Technology business group to Shenyao Technology Co., Ltd. On August 18, 2023, the board of directors approved the division of its innovative technology business group to MiTAC Advance Technology Corp. were exchanged for 50,000 thousand shares of common stock at NT\$10 per share, totaling 50,100 thousand shares. The record date of the division is November 1, 2023. MiTAC Advance Technology Corp. conducted cash capital increase of 4,900 thousand shares on November 24, 2023 and 35,000 thousand shares on December 6, 2023. MiTAC Information Technology Corp. subscribed for a total of 3,410 thousand shares. , MiTAC Inc. subscribed for a total of 9,943 thousand shares.

Note 6. The consolidated company conducted an investment structure adjustment in October 2023 and merged Claridy Solutions (Wuxi), Inc. and Claridy Solutions (Nanjing), Inc. After the merger, Claridy Solutions (Nanjing), Inc. became an eliminated company, and Claridy Solutions (Wuxi), Inc. as the surviving company. The adjusted shareholding ratio in Claridy Solutions (Wuxi), Inc. increased from 89.69% to 93.67% .

Note 7. Non-significant subsidiary, whose financial statements have not been reviewed by auditors.

2. The subsidiaries that are not included in the consolidated financial statements: None.

(III) Income Tax

The consolidated company measures and discloses the income tax expenses of the interim period in accordance with the provisions of paragraph B12 of the International Accounting Standard No. 34 "Interim Financial Reporting" recognized by the FSC. Income in period tax expenses are measured by multiplying the net profit before tax during the reporting period by the management's best estimate of the estimated effective tax rate for the whole year, and are fully recognized as current income tax expenses. Income tax expenses that are directly recognized in equity items or other comprehensive profit and loss items are measured at the applicable tax rate when the book value of the relevant assets and liabilities for financial reporting purposes and their tax bases are temporarily different.

(IV) Employee

Pension cost for an inter period is calculated on a year-to-basis by using the actuarially determined pension cost tare at the end of the prior fiscal year plus any adjustments for significant post-market fluctuation, curtailment, settlements, or other one-time evets.

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

V. The Primary Sources of Uncertainties in Major Accounting Judgements, Estimates, and Assumptions

The preparation of the consolidated financial statements in conformity with the Regulations and the IFRSs (in accordance with IAS 34 "Interim Financial Reporting" and endorsed by the FSC) requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Except for the following disclosures, the preparation of the consolidated interim financial statements, estimates and underlying assumptions are received on an ongoing basis which is in conformity with the consolidated interim financial statements for the year ended December 31, 2023. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2023.

The accounting policies involve significant judgments and have no material impact on the recognized amounts in these consolidated financial statements (such as the assessment of whether the subsidiary is under substantive control). The information is as follows:

The consolidated company holds 32.40% of the voting shares of UPC Technology Corporation. Although the remaining 67.60% of the shares of UPC Technology Corporation are not concentrated in any specific shareholder, the consolidated company still cannot obtain a majority of the board seats of UPC Technology Corporation. After evaluation, it has been determined that the consolidated company does not have the rights associated with a majority of the voting shares, and therefore cannot direct the decisions related to the activities of its board of directors and shareholders' meetings. Consequently, the consolidated company is deemed not to have control over UPC Technology Corporation but rather to have significant influence.

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

VI. Descriptions of Material Accounting Subjects

Except for the following, there are no significant differences in description of significant accounts from consolidated financial statements as December 31, 2023. For relevant information, please refer to Note 6 of the consolidated financial statements for the year ended December 31, 2023.

(I) Cash and cash equivalent

	<u>2024.3.31</u>	<u>2023.12.31</u>	<u>2023.3.31</u>
Cash	\$ 2,015	2,045	2,456
Demand deposits	1,464,484	1,899,227	1,440,809
Time deposits	2,937,392	2,784,933	2,129,198
	<u>\$ 4,403,891</u>	<u>4,686,205</u>	<u>3,572,463</u>

For the interest rate risk and sensitivity analysis disclosure of the consolidated company's financial assets and liabilities, please refer to Note 6(26) .

(II) Financial assets at fair value through profit and loss

	<u>2024.3.31</u>	<u>2023.12.31</u>	<u>2023.3.31</u>
Financial assets at fair value enforced through profit or loss			
Stock warrants	\$ 87,973	52,877	26,955
Fund benefit certificates	375,529	520,391	10,008
Structured deposits	109,981	34,516	113,999
	<u>\$ 573,483</u>	<u>607,784</u>	<u>150,962</u>

The financial assets stated above are not used as long-term loan or financing collateral .

(III) Financial assets at fair value through other comprehensive income

	<u>2024.3.31</u>	<u>2023.12.31</u>	<u>2023.3.31</u>
Equity instruments at fair value through other comprehensive income :			
Stock listed in domestic markets	\$ 39,326,301	34,865,769	27,583,763
Stock listed in foreign markets	684,877	551,406	385,591
Stock unlisted in domestic markets	1,538,688	1,477,728	1,919,640
Stock unlisted in foreign markets	1,188,413	1,166,212	1,560,964
	<u>\$ 42,738,279</u>	<u>38,061,115</u>	<u>31,449,958</u>

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

The equity instrument investment held by the consolidated company is for strategic investment instead of trading purposes, and therefore is designated to be measured at fair value through other comprehensive income °.

The Group sold financial assets at fair value through other comprehensive income in 2023. At the time of their disposal, the fair values were NT\$33,583 thousand, and the aggregated incomes from the disposals were NT\$673 thousand. Therefore, the aforesaid aggregated incomes from disposals were transferred to the retained earnings from other equity.

For the credit risk and market risk information, please refer to Note 6(26).

For information of the partial financial assets provided as collaterals stated above, please refer to Note 8.

(IV) Notes and accounts receivable

	2024.3.31	2023.12.31	2023.3.31
Notes receivable	\$ 272,075	282,401	256,065
Accounts receivable	1,687,745	3,063,182	1,575,124
Less: Loss allowance	(7,772)	(8,213)	(9,834)
	<u>\$ 1,952,048</u>	<u>3,337,370</u>	<u>1,821,355</u>

For the flour business, rental business and other departments of the consolidated company, the consolidated company applies simplified method to estimate the expected credit losses of all notes and accounts receivable, i.e. using the expected credit losses throughout the duration for measurement. For this measurement purpose, the notes and accounts receivable is classified according to the common credit risk features concerning the representative customers' capacity of paying all amount due on the contract and is included in the forward-looking information. For the expected credit losses of the notes and accounts receivable in relation to the flour business, rental business and other departments of the consolidated company, the analysis is as follows:

	2024.3.31	
	Book value of notes and accounts receivable	Weighted-average expected credit loss rate
		Expected credit loss
Current	\$ 935,932	0.00%~0.01% 65
Under 30 days past due	2,583	0.02%~2.58% 25
Overdue for 31~60 days	455	0% -
	<u>\$ 938,970</u>	<u>90</u>

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

	2023.12.31		
	Book value of notes and accounts receivable	Weighted- average expected credit loss rate	Expected credit loss
Current	\$ 956,238	0.00%~0.01%	2
Under 30 days past due	15,947	0.02%~1.35%	8
Overdue for 31~60 days	5,777	0%	-
Overdue for 61~90 days	5,240	0%	-
	<u>\$ 983,202</u>		<u>10</u>

	2023.3.31		
	Book value of notes and accounts receivable	Weighted- average expected credit loss rate	Expected credit loss
Current	\$ 906,401	0.00%~0.01%	2
Under 30 days past due	6,056	0.02%~0.21%	3
Individual evaluation	307	100%	307
	<u>\$ 912,764</u>		<u>312</u>

The consolidated company's business entity of integrated system service recognizes the loss allowance of the receivables for all notes and accounts receivable based on the expected credit losses throughout the duration. The expected credit losses throughout the duration takes the past default record of the customer, the present financial status and the economic situation of the industry into consideration and applies different customer's credit ratings of the receivables to establish the rate of expected credit losses. 100% of loss allowance shall be recognized if there is evidence showing that the trading counterpart is facing serious financial difficulty and the recoverable amount cannot be reasonably expected.

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

For the expected credit losses of the notes and accounts receivable in relation to the system integration business of the consolidated company, the analysis is as follow:

	2024.3.31	
	Book value of notes and accounts receivable	Expected credit loss
Individual-evaluation–undue	\$ 856,899	148
Individual-evaluation–overdue	163,951	7,534
	<u>\$ 1,020,850</u>	<u>7,682</u>

	2023.12.31	
	Book value of notes and accounts receivable	Expected credit loss
Individual-evaluation–undue	\$ 2,043,768	148
Individual-evaluation–overdue	318,613	8,055
	<u>\$ 2,362,381</u>	<u>8,203</u>

	2023.3.31	
	Book value of notes and accounts receivable	Expected credit loss
Individual-evaluation–undue	\$ 643,704	148
Individual-evaluation–overdue	274,721	9,374
	<u>\$ 918,425</u>	<u>9,522</u>

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

The statement of changes in the loss allowance for the notes and accounts receivable of the consolidated company is as follows:

	2024 January to March	2023 January to March
Beginning balance	\$ 8,213	13,436
Recognized (reversed) impairment loss	(574)	(1,252)
Amounts irrecoverable and written off in the current period	-	(2,260)
Effect of changes in foreign exchange rates	133	(90)
Ending balance	<u>\$ 7,772</u>	<u>9,834</u>

The financial assets stated above are not used as long-term loan or financing collateral.

(V) Other receivable

	2024.3.31	2023.12.31	2023.3.31
Other receivables - related parties	\$ 1,237,203	4,952	407,270
Others	86,799	68,159	33,692
Less: Loss allowance	-	-	-
	<u>\$ 1,323,911</u>	<u>73,111</u>	<u>440,962</u>

According to the historical experience, other receivables stated above is estimated to have no expected credit losses generated since there are no defaults throughout the duration, therefore the rate of its expected credit losses is estimated to be zero.

(VI) Inventory

	2024.3.31	2023.12.31	2023.3.31
Raw material and consumables	\$ 690,650	1,055,686	1,197,579
Work in progress	76,270	77,395	89,328
Finished goods	215,366	195,075	226,252
System integration products	254,981	237,395	232,888
	<u>\$ 1,237,267</u>	<u>1,565,551</u>	<u>1,746,047</u>

From January 1 to March 31, 2024, an inventory write-down to net realizable value resulted in an inventory valuation loss of NT\$1,089 thousand, which has been recognized as cost of goods sold. From January 1 to March 31, 2023, due to the disappearance of factors that previously caused the net realizable value of inventory to fall below cost, the net realizable value of inventory increased, resulting in a reversal of inventory write-down of NT\$5,259 thousand.

As of March 31, 2024, December 31 and March 31, 2023, the consolidated company had not pledged its inventory as collaterals.

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

(VII) Investment under the equity method

The consolidated company's investment under the equity method on the reporting date is as follows:

	<u>2024.3.31</u>	<u>2023.12.31</u>	<u>2023.3.31</u>
Affiliates	<u>\$ 23,184,804</u>	<u>22,645,341</u>	<u>19,964,731</u>

1. Affiliated enterprises

The information about affiliates important to the consolidated company is stated as follows:

<u>Name of Affiliate</u>	<u>Nature of relationship with consolidated company</u>	<u>Principal business place/country where the company is registered</u>	<u>Proportion of ownership and voting right</u>		
			<u>2024.3.31</u>	<u>2023.12.31</u>	<u>2023.3.31</u>
UPC Technology Corporation and its subsidiaries	The affiliate of the consolidated company which primarily engaged in producing and selling organic acid, acid anhydride and its derivatives, plastic toughened.	Taiwan	32.40%	32.43%	32.63%
Linde LienHwa Industrial Gases Co., Ltd. and its subsidiaries	The affiliate of the consolidated company which primarily engaged in manufacturing liquid and industrial gases such as helium, hydrogen and ethane.	Taiwan	50.00%	50.00%	50.00%

For listed affiliates important to the consolidated company, its fair value is stated as follows:

	<u>2024.3.31</u>	<u>2023.12.31</u>	<u>2023.3.31</u>
UPC Technology Corporation and its subsidiaries	\$ 5,692,366	6,530,111	6,186,421

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

The summarized financial information of affiliates important to the consolidated company is shown below. The financial information has adjusted the amounts included in each affiliate's consolidated financial statements adopting the IFRSs to reflect the fair value adjustment made by the consolidated company upon the acquisition of the affiliate stock and adjustment made according to the accounting policy differences.

- (1) Summarized financial information of the UPC Technology Corporation and its subsidiaries

	2024.3.31	2023.12.31	2023.3.31
Current assets	\$ 24,770,478	20,812,329	21,314,011
Non-current assets	36,636,252	34,844,340	31,265,532
Current liabilities	(12,529,534)	(8,634,420)	(15,408,368)
Non-current liabilities	(17,925,452)	(16,972,718)	(10,539,495)
Net assets	<u>\$ 30,951,744</u>	<u>30,049,531</u>	<u>26,631,680</u>
Net assets attributable to investee	<u>\$ 30,951,744</u>	<u>30,049,531</u>	<u>26,631,680</u>

	2024 January to March	2023 January to March
Operating revenue	<u>\$ 17,825,490</u>	<u>15,906,445</u>
Net(loss) profit from continuing operations	\$ (780,660)	32,412
Other consolidated income	1,938,024	743,838
Total comprehensive income	<u>\$ 1,157,364</u>	<u>776,250</u>
Total comprehensive income attributable to investee	<u>\$ 1,157,364</u>	<u>776,250</u>

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

	2024 January to March	2023 January to March
Consolidated company's shares of the affiliate's net assets at the beginning	\$ 9,654,806	8,430,216
Total comprehensive income attributable to the consolidated company in current period	369,309	254,804
Dividend acquired from affiliates in current period	<u>(85,923)</u>	<u>(85,923)</u>
Book value concerning the consolidated company's equity in affiliates at the ending	<u>\$ 9,938,192</u>	<u>8,599,097</u>

(2) Summarized financial information of Linde LienHwa Industrial Gases Co., Ltd. and its subsidiaries

	2024.3.31	2023.12.31	2023.3.31
Current assets	\$ 18,273,841	14,100,755	16,295,603
Non-current assets	41,406,280	40,574,086	39,189,622
Current liabilities	(24,513,313)	(20,865,255)	(23,999,373)
Non-current liabilities	<u>(5,879,224)</u>	<u>(5,515,673)</u>	<u>(5,965,678)</u>
Net assets	<u>\$ 29,287,584</u>	<u>28,293,913</u>	<u>25,520,174</u>
Net assets attributable to non-controlling equity	<u>\$ 4,380,980</u>	<u>4,082,843</u>	<u>4,047,036</u>
Net assets attributable to investee	<u>\$ 24,906,604</u>	<u>24,211,070</u>	<u>21,473,138</u>

	2024 January to March	2023 January to March
Operating revenue	<u>\$ 9,567,712</u>	<u>9,355,417</u>
Net profit from continuing operations	\$ 2,751,641	2,051,541
Other consolidated income/loss	<u>(1,768,141)</u>	<u>53,174</u>
Total comprehensive income	<u>\$ 983,501</u>	<u>2,104,715</u>
Total comprehensive income attributable to non-controlling equity	<u>\$ 287,967</u>	<u>278,976</u>
Total comprehensive income attributable to investee	<u>\$ 695,534</u>	<u>1,825,739</u>

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

	2024 January to March	2023 January to March
Consolidated company's shares of the affiliate's net assets at the beginning	\$ 12,174,685	9,825,497
Total comprehensive income attributable to the consolidated company in current period	1,017,590	939,087
Dividend acquired from affiliates in current period	<u>(800,409)</u>	<u>-</u>
Book value concerning the consolidated company's equity in affiliates at the ending	<u>\$ 12,391,866</u>	<u>10,764,584</u>

The financial information about the individually unimportant affiliates of the consolidated company under the equity method is summarized as follows. The financial information refers to the amounts included into the consolidated financial statements of the consolidated company:

	2024.3.31	2023.12.31	2023.3.31
Summarized book value of equity in individually unimportant affiliate at the ending	<u>\$ 854,746</u>	<u>815,850</u>	<u>601,050</u>

	2024 January to March	2023 January to March
Shares attributable to the consolidated company:		
Net profit from continuing operations	10,555	8,056
Other consolidated income/loss	<u>28,340</u>	<u>18,765</u>
Total comprehensive income	<u>\$ 38,895</u>	<u>26,821</u>

2. Collateral

As of March 31, 2024, December 31 and March 31, 2023 the investment under the equity method of the consolidated company had not been pledged as collaterals.

(VIII) Subsidiaries with significant non-controlling equity

Subsidiaries with non-controlling equity important to the consolidated company are listed as follows:

Name of subsidiary	Principal business place/country where the company is registered	<u>Ownership and voting right proportion of non-controlling equity</u>		
		2024.3.31	2023.12.31	2023.3.31
MiTAC Inc.	Taiwan	62.16%	62.16%	62.16%

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The summarized financial information of the above subsidiaries is listed as follows. The financial information is prepared in accordance with the IFRSs approved by FSC and reflects the fair value adjustment made upon the acquisition date of the consolidated company and adjustment made according to the accounting policy differences. Also, the financial information refers to the amount of the inter-company transactions before canceling.

Summarized financial information of the MiTAC Inc. and its subsidiaries:

	2024.3.31	2023.12.31	2023.3.31
Current assets	\$ 2,079,287	2,327,831	2,276,541
Non-current assets	31,485,952	28,451,359	24,206,413
Current liabilities	(669,354)	(1,166,712)	(1,018,854)
Non-current liabilities	(76,215)	(76,398)	(74,013)
Net assets	\$ 32,819,670	29,536,080	25,390,087
Book value of non-controlling equity at the ending	\$ 20,412,819	18,371,448	15,794,256

	2024 January to March	2023 January to March
Revenue	\$ 181,113	153,750
Net income	\$ 147,372	127,326
Other consolidated income/loss	3,136,093	760,312
Total comprehensive income	\$ 3,283,465	887,638
Net profit attributable to non-controlling equity	\$ 91,898	79,090
Total comprehensive income attributable to non-controlling equity	\$ 2,041,293	551,700
Cash flows from operating activities	\$ (3,610)	(5,268)
Cash flows from investment activities	451,659	(76,475)
Cash flows from financing activity	(489,041)	29,061
Foreign exchange rate effect	8,605	(1,303)
Increase (decrease in) cash and cash equivalents	\$ (32,387)	(53,985)

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(IX) Acquisition of subsidiaries and non-controlling equity

The consolidated company acquired 50.934% equity of Asia Hydrogen Energy Corporation on November 30, 2023 (acquisition date) for NT\$ 505,022 thousand (including non-controlling interests) and gained control over the company.

There were no significant changes between January 1 and March 31, 2024. For related information, please refer to Note 6(9) of the consolidated financial statements for the year ended December 31, 2023.

(X) Property, plant and equipment

The details of changes in the property, plant, and equipment of the consolidated company are as follows:

	Land	Building and structure	Machine & equipment	Transportat ion equipment	Office equipment	Other equipment	Construction in progress	Total
Cost or identified cost:								
Balance as at Jan. 1, 2024	\$ 2,148,505	2,783,714	1,460,789	48,030	64,749	666,842	666,486	7,839,115
Additions	-	639	-	-	11	2,676	166,832	170,158
Transfer in	-	4,103	24,678	-	-	1,216	-	29,997
Transfer out	-	(1,487)	-	-	(61)	-	(26,628)	(28,176)
Disposal	-	-	(206)	-	(579)	(2,688)	-	(3,473)
Effect of foreign exchange rate change	-	11,077	9,956	216	499	935	-	22,683
Balance as at Mar. 31, 2024	<u>\$ 2,148,505</u>	<u>2,798,046</u>	<u>1,495,217</u>	<u>48,246</u>	<u>64,619</u>	<u>668,981</u>	<u>806,690</u>	<u>8,030,304</u>
Balance as at Jan. 1, 2023	\$ 2,148,505	2,786,017	1,276,400	50,094	70,090	685,110	236,447	7,252,663
Additions	-	1,614	-	286	154	2,261	23,332	27,647
Transfer in	-	3,766	4,098	-	-	9,299	-	17,163
Transfer out	-	-	-	-	-	-	(29,631)	(29,631)
Disposal	-	(1,458)	(3,200)	(412)	(319)	(1,439)	-	(6,828)
Effect of foreign exchange rate change	-	3,001	2,818	55	2023	239	73	6,298
Balance as at Mar. 31, 2023	<u>\$ 2,148,505</u>	<u>2,792,940</u>	<u>1,280,116</u>	<u>50,023</u>	<u>70,037</u>	<u>695,470</u>	<u>230,221</u>	<u>7,267,312</u>

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Notes to the Consolidated Financial Statement

	Land	Building and structure	Machine & equipment	Transportat ion equipment	Office equipment	Other equipment	Construction in progress	Total
Depreciation and impairment loss: :								
Balance as at Jan. 1, 2024	\$ -	1,315,209	1,002,398	29,580	42,752	457,527	-	2,847,466
Current depreciation	-	18,773	20,919	718	2,128	16,793	-	59,331
Transfer out	-	(948)	-	-	-	-	-	(948)
Disposal	-	-	(206)	-	(566)	(2,682)	-	(3,454)
Effect of foreign exchange rate change	-	5,266	9,670	178	370	636	-	16,120
Balance as at Mar. 31, 2024	<u>\$ -</u>	<u>1,338,300</u>	<u>1,032,781</u>	<u>30,476</u>	<u>44,684</u>	<u>472,274</u>	<u>-</u>	<u>2,918,515</u>
Balance as at Jan. 1, 2023	\$ -	1,248,488	961,232	29,225	44,717	444,857	-	2,728,519
Current depreciation	-	19,207	16,035	925	2,136	19,181	-	57,484
Disposal	-	(1,458)	(3,200)	(412)	(319)	(1,439)	-	(6,828)
Effect of foreign exchange rate change	-	1,333	2,757	49	78	147	-	4,364
Balance as at Mar. 31, 2023	<u>\$ -</u>	<u>1,267,570</u>	<u>976,824</u>	<u>29,787</u>	<u>46,612</u>	<u>462,746</u>	<u>-</u>	<u>2,783,539</u>
Book value :								
Balance as at Jan. 1, 2024	<u>\$ 2,148,505</u>	<u>1,468,505</u>	<u>458,391</u>	<u>18,450</u>	<u>21,997</u>	<u>209,315</u>	<u>666,486</u>	<u>4,991,649</u>
Balance as at Mar. 31, 2024	<u>\$ 2,148,505</u>	<u>1,459,746</u>	<u>462,436</u>	<u>17,770</u>	<u>19,935</u>	<u>196,707</u>	<u>806,690</u>	<u>5,111,789</u>
Balance as at Jan. 1, 2023	<u>\$ 2,148,505</u>	<u>1,537,529</u>	<u>315,168</u>	<u>20,869</u>	<u>25,373</u>	<u>240,253</u>	<u>236,447</u>	<u>4,524,144</u>
Balance as at Mar. 31, 2023	<u>\$ 2,148,505</u>	<u>1,525,370</u>	<u>303,292</u>	<u>20,236</u>	<u>23,425</u>	<u>232,724</u>	<u>230,221</u>	<u>4,483,773</u>

1. Collateral

As of March 31, 2024, December 31 and March 31, 2023 please refer to Note 8 for the details of financing collateral. °

(XI) Right-of-use assets

The details of changes in the cost and depreciation of the land, buildings and transportation equipment rented by the consolidated company are as follows:

	Land	Building and structure	Machine & equipment	Transporta tion equipment	Total
Book value:					
Balance as at Jan. 1, 2024	<u>\$ 65,318</u>	<u>208,377</u>	<u>231,560</u>	<u>10,172</u>	<u>515,427</u>
Balance as at Mar. 31, 2024	<u>\$ 65,732</u>	<u>199,603</u>	<u>227,722</u>	<u>9,221</u>	<u>502,278</u>
Balance as at Jan. 1, 2023	<u>\$ 66,035</u>	<u>236,322</u>	<u>246,912</u>	<u>3,934</u>	<u>553,203</u>
Balance as at Mar. 31, 2023	<u>\$ 65,608</u>	<u>231,271</u>	<u>243,074</u>	<u>9,483</u>	<u>549,436</u>

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During the periods from January 1 to March 31, 2024, and 2023, there were no significant additions, impairments, or reversals recognized for right-of-use assets related to leased land, buildings, and transportation equipment by the consolidated company. Please refer to Note 6(11) of the consolidated financial statements for the year ended December 31, 2023.

(XII) Investment property

Investment property comprises a number of commercial properties that are leased to third parties. Each of the leases contains an initial non-cancellable period of 5 years. Subsequent renewals are negotiable with the lessee, and no contingent rents are charged.

The details of investment property of the consolidated company are as follows: :

	Self-owned assets		Total
	Land and improvements	Building and structure	
Book value:			
Balance as at Jan. 1, 2024	<u>\$ 633,307</u>	<u>1,311,006</u>	<u>1,944,313</u>
Balance as at Mar. 31, 2024	<u>\$ 633,307</u>	<u>1,297,278</u>	<u>1,930,585</u>
Balance as at Jan. 1, 2023	<u>\$ 624,918</u>	<u>1,377,452</u>	<u>2,002,370</u>
Balance as at Mar. 31, 2023	<u>\$ 624,918</u>	<u>1,370,758</u>	<u>1,995,676</u>

The fair value of the consolidated company's investment property is not significantly different from the information disclosed in Note 6(12) of the 2023 consolidated financial report.

As of March 31, 2024, December 31 and March 31, 2023, please refer to Note 8 for the details of the long-term loan and financing collateral.

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Notes to the Consolidated Financial Statement

(XIII) Short-term loan

	<u>2024.3.31</u>	<u>2023.12.31</u>	<u>2023.3.31</u>
Unguaranteed bank loans	\$ 5,709,000	6,069,000	5,290,000
Guaranteed bank loans	<u>2,198,000</u>	<u>1,718,000</u>	<u>2,088,000</u>
Total	<u><u>\$ 7,907,000</u></u>	<u><u>7,787,000</u></u>	<u><u>7,378,000</u></u>
Outstanding quota	<u><u>\$ 10,663,915</u></u>	<u><u>10,835,880</u></u>	<u><u>10,565,870</u></u>
Interest rate interval	<u><u>1.65%~2.43%</u></u>	<u><u>1.65%~2.30%</u></u>	<u><u>1.52%~2.3%</u></u>

For the consolidated company's assets pledged as collateral for bank loans, please refer to Note 8.

(XIV) Sort-term notes payable

	<u>2024.3.31</u>	<u>2023.12.31</u>	<u>2023.3.31</u>
Commercial paper payable	\$ 660,000	1,300,000	1,310,000
Unamortized discount	<u>(1,184)</u>	<u>(1,536)</u>	<u>(2,560)</u>
	<u><u>\$ 658,816</u></u>	<u><u>1,298,464</u></u>	<u><u>1,307,440</u></u>
Outstanding quota	<u><u>\$ 2,550,000</u></u>	<u><u>1,860,000</u></u>	<u><u>2,480,000</u></u>
Interest rate interval	<u><u>1.36%~2.22%</u></u>	<u><u>1.35%~2.34%</u></u>	<u><u>1.00%~2.23%</u></u>

For the loan term less than one year, please refer to note 6(25) for relevant interest expense.

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

(XV) Long-term loan

The long-term loan details of the consolidated company are as follows:

	<u>2024.3.31</u>	<u>2023.12.31</u>	<u>2023.3.31</u>
Unguaranteed bank loans \$	1,050,000	1,403,000	418,808
Guaranteed bank loans	-	35,756	45,911
Minus : current portion	(300,000)	(309,166)	(131,919)
	<u><u>\$ 750,000</u></u>	<u><u>1,129,590</u></u>	<u><u>332,800</u></u>
Outstanding quota	<u><u>\$ 3,650,000</u></u>	<u><u>3,300,000</u></u>	<u><u>4,700,000</u></u>
Interest rate interval	<u><u>1.70%~1.84%</u></u>	<u><u>1.70%~3.24%</u></u>	<u><u>1.71%~3.11%</u></u>
Expiry date	<u><u>2024.05.06~2025.11.30</u></u>	<u><u>2024.05.06~2029.05.23</u></u>	<u><u>2023.04.10~2029.05.23</u></u>

(XVI) Bonds payable

The bonds payable details of the consolidated are as follows:

	<u>2024.3.31</u>	<u>2023.12.31</u>	<u>2023.3.31</u>
Domestic guaranteed non-convertible corporate bonds	<u><u>\$ 2,497,098</u></u>	<u><u>2,496,866</u></u>	<u><u>2,496,170</u></u>

The domestic guaranteed corporate bonds issuance conditions of the consolidated are as follows:

	<u>Domestic guaranteed corporate bonds of 2022</u>
Total issuance	2,500,000
Ending balance	2,500,000
Due within one year	-
Release date	May 17, 2022
Issue period	5 years
Coupon rate	1.30%
Bond Interest Base Date	May 17, 2022
Repayment situation	Bullet repayment.

(XVII) Lease liabilities

The book value of the consolidated company's lease liabilities is as follows:

	<u>2024.3.31</u>	<u>2023.12.31</u>	<u>2023.3.31</u>
Current	<u><u>\$ 50,613</u></u>	<u><u>51,780</u></u>	<u><u>60,075</u></u>
Noncurrent	<u><u>\$ 404,191</u></u>	<u><u>415,980</u></u>	<u><u>439,650</u></u>

Please refer to Note 6 (26) Financial Instruments for maturity analysis.

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

The amount of lease recognized in profit or loss is as follows:

	2024 January to March	2023 January to March
Interest expense of lease liabilities	<u>\$ 2,240</u>	<u>2,392</u>
Income from the sublease of right-of-use assets	<u>\$ 240</u>	<u>469</u>
Expense of short-term loan	<u>\$ 4,030</u>	<u>2,363</u>
Expense of low-value lease assets (excluding low-value lease of short-term lease)	<u>\$ 71</u>	<u>87</u>

Amount recognized in the statement of Cash flows is as follows:

	2024 January to March	2023 January to March
Total cash outflow of lease	<u>\$ 19,123</u>	<u>19,966</u>

(XVIII) Operating lease

There were no significant new operating lease contracts as of March 31, 2024, December 31 and March 31, 2023. Please refer to Note 6(19) of the consolidated financial statements for the year ended December 31, 2023.

(XIX) Employee benefits

1. Defined benefit plan

In the prior fiscal year, there was no material volatility of the market, material reimbursement and settlement or other material one-time events. As a result, pension cost in the condensed consolidated interim financial statements was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate as of December 31, 2023 and 2022.

The details of expenses recognized in profit or loss by the consolidated company :

	2024 January to March	2023 January to March
Operating cost	\$ 9	19
Marketing expense	(44)	51
Management expense	38	(58)
R&D expenses	17	13
	<u>\$ 20</u>	<u>25</u>

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Notes to the Consolidated Financial Statement

2. Defined contribution plan

The pension expenses under the defined contribution plan of the consolidated company are as follows and have been contributed to the Bureau of Labor Insurance:

	2024 January to March	2023 January to March
Operating cost	\$ 10,378	8,452
Marketing expense	5,114	5,102
Management expense	1,998	1,802
R&D expenses	448	337
	<u>\$ 17,938</u>	<u>15,693</u>

3. The details of pension expenses contributed by the foreign consolidated company pursuant to the local laws for the periods from January to March in 2024 and 2023 are as follows:

	2024 January to March	2023 January to March
Operating cost	\$ 2,208	2,237
Marketing expense	1,752	1,824
	<u>\$ 3,960</u>	<u>4,061</u>

(XX) Income tax

The details of income tax expenses of the consolidated company are as follows:

	2024 January to March	2023 January to March
Income tax expenses in current period		
Generated in current period	\$ 30,616	12,734
Adjustment to previous year's income tax expense	373	-
	<u>30,989</u>	<u>12,734</u>
Income tax expenses in current period		
Generated in current period	-	900
Income tax expenses	<u>\$ 30,989</u>	<u>13,634</u>

From January 1 to March 31, 2024, and 2023, the consolidated company did not recognize any income tax in equity or other comprehensive income.

The income tax returns of the Company's profit-seeking business have been audited by the tax authorities up to 2022.

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

(XXI) Capital and other equity

Except as described below, there were no significant changes in the legal reserve and special reserve of the consolidated company from January 1 to March 31, 2024, and 2023. For related information, please refer to Note 6(22) of the 2023 consolidated financial statements.

1. Capital reserve

The details of the company's capital surplus are as follows:

	2024.3.31	2023.12.31	2023.3.31
Issuance of stock premium	\$ 289,318	289,318	289,318
Treasury stock transactions	91,791	91,791	84,035
Differences between actual acquisition or disposal of subsidiary equity and book value	899	899	899
Changes in equity of associates and joint ventures accounted for using the equity method	437,480	442,876	473,918
Recognized changes in ownership interests in subsidiaries	337,398	337,359	253,762
Others	1,113	1,078	698
	\$ 1,157,999	1,163,321	1,102,630

According to the Company Act, the capital surplus should be used to cover losses first before being distributed as new shares or cash dividends to shareholders in proportion to their original shareholdings from realized capital surplus. Realized capital surplus includes the premiums on issuance of stock exceeding the face value and the income from donations received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total amount of capital surplus that can be used for capital increase each year should not exceed 10% of the paid-in capital.

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

2. Retained earnings

Pursuant to the Company's Articles of Incorporation, if the Company has annual earnings, it shall first pay taxes, make up any losses from past years and then appropriate 10% as legal reserves, unless the legal reserve reaches the amount of the Company's share capital; if necessary, make provision of special reserves according to the laws and the needs of company operation. The residual earnings shall be added to undistributed earnings at the beginning. The Board of Directors shall draft a motion for the distribution of the residual earnings and submit to the shareholders' meeting for distribution.

The Company is now at the stable growth stage and most of the earnings are from the investees recognized under the equity method. For the sustainable operation and long-term development of the company, the Company shall first use the earning to offset accumulated losses and pay tax, then appropriate 10% of the earnings as legal reserve and appropriate or reverse the special reserve according to laws. When distributing the remaining earnings with the accumulated earnings undistributed, the Board of Directors shall propose a motion for the distribution. When distributing in the form of new shares, a motion shall be submitted to the shareholders' meeting for approval before distribution. In accordance with Article 240 Paragraph 5 of the Company Act, if the aforementioned earnings are distributed in the form of cash, approval for such distribution should be passed by at least half of the Directors in attendance in a Board meeting attended by no less than two-thirds of all Board members. The results should then be reported in the shareholders' meeting.

The directors' meeting shall consider the financial structure of the Company, future funding demand and profit-seeking conditions to plan the ratio of the earning distribution and shareholder's cash dividends and the cash dividends shall not be less than 10% of the total dividends.

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Notes to the Consolidated Financial Statement

(1) Distribution of earnings

On March 8, 2024, the Board of Directors resolved to distribute the earnings for the year 2023. The amount of stock dividends for the year 2023 is to be distributed subject to the approval of the Annual General Meeting. The earnings distribution plan for the year 2022 was approved at the Annual General Meeting held on May 31, 2023.

The distribution of 2022 earnings was also resolved by the general annual meeting on May 31, 2023, as follows:

	2023		2022	
	Share distribution rate (NT\$)	Amount	Share distribution rate (NT\$)	Amount
Dividend distributed to common stock shareholders:				
Cash	\$ 1.30	2,058,861	1.30	1,924,170
Stocks	0.80	<u>1,266,992</u>	0.70	<u>1,036,091</u>
Total		<u>\$ 3,325,853</u>		<u>2,960,261</u>

3. Treasury stock

The Company's stocks held by the subsidiaries of the consolidated company on March 31, 2024, December 31 and March 31, 2023 are stated as follows:

Ledger account	2024.3.31			2023.12.31			2023.3.31		
	Number of shares (in thousand)	Cost	market price	Number of shares (in thousand)	Cost	market price	Number of shares (in thousand)	Cost	market price
Financial assets measured at fair values	6,383	136,868	433,436	6,383	136,868	425,776	5,966	136,868	334,087
through other comprehensive profit or loss- non-current									

Pursuant to the Securities and Exchange Act, the treasury stocks held by the subsidiaries cannot be pledged. And before the transfer, the shareholder's right is not permitted.

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

4. Other equity (net amount after tax)

	Exchange difference in the financial statements of foreign operations	Unrealized profit or loss of the financial assets measured at fair values through other comprehensive profit or loss	Non-controlling interests
Balance as at January 1, 2024	\$ (187,471)	13,620,068	19,762,354
Exchange difference gathered for the calculation of net assets of foreign operations	181,911	-	11,877
Share of the exchange difference of affiliated companies using the equity method	318,682	-	-
Unrealized profit or loss of the financial assets measured at fair values through other comprehensive profit or loss	-	2,585,980	1,940,499
Unrealized profit or loss of the financial assets measured at fair values through other comprehensive profit or loss of affiliated companies using the equity method	-	331,661	-
Disposal of equity instrument at fair value through other comprehensive income by affiliates	-	(6,502)	-
Others	-	-	105,070
Balance as at March 31, 2024	<u>\$ 313,122</u>	<u>16,531,207</u>	<u>21,819,800</u>
Balance as at January 1, 2023	\$ 26,492	7,435,280	16,111,576
Exchange difference gathered for the calculation of net assets of foreign operations	15,220	-	1,646
Share of the exchange difference of affiliated companies using the equity method	31,409	-	-
Disposal of equity instrument measured at fair value through other comprehensive income	-	399,165	473,795
Unrealized profit or loss of the financial assets measured at fair values through other comprehensive profit or loss of affiliated companies using the equity method	-	(673)	(1,106)
Disposal of equity instrument measured at fair value through other comprehensive income	-	228,928	-
Others	-	-	67,551
Balance as at March 31, 2023	<u>\$ 73,121</u>	<u>8,062,700</u>	<u>16,653,462</u>

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

(XXII) Earnings per share

The calculation of basic EPS and diluted EPS of the consolidated company are as follows

	<u>2024 January to March</u>	<u>2023 January to March</u>
Basic EPS		
Net income attributable to the Company's common stock shareholders:	<u>\$ 1,099,135</u>	<u>1,089,558</u>
Weighted average outstanding shares of common stocks (thousand shares)	<u>1,577,356</u>	<u>1,577,356</u>
Basic earnings per share (NTD)	<u>\$ 0.70</u>	<u>0.69</u>
Diluted EPS		
Net income attributable to the Company's common stock shareholders:	<u>\$ 1,099,135</u>	<u>1,089,558</u>
Weighted average outstanding shares of common stocks (thousand shares)	1,577,356	1,577,356
Effect of employee stock compensation	<u>70</u>	<u>77</u>
Weighted average outstanding shares of balance common stocks on March 31 (diluted)	<u>1,577,426</u>	<u>1,577,433</u>
Diluted earnings per share (NTD)	<u>\$ 0.70</u>	<u>0.69</u>

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

(XXIII) Revenue from customer contracts

1. Revenue details

	2024 January to March					
	Rental business	Flour business	Flour business overseas	System integration business	All other department s	Total
Main area and market						
Taiwan	\$ 84,230	1,291,675	-	1,115,650	220,603	2,712,158
China	6,795	-	107,374	18,926	1,208	134,303
Other countries	-	49,068	1,492	153,479	-	204,039
	<u>\$ 91,025</u>	<u>1,340,743</u>	<u>108,866</u>	<u>1,288,055</u>	<u>221,811</u>	<u>3,050,500</u>
Main product/service line						
Product sale	\$ -	1,340,743	108,866	280,102	58,106	1,787,817
Investment property and rental revenue	91,025	-	-	901	895	92,821
Construction revenue	-	-	-	841,532	-	841,532
Maintenance revenue	-	-	-	151,632	-	151,632
Investment revenue	-	-	-	-	162,250	162,250
Others	-	-	-	13,888	560	14,448
	<u>\$ 91,025</u>	<u>1,340,743</u>	<u>108,866</u>	<u>1,288,055</u>	<u>221,811</u>	<u>3,050,500</u>

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

	2023 January to March					Total
	Rental business	Flour business	Flour business overseas	System integration business	All other departments	
Main area and market						
Taiwan	\$ 77,476	1,317,199	-	925,471	227,848	2,547,994
China	9,542	-	109,533	45,132	601	164,808
Other countries	-	46,487	1,442	110,714	-	158,643
	\$ 87,018	1,363,686	110,975	1,081,317	228,449	2,871,445
Main product/service line						
Product sale	\$ -	1,363,686	110,975	430,321	73,146	1,978,128
Investment property and rental revenue	87,018	-	-	-	899	87,917
Construction revenue	-	-	-	479,699	-	479,699
Maintenance revenue	-	-	-	160,807	-	160,807
Investment revenue	-	-	-	-	153,826	153,826
Others	-	-	-	10,490	578	11,068
	\$ 87,018	1,363,686	110,975	1,081,317	228,449	2,871,445

2. Contract balance

	2024.3.31	2023.12.31	2023.3.31
Contract assets - System engineering	\$ 4,528,817	3,996,704	3,940,395
Contract assets - Maintenance and trading	959,439	996,327	866,591
	\$ 5,488,256	4,993,031	4,806,986
Contract liabilities - System engineering	\$ 1,627,357	1,301,678	1,240,922
Contract liabilities - Maintenance and trading	697,061	572,879	523,213
	\$ 2,324,418	1,874,557	1,764,135

The disclosure of the notes and accounts receivable and the impairment are detailed in note 6(4).

The balances of contract liabilities on January 1, 2024 and 2023 that were recognized as revenue from January 1 to March 31, 2024 and 2023 were NT\$335,371 thousand and NT\$98,244 thousand, respectively.

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

(XXIV) Remuneration to employees and directors

According to the Articles of Incorporation, annual profits concluded by the Company shall be subject to employee remuneration of no less than 0.1% from January 1 to March 31, 2024 and 2023, and director remuneration of no more than 1%. However, profits must first be taken to offset against cumulative losses if any. Employees' remuneration, as mentioned above, can be paid in shares or cash to employees of affiliated companies that satisfy certain criteria.

The employee remuneration of the Consolidated Company from January 1 to March 31, 2024 and 2023 were NT\$1,536 thousand and NT\$1,077 thousand, respectively, and the amounts of director remuneration were both NT\$2,500 thousand. These estimates were made by applying the Company's before-tax profits with the deduction of the remunerations to employees and directors, and subject to the appropriate percentages for the remuneration to employees and directors set based on the Articles of Incorporation, then estimated based on the historical experience and stated as operating cost or operating expenses. If there is a difference between the actual distribution amount and the estimated amount, it shall be treated as a change in accounting estimate, and the difference shall be recognized as profit or loss for the next year.

The employee remuneration of the Consolidated Company from January 1 to March 31, 2023 and 2022 were NT\$4,207 thousand and NT\$3,915 thousand, respectively, and the amounts of director remuneration were NT\$9,420 thousand and NT\$8,000 thousand, respectively. There were no differences between these accrued amounts and the actual distributions. For more information, please visit the MOPS.

(XXV) Non-operating revenue and expense

1. Interest income

The consolidated company's interest income is stated as follows:

	2024 January to March	2023 January to March
Interest on bank deposits	\$ 33,790	29,736
Other interest income	230	976
Total interest income	<u>\$ 34,020</u>	<u>30,712</u>

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statement

2. Other revenue

The consolidated company's other revenues is stated as follows:

	2024 January to March	2023 January to March
Dividend income	\$ 187,438	168,884
Labor service revenue	130	130
	<u>\$ 187,568</u>	<u>169,014</u>

3. Other profits and losses

The consolidated company's other profits and losses is stated as follows:

	2024 January to March	2023 January to March
Gain from the disposal and scrap of property, plants and equipment	\$ 61	-
Foreign exchange loss	(3,860)	(610)
Other expense	(16,396)	(2,913)
Other revenue	39,131	6,056
	<u>\$ 18,936</u>	<u>2,533</u>

4. Financial cost

The consolidated company's financial cost is stated as follows

	2024 January to March	2023 January to March
Interest expense	<u>\$ 52,272</u>	<u>47,364</u>

(XXVI) Financial instruments

Except for the following, there has been no major change in the type, fair value, and exposure to credit risk, liquidity risk, and market risk of the consolidated company's financial instruments. For relevant information, please refer to the Note 6(27) of the consolidated financial statements for the year ended December 31, 2023.

1. Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments.

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	<u>Book value</u>	<u>Contractual Cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>More than 5 Year</u>
Mar.31, 2024							
Non-derivative financial liabilities							
Short-term notes payable	\$ 658,816	660,000	660,000	-	-	-	-
Unguaranteed bank loans	6,759,000	6,807,792	5,262,460	786,625	758,707	-	-
Guaranteed bank loans	2,198,000	2,213,957	2,213,957	-	-	-	-
Payable notes and payable accounts	1,670,941	1,670,941	1,670,941	-	-	-	-
Other payable	2,578,825	2,578,825	2,578,825	-	-	-	-
Lease liabilities	454,804	516,399	30,466	28,500	51,405	111,028	295,000
Bonds payable	2,497,098	2,601,595	16,294	16,205	32,500	2,536,596	-
	\$ 16,817,484	17,049,509	12,432,943	831,330	842,612	2,647,624	295,000
Dec.31, 2023							
Non-derivative financial liabilities							
Short-term notes payable	\$ 1,298,464	1,303,050	1,202,309	100,741	-	-	-
Unguaranteed bank loans	7,472,000	7,548,422	3,438,703	2,995,658	1,114,061	-	-
Guaranteed bank loans	1,753,756	1,773,801	138,445	1,612,157	9,789	12,845	565
Payable notes and payable accounts	2,519,750	2,519,750	2,519,750	-	-	-	-
Other payable	739,418	739,418	739,418	-	-	-	-
Lease liabilities	467,760	515,471	30,934	29,432	53,552	99,053	302,500
Bonds payable	2,496,866	2,609,699	16,205	16,384	32,500	2,544,610	-
	\$ 16,748,014	17,009,611	8,085,764	4,754,372	1,209,902	2,656,508	303,065
Mar.31, 2023							
Non-derivative financial liabilities							
Short-term notes payable	\$ 1,307,440	1,312,560	1,312,560	-	-	-	-
Unguaranteed bank loans	5,708,808	5,728,427	5,355,569	71,866	300,992	-	-
Guaranteed bank loans	2,133,911	2,135,796	2,028,054	74,942	13,038	17,949	1,813
Payable notes and payable accounts	1,320,050	1,320,050	1,320,050	-	-	-	-
Other payable	2,412,780	2,412,780	2,412,780	-	-	-	-
Lease liabilities	499,725	570,123	35,974	33,198	59,341	116,610	325,000
Bonds payable	2,496,170	2,634,186	16,295	16,295	32,500	2,569,096	-
	\$ 15,878,884	16,204,922	12,481,282	196,301	405,871	2,703,655	326,813

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The Consolidated Company does not expect that the occurrence timing of Cash flows analyzed on due date would arrive significantly earlier, or the actual amount would significantly vary

2. Market Risk

(1) Exchange rate risk exposure

The consolidated company's financial assets and liabilities exposed to significant foreign exchange rate risk is as follows:

Mar. 31, 2024				
	Foreign currency (thousand)		Rate	TWD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 19,154	USD : TWD	32.0000	612,928
HKD	3,432	HKD : TWD	4.0890	14,033
EUR	68	EUR : TWD	34.4600	2,343
RMB	6,472	RMB : TWD	4.4080	28,529
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	3,555	USD : TWD	32.0000	113,760
HKD	-	HKD : TWD	4.0890	-
EUR	118	EUR : TWD	34.4600	4,066
RMB	-	RMB : TWD	4.4080	-
Dec. 31, 2023				
	Foreign currency (thousand)		Rate	TWD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 21,237	USD : TWD	30.7050	652,082
HKD	3,603	HKD : TWD	3.9290	14,156
EUR	113	EUR : TWD	33.9800	3,840
RMB	6,570	RMB : TWD	4.3270	28,428
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	10,288	USD : TWD	30.7050	315,893

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Mar. 31, 2023					
		Foreign currency			
		(thousand)	Rate		TWD
<u>Financial assets</u>					
<u>Monetary items</u>					
USD	\$	11,961	USD : TWD	30.4500	364,212
HKD		3,655	HKD : TWD	3.8790	14,178
EUR		1,063	EUR : TWD	33.1500	35,238
RMB		6,529	RMB : TWD	4.4310	28,930
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD		1,340	USD : TWD	30.4500	40,803

The exchange rate risk of the monetary account of the consolidated company is mainly from foreign currency denominated cash and cash equivalent as well as accounts receivable. Foreign exchange gain and loss arise from the translation. If the main accounting currency used for preparing the reports on March 31, 2024 and 2023 appreciated or depreciated by 1%, under the condition that all other factors stayed unchanged, The increase or decrease in net profit after tax from January 1 to March 31, 2024 and 2023 was NT\$5,263 thousand and NT\$3,540 thousand, respectively.

In consideration of multiple functional currencies types used by the consolidated company, the information about exchange gains or losses of monetary items is disclosed by summarization. The foreign currency exchange gain (including the realized and unrealized) was NT\$3,860 thousand and NT\$610 thousand for the periods from January 1 to March 31, 2024 and 2023.

3. Interest rate analysis

Please refer to the Note regarding liquidity risk management for the interest rate risk exposure of the consolidated company's financial assets and financial liabilities.

The following sensitivity analyzes are based on the interest rate risk exposure of the derivative and non-derivative instruments on the reporting date. The analysis of floating rate liabilities is by assuming the outstanding liability amount on the reporting date stays outstanding the entire year. The rate of change used in the consolidated company's internal report to the management was the interest rate with an increase or decrease of 0.5% pips. In addition, the interest rate is assessed within the reasonable and possible range of change by the management.

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If interest rate increased or decreased by 0.5%, with all other variables remaining unchanged, the consolidated company's net profit would decrease by NT\$14,192 thousand and increase by NT\$13,571 thousand for the periods from January 1 to March 31, 2024 and 2023, respectively.

4. Other pricing risks

The effect of the changes in equity price on the reporting date (the analysis of two terms is completed by using the same basis, and assuming all other variables held constant) on the comprehensive profit and loss is as follows:

Stock price on the reporting date	2024 January to March		2023 January to March	
	Other comprehensive profit or loss after tax	Profit or loss after tax	Other comprehensive profit or loss after tax	Profit or loss after tax
Increased by 3%	\$ 1,200,335	-	839,081	-
Decreased by 3%	(1,200,335)	-	(839,081)	-

5. Information about fair value

(1) Type and fair value of the financial instrument

Financial assets measured at fair values through other comprehensive profit or loss by the consolidated company is based on repetition and measured at fair value. The book value and fair value of different financial assets and liabilities (including fair value level information but financial instruments not measured at fair value level but with a book value close to the reasonable amount of fair value and leasing liabilities are not required for the disclosure of fair value according to the regulations) are listed down below:

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

		2024.3.31				
		Book value	Fair value			
			Class I	Class II	Class III	Total
Financial assets at fair value						
through profit or loss						
Stock warrants	\$	87,973	87,973	-	-	87,973
Structured deposit		109,981	-	109,981	-	109,981
Fund Beneficiary Certificate		375,529	375,529	-	-	375,529
Subtotal		573,483	463,502	109,981	-	573,483
Financial assets at fair value						
through other comprehensive income						
Stocks listed in domestic and foreign markets		40,011,178	40,011,178	-	-	40,011,178
Stocks unlisted in domestic and foreign markets		2,727,101	-	963,475	1,763,626	2,727,101
Subtotal		42,738,279	40,011,178	963,475	1,763,626	42,738,279
Financial assets measured at						
amortized cost						
Cash and cash equivalent		4,403,891	-	-	-	-
Notes and accounts receivable		1,952,048	-	-	-	-
Other receivable		1,323,911	-	-	-	-
Guarantee deposits paid		165,118	-	-	-	-
Subtotal		7,844,968	-	-	-	-
Total		\$ 51,156,730	40,474,680	1,073,456	1,763,626	43,311,762
Financial liabilities measured at						
amortized cost						
Short-term loans	\$	7,907,000	-	-	-	-
Short-term notes payable		658,816	-	-	-	-
Notes payable		9,059	-	-	-	-
Accounts payable		1,661,882	-	-	-	-
Other payable		2,578,825	-	-	-	-
Long-term loan		1,050,000	-	-	-	-
Deposits received		75,816	-	-	-	-
Lease liabilities		454,804	-	-	-	-
Bonds payable		2,497,098	-	-	-	-
Total		\$ 16,893,300	-	-	-	-

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

		2023.12.31				
		Book value	Fair value			
			Class I	Class II	Class III	Total
Financial assets at fair value through profit or loss						
Stock warrants	\$	52,877	52,877	-	-	52,877
Structured deposit		34,516	-	34,516	-	34,516
Fund Beneficiary Certificate		520,391	520,391	-	-	520,391
Subtotal		607,784	573,268	34,516	-	607,784
Financial assets at fair value through other comprehensive income						
Stocks listed in domestic and foreign markets		35,417,175	35,417,175	-	-	35,417,175
Stocks unlisted in domestic and foreign markets		2,643,939	-	944,919	1,699,021	2,643,940
Subtotal		38,061,114	35,417,175	944,919	1,699,021	38,061,115
Financial assets measured at amortized cost						
Cash and cash equivalent		4,686,205	-	-	-	-
Notes and accounts receivable		3,337,370	-	-	-	-
Other receivable		73,111	-	-	-	-
Guarantee deposits paid		149,062	-	-	-	-
Subtotal		8,245,748	-	-	-	-
Total		\$ 46,914,646	35,990,443	979,435	1,699,021	38,668,899
Financial liabilities measured at amortized cost						
Short-term loans	\$	7,787,000	-	-	-	-
Short-term notes payable		1,298,464	-	-	-	-
Notes payable		64,730	-	-	-	-
Accounts payable		2,455,020	-	-	-	-
Other payable		739,418	-	-	-	-
Long-term loan		1,438,756	-	-	-	-
Deposits received		90,977	-	-	-	-
Lease liabilities		467,760	-	-	-	-
Bonds payable		2,496,866	-	-	-	-
Total		\$ 16,838,991	-	-	-	-

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Notes to the Consolidated Financial Statements

	2023.3.31				
	Book value	Fair value			Total
		Class I	Class II	Class III	
Financial assets at fair value through profit or loss					
Stock warrants	\$ 26,955	26,955	-	-	26,955
Structured deposit	113,999	-	113,999	-	113,999
Fund Beneficiary Certificate	10,008	10,008	-	-	10,008
Subtotal	150,962	36,963	113,999	-	150,962
Financial assets at fair value through other comprehensive income					
Stocks listed in domestic and foreign markets	27,969,354	27,969,354	-	-	27,969,354
Stocks unlisted in domestic and foreign markets	3,480,604	-	1,320,122	2,160,482	3,480,604
Subtotal	31,449,958	27,969,354	1,320,122	2,160,482	31,449,958
Financial assets measured at amortized cost					
Cash and cash equivalent	3,572,463	-	-	-	-
Notes and accounts receivable	1,821,355	-	-	-	-
Other receivable	440,962	-	-	-	-
Guarantee deposits paid	154,832	-	-	-	-
Subtotal	5,989,612	-	-	-	-
Total	<u>\$ 37,590,532</u>	<u>28,006,317</u>	<u>1,434,121</u>	<u>2,160,482</u>	<u>31,600,920</u>
Financial liabilities measured at amortized cost					
Short-term loans	\$ 7,378,000	-	-	-	-
Short-term notes payable	1,307,440	-	-	-	-
Notes payable	8,612	-	-	-	-
Accounts payable	1,311,438	-	-	-	-
Other payable	2,412,780	-	-	-	-
Long-term loan	464,719	-	-	-	-
Deposits received	78,300	-	-	-	-
Lease liabilities	499,725	-	-	-	-
Bonds payable	2,496,170	-	-	-	-
Total	<u>\$ 15,957,184</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

2. Fair value evaluation technology for the financial instrument measured at fair value

(2.1) Non-derivative financial instrument

If a financial instrument has a quoted price in the active market, the quoted price will be the fair value. The market price announced by the Taiwan Stock Exchange Corporation is the basis for listed companies' equity instrument.

If the financial instrument possessed by the consolidated company is in the active market, its fair value is listed by category and attribute below:

The fair value of financial assets and liabilities and listed company stocks with standard terms/conditions and traded in the active market shall be decided subject to the market quotation.

Except for the financial instrument in the active market, the fair value of other financial instruments is based on the evaluation technology or the quotation of the counterparty. The fair value acquired through the evaluation technology can take reference from other substantial conditions and the evaluation technology used on similar financial instruments, including the market information that can be acquired on the date of preparing the consolidated balance sheet. The information is then used on a calculation model.

If the financial instrument possessed by the consolidated company is an equity instrument that does not have an open quotation, its fair value is measured using the Cash flows discount model. The main assumption is to apply the expected Cash flows estimated by the investee to reflect the time value of money and the risk and rate of return on investment and measure with the discount. When adopting the market approach to measure the fair value, the main assumption uses the quotation of the listed company to calculate the P/S ratio (sales multiple) and applies it on the measurement. The discount effect resulting from the lack of market liquidity of the equity security is considered and the estimated number has been adjusted.

(2.2) Derivative financial instruments

The forward foreign exchange contracts are usually valued based on the current forward foreign exchange rate.

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(3) Details of change in Class III

	Measuring at fair values through other comprehensive profit or loss Equity instrument with no open quotation
January 1, 2024	\$ 1,699,021
Total profit or loss	
Recognized in other comprehensive income	9,485
Reclassification	50,000
Refunds from decapitalization	(3,882)
Foreign exchange rate effect	9,002
March 31, 2024	\$ 1,763,626

	Measuring at fair values through other comprehensive profit or loss Equity instrument with no open quotation
January 1, 2023	\$ 1,871,442
Total profit or loss	
Recognized in other comprehensive income	294,647
Refunds from decapitalization	(3,250)
Foreign exchange rate effect	(2,357)
March 31, 2023	\$ 2,160,482

The above total profits or losses are stated in “unrealized valuation gain (loss) of financial assets measured at fair value through other comprehensive profit or loss”. Items related to the assets possessed on March 31, 2024 and 2023 were as follows:

	2024 January to March	2023 January to March
Total profit or loss		
Recognized in other comprehensive profit and loss	\$ 9,485	294,647

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Notes to the Consolidated Financial Statements

(4) Quantitative information on significant unobservable inputs (Class III) used in fair value measurement

The consolidated company's item that is measured at fair value and classified as Class III includes financial assets measured at fair value through other comprehensive profit or loss- equity security investment.

Most of the fair value of the consolidated company has only one unobservable major input. Only the equity instrument investment that is not in an active market has multiple unobservable major inputs, the unobservable major inputs of the equity instrument investment that is not in an active market are separated from one another. They are not relevant to each other.

For some of the consolidated company's equity investment instruments that do not have an active market quotation and with the purpose not for short-term trading, the management will refer to the recent financial report of the invested company, evaluate the industry development and examine the information that is available to the public. Based on the information, the Company assesses the operating status and future operating performance of the invested company to estimate the fair value of the invested company. The change in the industry and future of the market is in highly positive correlation with the change of the invested company's operation and future performance.

The quantitative data of the unobservable major input are as follow:

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Notes to the Consolidated Financial Statements

Item	Evaluation technology	Unobservable major input	Relationship between the unobservable major input and the fair value
Financial assets measured at fair values through other comprehensive profit or loss- equity instrument investment that is not in an active market	Net asset value method	• Non-controlling discount(22.06%, 22.06%, and 21.63% as of March 31, 2024 and 2023, December 31, 2023, respectively)	• The higher the non-controlling discount is, the lower the fair value is.

- (5) For the fair value Class III measurement, the fair value is used for the sensitivity analysis of reasonably possible alternative.

The fair value measurement of the consolidated company's financial instrument is reasonable. If different valuation model or valuation parameter is used, it might result in different valuation results. When the valuation parameter of the financial instrument classified as Class III is changed, it will have effect on other comprehensive profit or loss. The effect is as follows:

	Input	Increase or decrease	Change in fair value reflected on other comprehensive profit or loss	
			Advantageous change	Disadvantageous change
March 31, 2024				
Financial assets at fair value through other comprehensive income				
Equity instrument not in an active market	Discount rate	0.50%	<u>\$ 226</u>	<u>(226)</u>
December 31, 2024				
Financial assets at fair value through other comprehensive income				
Equity instrument not in an active market	Discount rate	0.50%	<u>\$ 226</u>	<u>(226)</u>

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			<u>Change in fair value reflected on other comprehensive profit or loss</u>	
	<u>Input</u>	<u>Increase or decrease</u>	<u>Advantageous change</u>	<u>Disadvantageous change</u>
March 31, 2023				
Financial assets at fair value through other comprehensive income				
Equity instrument not in an active market	Discount rate	0.50%	<u><u>\$ 409</u></u>	<u><u>(409)</u></u>

The advantageous and disadvantageous change of the consolidated company is the change in fair value. The fair value is based on unobservable input parameters of different levels and calculated using the evaluation technology. The fair value of the financial instrument might be affected by more than 1 input value. The above table only reflects the effect resulting from a single input value change. The relevance between and variability in the input values are not taken into account.

(XXVII) Financial risk management

The consolidated company's financial risk management objectives and policies have not changed significantly from those disclosed in Note 6(28) of the consolidated financial statements for the year ended December 31, 2023.

(XXVIII) Capital management

The capital management objectives, policies, and procedures of the consolidated company are consistent with those disclosed in the 2023 consolidated financial report of the Republic of China; and the aggregated quantitative data of capital management items have not changed significantly from those disclosed in the 2023 consolidated financial report of the Republic of China. For relevant information, please refer to Note 6(29) of the consolidated financial statements for the year ended December 31, 2023.

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(XXIX) Investing and financing activities not affecting current Cash flows

The adjustment of liabilities from financing activities of the consolidated company from January 1 to March 31, 2024 and 2023, were as follows :

	2024.1.1	Cash flows	Non-cash changes			2024.3.31
			Acquired in a business combination	Exchange rate change	Other changes	
Long-term loan (include expiry within one year)	\$ 1,438,756	(388,756)	-	-	-	1,050,000
Short-term loans	7,787,000	120,000	-	-	-	7,907,000
Lease liabilities	467,760	(12,782)	-	-	(174)	454,804
Short-term notes payable	1,298,464	(639,648)	-	-	-	658,816
Bonds payable	2,496,866	-	-	-	232	2,497,098
Total liabilities from financing activities	\$ 13,488,846	(921,186)	-	-	58	12,567,718

	2023.1.1	Cash flows	Non-cash changes			2023.3.31
			Acquired in a business combination	Exchange rate change	Other changes	
Long-term loan (include expiry within one year)	\$ 824,216	(359,069)	-	(428)	-	464,719
Short-term loans	7,208,000	170,000	-	-	-	7,378,000
Lease liabilities	502,589	(15,124)	-	-	12,260	499,725
Short-term notes payable	1,058,197	249,243	-	-	-	1,307,440
Bonds payable	2,495,939	-	-	-	231	2,496,170
Total liabilities from financing activities	\$ 12,088,941	45,050	-	(428)	12,491	12,146,054

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

VII. Related-party Transactions

(I) Names and relationship with related parties

The followings are related parties that have had transactions with the Consolidated Company during the periods covered in the consolidated financial statements.

<u>Name of related party</u>	<u>Relationship with the consolidated company</u>
Linde Lienhwa Industrial Gases Co., Ltd.	Affiliated companies of the consolidated company
UPC Technology Corp.	Affiliated companies of the consolidated company
Lienhwa United LPG Co., Ltd.	Affiliated companies of the consolidated company
Boc Lienhwa (B.V.I) Holding Co., Ltd.	Affiliated companies of the consolidated company
Tung Bao Corp.	Subsidiaries of affiliated companies of the consolidated company
United Industrial Gases Co., Ltd.	Subsidiaries of affiliated companies of the consolidated company
Lien Hwa Cryo Equipment Co., Ltd.	Subsidiaries of affiliated companies of the consolidated company
Asia Union Electronic Chemical Corp.	Subsidiaries of affiliated companies of the consolidated company
Far Eastern Industrial Gases Co., Ltd.	Subsidiaries of affiliated companies of the consolidated company
Yuan Rong Industrial Gases Co., Ltd.	Subsidiaries of affiliated companies of the consolidated company
Lien Fung Precision Technology Development Co., Ltd.	Subsidiaries of affiliated companies of the consolidated company
Lien Tong Gases Co., Ltd.	Subsidiaries of affiliated companies of the consolidated company
Lien Quan Industrial Gases Co., Ltd.	Subsidiaries of affiliated companies of the consolidated company
Yih Yuan Investment Corp	Other related party of the consolidated company
MiTAC International Corporation	Other related party of the consolidated company
Harbinger Venture Management Co., Ltd.	Other related party of the consolidated company
Getac Technology Corp.	Other related party of the consolidated company

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

<u>Name of related party</u>	<u>Relationship with the consolidated company</u>
MiTAC Computing Technology Corporation	Other related party of the consolidated company
MiTAC Digital Technology Corp.	Other related party of the consolidated company
Synnex Technology International Corp.	Other related party of the consolidated company
MiTAC Holdings Corp.	Other related party of the consolidated company
EasyCard Corporation	Other related party of the consolidated company
Mei Feng Investment Co., Ltd.	Other related party of the consolidated company
Ares International Corp.	Other related party of the consolidated company
Chiao Thai Hsing Enterprise Co., Ltd.	Other related party of the consolidated company
Atemitech Corporation	Other related party of the consolidated company
Getac Holdings Corporation	Other related party of the consolidated company
Yu Shiu Educational Foundation	Other related party of the consolidated company
Pao Hwa Trading Co., Ltd.	Other related party of the consolidated company
Mei An Investment Co., Ltd.	Other related party of the consolidated company
Mei An Culture and Education Foundation	Other related party of the consolidated company

(II) Material transactions with related parties

1. Operating revenue

The amount of material transactions between the consolidated company and related parties is as follows.

	<u>2024 January to March</u>	<u>2023 January to March</u>
Affiliates	\$ 6,929	15,195
Other related parties	16,879	12,048
	<u>\$ 23,808</u>	<u>27,243</u>

The price of the consolidated company's sale to affiliates was not significantly different from the general selling price. The collection term is O/A 60 to 90 days. No collateral is collected for the accounts receivable of related parties. After assessment, not bad debt shall be recognized.

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

2. Lease to related parties

The revenue of leased assets collected from related parties by the consolidated company is as follow.

	<u>2024 January to March</u>	<u>2023 January to March</u>
Affiliates:		
Linde Lienhwa Industrial Gases Co., Ltd.	\$ 15,427	12,096
Other affiliated enterprise:	7,914	7,686
Other related parties:		
Getac Technology Corp.	13,754	10,565
Atemitech Corp.	5,076	4,627
Other related parties	<u>2,438</u>	<u>2,761</u>
	<u>\$ 44,609</u>	<u>37,735</u>

The lease commences from May 15, 2017 until December 31, 2024. The rent of said leased assets was decided through negotiation in reference to the assessed present value or predetermined value of land/buildings. Meanwhile, the consolidated company collected lease deposits, NT\$18,012 thousand and NT\$14,750 thousand, from said related parties on March 31, 2024 and 2023.

3. Purchase

The consolidated company's purchase value to related parties are stated as follows.

	<u>2024 January to March</u>	<u>2023 January to March</u>
Affiliates	\$ -	5
Chiao Thai Hsing Enterprise Co., Ltd.	102,948	198,030
Other related parties	<u>8,867</u>	<u>8,631</u>
	<u>\$ 111,815</u>	<u>206,666</u>

The purchased conditions for the related party required by the consolidated company are the same as general transaction conditions. The payment term is 1 to 2 months.

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

4. Receivables from related parties

The consolidated company's receivable accounts-related parties are stated as following.

Item	Type	2024.3.31	2023.12.31	2023.3.31
Accounts receivable	Affiliates	\$ 11,404	32,454	42,764
	Other related party	14,424	29,294	11,384
Other receivable	Affiliated enterprise :			
	Linde Lienhwa Industrial Gases Co., Ltd.	87,861	273	87,857
	BOC Lienhwa (BVI) Holding Co., Ltd.	814,466	-	-
	Other affiliated enterprise	980	1,099	871
	Other related parties :			
	MiTAC Holdings Corp.	269,583	-	269,583
	Other related party	64,222	3,580	48,959
		<u>\$ 1,262,940</u>	<u>66,700</u>	<u>461,418</u>

Said accounts receivable include the rent of the Nangang building, out-of-pocket expenses and cash dividends.

5. Payables from related parties

The consolidated company's payable accounts-related parties are stated as following :

Item	Type	2024.3.31	2023.12.31	2023.3.31
Notes payable	Other related parties :			
	Synnex Technology International Corp.	\$ 676	368	1,402
	Other related party	-	80	-
	Affiliates	-	-	1
Accounts payable	Other related parties :			
	Synnex Technology International Corp.	10,575	21,701	13,007
	Other related party	2,720	2,354	2,560
	Affiliates	186	86	95
Other payable	Other related party	1,209	2,219	213
		<u>\$ 15,366</u>	<u>26,808</u>	<u>17,278</u>

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

6. Prepayment (stated as other current assets)

The details of the Company's prepaid transactions with related parties are as follows :

	2024.3.31	2023.12.31	2023.3.31
Affiliates	\$ -	-	79
Other related party	108	195	100
	\$ 108	195	179

7. Exchange of property

Purchase of equipment

The total amounts spent on the purchase of equipment from other related party from January 1 to March 31, 2024 and 2023, were NT\$265 thousand and NT\$1,766 thousand, respectively.

8. Operating expenses

Item	Type	2024 January to March	2023 January to March
Royalty (marketing expense)	Other related party	\$ 2,908	2,720

9. Lease

The consolidated company rented the plant, machinery, and equipment from Chiao Thai Hsing Enterprise Co., Ltd. in August 2021. The lease contract is for 210 months. The total contract amount was NT\$442,730 thousand, and the contract was recognized as a right-of-use asset by the consolidated company. The interest expenses recognized from January 1 to March 31, 2024, and 2023 were NT\$1,948 thousand and NT\$2,056 thousand, respectively. As of March 31, 2024, December 31, 2023, and March 31, 2023, the lease liabilities were NT\$384,925 thousand, NT\$390,477 thousand, and NT\$406,967 thousand, respectively

10. Others

The consolidated company sold factory land to Lienhwa Industrial Gases Co., Ltd. in 1985 and 1998. The sales revenue was NT\$71,934 thousand. Since Lienhwa Industrial has not yet sold the land, the consolidated company stated the sales revenue as the deferred loans-gains on inter-affiliate accounts (stated as other noncurrent liabilities-others).

The consolidated company purchased 25,000 thousand shares of subsidiary from other related party in 2023, the total amount was NT\$400,000 thousand.

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(III) Key management personnel transactions

Remuneration to key management personnel includes the following :

	2024 January to March	2023 January to March
Short-term employee benefits	\$ 10,001	7,296
Post-employment benefits	144	158
Other long-term employee benefits	15	16
	<u>\$ 10,160</u>	<u>7,470</u>

VIII. Pledged Assets

The book value of the consolidated company's pledged assets is as follows :

Pledged assets	Object	2024.3.31	2023.12.31	2023.3.31
Other current assets and other noncurrent assets-others	Bank loan	\$ 23,889	25,990	27,266
Financial assets at fair value through other comprehensive income	"	1,891,950	1,681,425	1,405,850
Property, plant and equipment	"	217,676	220,028	227,482
Investment property	"	1,359,350	1,366,538	1,091,172
Guarantee deposits paid		165,118	149,062	154,832
		<u>\$ 3,657,983</u>	<u>3,443,043</u>	<u>2,906,602</u>

IX. Significant contingent liabilities and unrecognized contractual commitments

Significant unrecognized contractual commitments

(I) The consolidated company's letter of credit that is issued but not used

	2024.3.31	2023.12.31	2023.3.31
Letter of credit issued but not used			
USD	\$ 12,733	5,994	12,764

(II) The consolidated company executed the co-construction contract and real estate lease contract with Ally Logistic Property (ALP) in October 2021. In order to undertake the "Lien Hwa and Fugang Logistic Center Asset Development and Co-construction Project," the consolidated company contracted the design, planning and construction to ALP. However, in order to carry out follow-up engineering and contract performance matters, the total contract amount was revised to NT\$2,200,000 thousand. As of March 31, 2024, the consolidated company has been paid NT\$670,081 thousand.

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

X. Losses due to major disasters: None.

XI. Significant post events: None.

XII. Others

(I) Classification of employee benefits, depreciation, depletion and amortization expenses by function is summarized as follows:

By function By nature	2024 January to March			2023 January to March		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expenses						
Salary expenses	218,708	169,823	388,531	193,802	168,367	362,169
Labor and health insurance expenses	21,552	15,535	37,087	19,961	14,706	34,667
Pension expenses	12,595	9,323	21,918	10,708	9,071	19,779
Other employee benefits expenses	9,510	10,130	19,640	8,114	10,310	18,424
Depreciation expenses	73,307	19,564	92,871	66,549	26,760	93,309
Amortization expenses	1,728	7,716	9,444	1,116	7,188	8,304

(II) Seasonality of operation

Consolidated Company's operations are not affected by seasonal or cyclical factors.

XIII. Supplementary Disclosures

(I) Information on Significant Transactions

From January 1 to March 31, 2024, the Consolidated Company complied with the Financial Reporting Standards for Securities Issuers, and the relevant information on major transactions that should be disclosed is as follows :

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

1. Loans to other parties :

Unit: NT\$ Thousands

No.	Lender	Borrowing company	Account titles	Related party	Current maximum amount	Ending balance	Actual amount draw down	Interest rate interval	Nature of loaning of funds (Note 1)	Business transaction amount	Reasons of necessary short-term financing	Amount recognized in loss allowance	Collateral		Limit of loans to individual borrowers	Limit of total loans
													Item	Value		
0	Lien Hwa Industrial Holdings Corporation	Lien Hwa Property Development Corporation	Other receivable	Yes	600,000	600,000	-	1.67%	2	-	Operating Capital	-	-	-	4,805,841	9,611,683
1	Fortune Dragon Holding Inc.	Yantai Taihwa Food Industrial Co., Ltd.	"	"	352,000	352,000	352,000	-	2	-	"	-	-	-	8,097,026	11,335,836
1	"	Hifood Co., Ltd.	"	"	22,400	22,400	20,800	5.51%~5.56%	2	-	"	-	-	-	3,238,810	11,335,836
2	MiTAC Inc.	MiTAC Advance Technology Corp.	"	"	1,000,000	450,000	450,000	1.90%	2	-	"	-	-	-	3,146,381	6,292,762
3	MiTAC Information Technology Corp.	General Resources Co., Ltd.	"	"	120,000	120,000	120,000	1.95%~2.00%	2	-	"	-	-	-	652,171	652,171
3	"	MiTAC Advance Technology Corp.	"	"	300,000	300,000	-	-	2	-	"	-	-	-	652,171	652,171
4	MiTAC Communication Co., Ltd.	General Resources (Hong Kong) Co., Ltd.	"	"	32,000	32,000	10,560	2.50%	2	-	"	-	-	-	45,332	45,332
5	Lien Rui Investment Corp.	Jian Foods Incorporation	"	"	7,700	-	-	-	2	-	"	-	-	-	47,916	47,916

Note 1: 1. A business associate.

2. Needs for short-term financing.

Note 2: The limit amount of loans to each borrower shall not exceed 10% of the net value of the recent financial statements audited or reviewed by the CPA, and the total limit of loans shall not exceed 20% of that.

Note 3: The limit amount of loans to each borrower and the total limit of loans of Lien Hwa Property Development Corporation shall not exceed 40% of the net value of the recent financial statements audited or reviewed by the CPA.

Note 4: If both the borrower and lender are the foreign company that the parent company owns directly or indirectly with 100% of voting rights, the limit amount for the Fortune Dragon Holding Inc. to loan to each borrower and the limit amount of total loans shall not exceed 100% of the net value of the recent financial statements audited or reviewed by the CPA. If the borrower and lender do not meet said criteria, the amount shall not exceed 40%. Said amount loaned shall not exceed 140% in total.

Note 5: The limit amount of loans of MiTAC Inc. to each borrower shall not exceed 10% of the net value of the recent financial statements audited or reviewed by the CPA, and the total limit of loans shall not exceed 20% of that.

Note 6: MiTAC Information Technology Corp.'s limit for loans to each borrower and all borrowers in aggregate shall not exceed 40% of the latest financial statements audited or reviewed by the CPA

Note 7: MiTAC Communication Co., Ltd. limit for loans to each borrower and all borrowers in aggregate shall not exceed 40% of the latest financial statements audited or reviewed by the CPA

Note 8: Lian-Rui Investment Co., Ltd.'s limit for loans to each borrower and all borrowers in aggregate shall not exceed 40% of the latest financial

Note 9: The transactions had been eliminated in the consolidated financial statements.

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

2. Guarantees and endorsements for other parties :

Unit: NT\$ Thousands

No.	Endorsing/ guaranteeing company	Endorsed/ guaranteed company		Limit amount of endorsement / guarantee to a single enterprise	Current maximum endorsement/ guarantee balance	Current endorsement/ guarantee - ending	Actual amount drawn down	Endorsement/ guarantee amount secured with property as collateral	Ratio of the cumulative endorsement/ guarantee amount to the net worth in the most recent financial statements	Maximum endorsements/ guarantees	Endorsement/ guarantee made by the parent company for its subsidiaries	Endorsements/ guarantees made by the subsidiaries for its parent company	Endorsement/ guarantee made for the operations in Mainland China
		Company name	Relationship (Note 1)										
0	Lien Hwa Industrial Holdings Corporation	Pacific Gateway Holdings Inc.	2	48,058,414	192,000	192,000	-	-	0.40%	48,058,414	Y	N	N
0	"	Fortune Dragon Holding Inc.	2	48,058,414	368,000	368,000	-	-	0.77%	48,058,414	Y	N	N
0	"	Lien Hwa Milling Corporation	2	48,058,414	3,350,000	3,350,000	1,148,232	-	6.97%	48,058,414	Y	N	N
0	"	Lien Hwa Property Development Corporation	2	48,058,414	100,000	100,000	-	-	0.21%	48,058,414	Y	N	N
1	Lien Hwa Property Development Corporation	Lien Hwa Industrial Holdings Corporation	3	8,010,181	4,024,390	4,024,390	2,024,390	4,024,390	150.72%	8,010,181	N	Y	N
2	MiTAC Inc.	MiTAC Information Technology Corp.	1	31,463,808	2,168,925	2,036,440	946,236	140,190	6.47%	31,463,808	N	N	N
3	MiTAC Information Technology Corp.	General Resources Co., Ltd.	2	1,630,428	450,000	330,000	280,000	-	20.24%	1,630,428	N	N	N
3	"	MiTAC Advance Technology Corp.	2	1,630,428	93,394	93,394	93,394	-	5.73%	1,630,428	N	N	N
3	"	General Resources (Hong Kong) Co., Ltd.	2	1,630,428	52,620	52,620	52,620	-	3.23%	1,630,428	N	N	N

Note 1: The relationship between the endorsing/guarantying subject and the endorsed/guaranteed subject is classified into 3 categories as follows:

1. A business associate.
2. A company that directly and indirectly holds more than 50% of the voting shares.
3. A company that directly and indirectly holds more than 50% of the voting shares.

Note 2: The total endorsement and guarantee amount made by the Company for others shall not exceed 100% of the net value in the most recent financial statements. The endorsement and guarantee amount made by the Company to a single subsidiary shall not exceed 100% of the net value in the most recent financial statements.

Note 3: The limit of the endorsement and guarantee amount made by Lien Hwa Property Development Corporation to a single company and the total limit of endorsement and guarantee shall not exceed 300% of the net value in the most recent financial statements of Lien Hwa Property Development Corporation audited or reviewed by the CPA.

Note 4: The limit of the endorsement and guarantee amount made by MiTAC Inc. to a single company and the total limit of endorsement and guarantee shall not exceed 100% of the net value in the most recent financial statements of MiTAC Inc. audited or reviewed by the CPA.

Note 5: The limit of the endorsement and guarantee amount made by MiTAC Information Technology Corp. to a single company and the total limit of endorsement and guarantee shall not exceed 100% of the net value in the most recent financial statements of MiTAC Information Technology Corp. audited or reviewed by the CPA.

Note 6: The transactions had been eliminated in the consolidated financial statements.

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

3. Securities held at the end of period (excluding investment in subsidiaries, affiliates and joint ventures):

Unit: NT\$ Thousands/ Thousand shares

Company in possession	Type and name of marketable securities	Relationship with the security issuer	Ledger account	Ending Balance				Note
				No. of shares/Unit	Book value	%	Fair value (Notes 1 and 3)	
Lien Hwa Industrial Holdings Corporation	Great Wall Enterprise Co., Ltd.	The Company is the juridical person director of the company	Financial assets measured at fair values through other comprehensive profit or loss- non-current	19,013	1,097,038	2.12%	1,097,038	
"	MiTAC Holdings Corp.	The chairman of the company is the one of the Company	"	105,941	5,455,959	8.78%	5,455,959	
"	Synnex Technology International Corp.	"	"	59,526	4,696,611	3.57%	4,696,611	
"	Pao Long International Co., Ltd.	-	"	2,365	36,901	1.57%	36,901	
"	Getac Holdings Corporation	The chairman of the Company is the representative of the juridical person director of the company	Financial assets measured at fair values through other comprehensive profit or loss- non-current	7,210	919,275	1.18%	919,275	
"	Formosa Golf and Country Club Corp.	-	"	2	340	0.01%	340	
"	Hsin Yu Energy Development Co., Ltd.	-	"	6,076	-	2.44%	-	
"	Harbinger Venture Capital Corp.	The Company is the juridical person chairman of the company	"	7	45	3.35%	45	
"	Global Investment Holdings Co. Ltd.	The Company is the juridical person director of the company	"	1,404	25,034	3.33%	25,034	
"	Shihlien Fine Chemicals Co., Ltd.	"	"	24,384	35,292	9.38%	35,292	
Hua Cheng Investment Co., Ltd.	Lien Hwa Industrial Holdings Corporation	Parent company	"	174	11,830	0.01%	11,830	Note 2
"	Waffer Technology Corp.	-	"	2	166	- %	166	
"	Shihlien Fine Chemicals Co., Ltd.	-	"	11,001	15,922	4.23%	15,922	
"	Harbinger Venture Management Co., Ltd.	-	"	863	21,385	19.99%	21,385	
"	B Current Impact Investment	-	"	-	4,554	3.13%	4,554	
"	Taian Insurance Co., Ltd.	-	"	921	27,401	0.31%	27,401	
"	China Trade and Development Corp.	-	"	50	1,243	0.08%	1,243	
"	Harbinger VI Venture Capital Corp.	-	"	2,410	30,641	9.96%	30,641	
"	Harbinger VII Venture Capital Corp.	-	"	5,333	84,590	9.39%	84,590	
"	B Current Impact Investment Inc.	-	"	500	4,282	6.25%	4,282	
"	Harbinger VIII Venture Capital Corp.	-	"	15,000	163,951	11.57%	163,951	
"	Harbinger IX Venture Capital Corp.	-	"	2,500	24,471	9.90%	24,471	
Fortune Dragon Holding Inc.	Budworth Investment Limited	-	"	30	1	3.33%	1	
"	Asia Global Venture Capital Co., Ltd	-	"	446	15,560	10.00%	15,560	
"	Harbinger Ruyi Venture Limited	-	"	500	12,158	14.29%	12,158	
"	Asia Global Venture Capital II Co., Ltd	-	"	159	5,121	3.00%	5,121	
"	Ever Victory Global Limited.	-	"	72,810	963,475	11.76%	963,475	
"	eT Capital, L.P.	-	"	-	97,188	10.43%	97,188	
"	Acorn Accelerator Fund I, L.P.	-	"	-	38,642	7.41%	38,642	
Sun Lead International Limited	Kelington Group Berhad	-	"	39,635	684,877	5.96%	684,877	
"	Kelington Group Berhad-Warrants B	-	Financial assets at fair value through profit or loss- non-current	10,182	87,973	- %	87,973	

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Company in possession	Type and name of marketable securities	Relationship with the security issuer	Ledger account	Ending Balance				Note
				No. of shares/Unit	Book value	%	Fair value (Notes 1 and 3)	
MiTAC Inc.	Lien Hwa Industrial Holdings Corporation	Parent company	Financial assets measured at fair values through other comprehensive profit or loss- non-current	6,209	421,606	0.39%	421,606	Note 2
"	Ares International Corp.	The Company is the juridical person director of the company	"	1,000	59,024	2.12%	59,024	
"	Synnex Technology International Corp.	The chairman of the company is the one of the Company	"	260,521	20,555,111	15.62%	20,555,111	Note 4
"	MiTAC Holdings Corp.	"	"	101,431	5,223,701	8.41%	5,223,701	Note 5
"	EasyCard Investment Holding Co., Ltd.	The Company is the supervisor of the company.	"	4,184	200,913	6.28%	200,913	
"	Far Eastern Electronic Toll Collection Co., Ltd.	The Company is the juridical person director of the company	"	27,723	316,463	9.24%	316,463	
"	Digital economy limited partnership	-	"	-	31,267	6.29%	31,267	
"	Harbinger VII Venture Capital Corp.	-	"	5,333	86,780	9.39%	86,780	
"	Harbinger III Venture Capital Corp.	The Company is the juridical person director of the company	"	6	164	6.00%	164	
"	Harbinger Venture Capital Corp.	The chairman of the company is the one of the Company	"	19	129	9.50%	129	
"	Lian Jie Er Investment Co. Ltd.	The Company is the supervisor of the company	"	1,625	22,009	16.25%	22,009	
"	Harbinger VIII Venture Capital Corp.	The Company is the supervisor of the company	"	10,000	107,579	7.71%	107,579	
"	ProMOS Technologies Inc.	-	"	44	-	0.10%	-	
"	General Motors corporate bond	-	"	500	-	- %	-	
"	Renaissance Capital I Limited Partnership	-	"	-	113,235	12.82%	113,235	
"	CTCI Corporation	-	"	7,593	359,908	0.95%	359,908	
"	EasyCard	The Company is the juridical person director of the company	"	1,759	115,998	2.51%	115,998	
"	Harbinger IX Venture Capital Corp.	-	"	2,500	24,660	9.90%	24,660	
Mix System Holdings	Budworth Investment Limited	-	Financial assets measured at fair values through other comprehensive profit or loss- non-current	91	5	10.00%	5	
"	DynaComware Corp.	-	"	21	1,353	0.97%	1,353	
"	Harbinger Ruyi II Venture Limited	-	"	5	45,006	16.13%	45,006	
"	Temple of Light Limited	-	"	153	6,381	1.20%	6,381	
Ho Li Investment Co., Ltd.	MiTAC Inc.	Parent company	"	2,561	177,877	0.63%	177,877	Note 2
"	MiTAC Information Technology Corp.	Fellow subsidiary of the parent company	"	-	2	- %	2	
"	Harbinger VI Venture Capital Corp.	The Company is the juridical person director of the company	"	1,607	17,338	6.64%	17,338	
"	Far Eastern Electronic Toll Collection Co., Ltd.	The parent company is the juridical person director of the company	"	5,256	59,969	1.75%	59,969	
"	UPC Technology Corp.	The chairman of the parent company is its chairman	Financial assets measured at fair values through other comprehensive profit or loss- current	8,467	112,191	0.62%	112,191	
"	Synnex Technology International Corp.	"	"	460	36,294	0.03%	36,294	
"	Getac Holdings Corporation	Invested company of MiTAC Holdings Corporation under the equity method	"	5,358	683,145	0.88%	683,145	
"	Waffer Technology Corp.	-	"	1	111	- %	111	
"	CTCI Corporation	-	"	1,917	90,866	0.24%	90,866	
"	PGIM Money Market Fund	-	Financial assets at fair value through profit or loss-current	276	4,508	- %	4,508	

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Company in possession	Type and name of marketable securities	Relationship with the security issuer	Ledger account	Ending Balance				Note
				No. of shares/Unit	Book value	%	Fair value (Notes 1 and 3)	
Shen Tong International Management Consulting Co., Ltd.	Mitac (Shanghai) Computer Co., Ltd.	-	Financial assets measured at fair values through other comprehensive profit or loss- non-current	-	3,521	10.00%	3,521	
"	SPDB Wealth Management Products	-	Financial assets at fair value through profit or loss-current	-	83,795	- %	83,795	
MiTAC Communication Co., Ltd.	Fubon Chi-Hsiang Money Market Fund	-	"	3,108	50,124	- %	50,124	
Claridy Solutions (Wuxi), Inc.	Suyin Wealth OpenSource Cash 1	"	"	-	26,186	- %	26,186	
MiTAC Advance Technology Corp.	Fubon Chi-Hsiang Money Market Fund	"	"	19,901	320,897	- %	320,897	

Note 1: For the TWSE/TPEX-listed Company with a public market price, the closing price on the last transaction date in the accounting period shall apply.

Note 2: The parent company's stocks possessed by subsidiaries have been deducted from the book value and these stocks were deemed as treasury stocks.

Note 3: The market price listed by the non-TWSE/TPEX-listed company refers to the equity net value. Some of it is listed in the financial statements of the same period that is prepared by the invested company or audited by the CPA.

Note 4: Among the other things, 23,000 thousand shares were pledged to the bank as the collateral to secure the application of MiTAC Information Technology Corp. for the facility under the bank's project.

Note 5: Among the other things, 1,500 thousand shares were pledged to the bank as the collateral to secure the application of MiTAC Information Technology Corp. for the facility under the bank's project.

Note 6: The transactions had been eliminated in the consolidated financial statements.

4. The amount of the accumulated purchase or sale of the same securities is over NT\$300 million or 20% or more of the paid-in capital:

Unit: NT\$ Thousands/ Thousand shares

Buying/selling company	Type and name of marketable securities	Ledger account	Trading counterpart	Relationship	Beginning of the period		Buy		Sell				Ending Balance	
					Number of shares	Amount	Number of shares	Amount (Note)	Number of shares	Selling price	Book cost	Disposal gain or loss	Number of shares	Amount
MiTAC Advance Technology Corp.	Fubon Chi-Hsiang Money Market Fund	Financial assets measured at fair values through profit or loss-current			29,826	480,300	5,572	90,000	15,497	250,000	249,403	597	19,901	320,897

Note1: Including the adjustments for change in the recognized amount.

Note2: Please refer to Basis for consolidation Note 6.

Note3: The transactions had been eliminated in the consolidated financial statements.

5. The purchase amount of real property exceeds NT\$300 million or 20% of stock capital collected: None.
6. The amount of real property disposed exceeds NT\$300 million or 20% of stock capital collected: None.
7. Purchases from or sales to related parties of at least \$100 million or 20% of the paid-in capital :

Unit: NT\$ thousands

Name of Company	Name of the trading counterpart	Relationship	Transaction details				Status and reason for deviation from arm's-length transaction		Accounts/notes receivable (payable)		Note
			Purchase (sale)	Amount	Percentage of total purchases /sales	Credit period	Unit price	Credit period	Balance	Percentage of accounts/ notes receivable (payable)	
Lien Hwa Milling Corporation	Chiao Thai Hsing Enterprise Co., Ltd.	Other related party	Purchase	102,923	6%	on demand	-	No significant differences	-	- %	

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Notes to the Consolidated Financial Statements

8. Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital :

Unit: NT\$ thousands

Name of related parties	Counter-party	Relationship	Balance of receivables from related parties	Turnover rate	Overdue amount		Amounts received in subsequent period	Allowance for bad debt
					Amount	Action taken		
Lien Hwa Industrial Holdings Corporation	MiTAC Holdings Corp.	Other related party	137,723	-	-		-	-
Fortune Dragon Holding Inc.	Yantai Taihwa Food Industrial Co., Ltd.	Parent-subsidiary	352,000	-	-		-	-
"	Boc Lienhwa (B.V.I) Holding Co., Ltd.	affiliates	814,466	-	-		-	-
MiTAC Inc.	MiTAC Advance Technology Corp.	Other related party	450,710	-	-		-	-
"	MiTAC Holdings Corp.	Other related party	131,860	-	-		-	-
MiTAC Information Technology Corp.	General Resources Co., Ltd.	Parent-subsidiary	120,000	-	-		-	-
MiTAC Advance Technology Corp.	MiTAC Information Technology Corp.	Parent-subsidiary	126,318	-	-		-	-

Note: The transactions had been eliminated in the consolidated financial statements.

9. Engaging in derivatives trading: None.

10. Parent-subsidiary company business relation and important transactions: None.

From January 1 to March 31, 2024, there were no material transaction between the parent company and subsidiaries other than the loan funding. Details about the loan funding are provided in Note 13(1).

(II) Information on Invested Companies :

From January 1 to March 31, 2024, the reinvestment business information of the Consolidated Company is as follows (excluding information on investees in Mainland China) :

Unit: NT\$ thousands/ Thousand shares

Name of investor	Name of invested company	Location	Main business	Original investment amount		Held at the end of the period			Profit or loss of invested company in the current period	Investment profit or loss recognized in the current period	Note
				End of the period	End of last year	Shares	Ratio	Book value			
Lien Hwa Industrial Holdings Corporation	UPC Technology Corp.	Taipei	Organic acid, acid anhydride and its derivatives, plastic toughened, etc.	3,142,213	3,142,213	424,881	32.04%	9,826,766	(780,660)	(250,202)	
"	Linde Lienhwa Industrial Gases Co., Ltd.	"	Production of liquid nitrogen, nitrogen, hydrogen, acetylene and other industrial gases.	400,000	400,000	1,886	50.00%	9,667,878	1,687,326	843,663	
"	MiTAC Inc.	"	General investment	731,636	731,636	143,480	35.89%	11,345,597	150,148	52,615	Subsidiary Note 1 and 2
"	MiTAC Information Technology Corp.	"	Integrated system service, automatic system, applied software design and sale of industrial computer	1,289,599	1,289,599	65,900	38.77%	663,585	(3,187)	(743)	Subsidiary Note 3
"	Hua Cheng Investment Co., Ltd.	"	General investment	827,116	827,116	106,920	100.00%	1,628,252	7,173	7,173	Subsidiary Note 1

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Name of investor	Name of invested company	Location	Main business	Original investment amount		Held at the end of the period			Profit or loss of invested company in the current period	Investment profit or loss recognized in the current period	Note
				End of the period	End of last year	Shares	Ratio	Book value			
Lien Hwa Industrial Holdings Corporation	Lienhwa United LPG Co., Ltd.	Taipei	Installation, purchase/sale and technical maintenance of the equipment for propane, butane and the mixture.	62,253	62,253	6,848	24.04%	92,587	13,652	3,283	
"	Lien Rui Investment Corp.	"	General investment	623,500	623,500	21,000	100.00%	117,567	(2,234)	(2,237)	Subsidiary Note 3
"	Fortune Dragon Holding Inc.	B.V.I.		3,737,817	3,737,817	120,155	100.00%	8,097,026	251,762	251,762	Subsidiary
"	Lien Hwa Milling Corporation	Taipei	Manufacturing and sale of flour	913,563	913,563	74,999	74.999%	1,294,245	53,111	39,890	Subsidiary Note 3
"	Lien Hwa Property Development Corporation	"	Rental and leasing business	2,201,000	2,201,000	200,100	100.00%	2,670,060	37,855	37,855	Subsidiary
"	Lien Hwa Industrial Co., Ltd.	"	General investment	1,000	1,000	100	100.00%	1,006	-	-	Subsidiary
"	Asia Hydrogen Energy Corporation	Hsinchu	Manufacture of machinery and equipment for power generation, transmission and distribution, and energy technology service.	303,918	303,918	7,465	50.927%	295,614	(7,163)	(4,111)	Subsidiary
Hua Cheng Investment Co., Ltd.	UPC Technology Corp.	Taipei	Organic acid, acid anhydride and its derivatives, plastic toughened, etc.	54,933	54,933	4,732	0.36%	111,426	(780,660)	(2,810)	
"	MiTAC Inc.	"	General investment	84,354	84,354	7,807	1.95%	639,649	150,148	2,859	Subsidiary Note 2
"	MiTAC Information Technology Corp.	"	Integrated system service, automatic system, applied software design and sale of industrial computer	140,128	140,128	9,004	5.30%	90,616	(3,187)	(169)	Subsidiary
"	Jian Foods Incorporation	"	Wholesaling and retailing business	10	10	-	-	-	(1,571)	-	"
"	Camel Ring International Company	"	"	10	10	1	0.16%	11	(288)	-	"
"	Lien Yung Investment Corp.	"	General investment	87,969	87,969	9,217	19.99%	226,676	20,245	4,047	
"	Tung Da Investment Co., Ltd.	"	"	72,699	72,699	4,848	19.99%	172,189	16,138	3,226	
"	Lien Hwa Milling Corporation	"	Manufacturing and sale of flour	14	14	1	-	17	53,111	1	Subsidiary
"	Asia Hydrogen Energy Corporation	Hsinchu	Manufacture of machinery and equipment for power generation, transmission and distribution, and energy technology service.	40	40	1	0.007%	39	(7,163)	(1)	Subsidiary
Lien Rui Investment Corp.	Jian Foods Incorporation	"	Wholesaling and retailing business	417,000	417,000	8,189	97.09%	21,731	(1,571)	(1,525)	"
"	Oggi Restaurant Group Co., Ltd.	"	Restaurant business	35,000	35,000	3,500	100.00%	22,673	(558)	(558)	"
"	Farmdirect Corp.	Taoyuan	Wholesaling and retailing business	13,500	13,500	-	-	-	-	-	
"	Camel Ring International Company	Taipei		6,465	6,465	642	99.84%	6,758	(288)	(288)	Subsidiary
Fortune Dragon Holding Inc.	Pacific Gateway Holdings Inc.	B.V.I.	General investment	1,186,793	1,186,793	39,461	100.00%	323,613	(40,710)	(40,710)	Subsidiary
"	Boc Lienhwa (B.V.I) Holding Co., Ltd.	"	"	1,744	1,744	50	50.00%	2,723,988	776,163	221,158	
"	Hifood Co., Ltd.	Cayman	"	470,630	470,630	14,150	65.81%	170,458	2,246	1,478	Subsidiary
"	Sun Lead International Limited	B.V.I.	"	73,525	73,525	3	100.00%	798,294	38,740	38,740	"
MiTAC Inc.	Mix System Holdings Ltd.	"	"	268,342	268,342	8,610	100.00%	468,123	4,392	4,392	"
"	Ho Li Investment Co., Ltd.	Taipei	"	564,035	564,035	82,234	100.00%	1,517,273	27,963	27,963	Subsidiary Note 1

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Name of investor	Name of invested company	Location	Main business	Original investment amount		Held at the end of the period			Profit or loss of invested company in the current period	Investment profit or loss recognized in the current period	Note
				End of the period	End of last year	Shares	Ratio	Book value			
MiTAC Inc.	MiTAC Hikari Corp.	Taipei	System integration service	30,000	30,000	3,000	50.00%	2,690	1,542	771	Subsidiary
"	MiTAC Information Technology Corp.	"	Integrated system service, automatic system, applied software design and sale of industrial computer	604,817	604,086	56,450	33.21%	541,465	(3,187)	(1,058)	"
"	MiTAC Advance Technology Corp.	"	Information Software Services, Computer and Peripheral Equipment Manufacturing, Other Electrical Engineering and Electronic Machinery Equipment Manufacturing	159,084	159,084	9,943	11.05%	160,822	14,627	1,616	"
Mix System Holdings Ltd.	Mitac Investment China Co. Ltd.	B.V.I.	General investment	166,065	166,065	5,450	100.00%	252,591	2,547	2,547	"
Ho Li Investment Co., Ltd.	Lien Yung Investment Corp.	Taipei		87,969	87,969	9,217	19.99%	202,485	20,245	-	
"	Tung Da Investment Co., Ltd.	"		72,691	72,691	4,848	19.99%	160,809	16,138	-	
MiTAC Information Technology Corp.	MiTAC Communication Co., Ltd.	"	Sale, rental and maintenance of telephone switching systems and data communication products, communication system project contracting	201,312	201,312	10,731	100.00%	117,395	4,066	4,066	Subsidiary
MiTAC Information Technology Corp	Samoa Mitac Information Holding Ltd.	Samoa	General investment	166,915	166,915	5,395	100.00%	125,442	(5,957)	(5,957)	Subsidiary
"	Mitac Information Technology (Singapore) Pte. Ltd.	Singapore	Engineering of factory affair monitoring for semiconductor factories and network communication system engineering	15,794	15,794	500	100.00%	65,983	12,476	12,476	Subsidiary
"	MiTAC Advance Technology Corp.	Taipei	Information Software Services, Computer and Peripheral Equipment Manufacturing, Other Electrical Engineering and Electronic Machinery Equipment Manufacturing	535,100	535,100	53,510	59.45%	673,675	14,627	8,695	Subsidiary
"	General Resources Co., Ltd.	Taipei	Engineering of network signal communication system for railways and rapid transit, engineering of environmental protection (engineering of systematic treatment for waste gas)	337,548	337,548	18,000	100.00%	182,947	(3,735)	(6,181)	Subsidiary Note2
General Resources Co., Ltd.	General Resources (Hong Kong) Co., Ltd.	Hong Kong	Engineering of network signal communication system for railways and rapid transit	263,894	263,894	65,663	100.00%	16,191	(1,254)	(1,254)	Subsidiary
"	GENERAL RESOURCES VIETNAM COMPANY LIMITED	Vietnam	Engineering of network signal communication system for railways and rapid transit	12,185	12,185	-	100.00%	9,863	617	617	"
Samoa Mitac Information Holding Ltd.	Aidixun Investment Co., Ltd.	Samoa	General investment	163,512	163,512	8,165	100.00%	125,058	(5,891)	(5,891)	"

Note 1: The parent company's stocks possessed by subsidiaries have been deducted from the book value and these stocks were deemed as treasury stocks.

Note 2: The variance refers to the amortization of the difference in equity net value.

Note 3: The variance between the book value and the investment income recognized in the current period and invested company refers to the side stream transaction.

Note 4: The transactions had been eliminated in the consolidated financial statements.

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Notes to the Consolidated Financial Statements

(III) Information on investment in Mainland China :

1. Information on investment in Mainland China :

Unit: NT\$ thousands

Name of the invested company in China (Note 2)	Main business	Paid-in capital amount	Investm ent method (Note 1)	Accumulated amount investment remittance form Taiwan as of Jan. 1, 2023	Investment amount remitted or recovered in the current period		Accumulate d investment amount remitted from Taiwan at the end of current period	Investee income recogni zed in the current period	Direct and indirect sharehold ing of the Company	Investment income recognized in the current period	Investment book value at year end	Investment revenue received in the current period
					Remit tance	Repat riation						
Yantai Taihwa Food Industrial Co., Ltd. (II).1	Manufacturing and sale of flour and flour processed food	1,232,224	(=)	1,232,224	-	-	1,232,224	(40,709)	100.00%	(40,709)	317,447	-
Hifood(Shanghai) Co., Ltd. (II).2	Rental and leasing business	656,700	(=)	408,880	-	-	408,880	2,530	65.81%	1,665	183,946	-
Fujian Fuhua Gases Co., Ltd. (II).2 and 3	Research and development of industrial gases, development and technical service of electronics industrial gases	824,911	(=)	-	-	-	-	71,268	25.00%	18,598	285,438	-
BOCLH Industrial Gases (Shanghai) Co., Ltd (II). 2 and 3	Mainly in the business of gas production	580,438	(=)	1,744	-	-	1,744	86,856	50.00%	43,428	481,976	-
Lien Xiong Investment (Shanghai) Co., Ltd. (II). 2 and 3	General investment	5,725,631	(=)	-	-	-	-	752,845	50.00%	376,423	3,472,123	-
Shengpin Precision Gas (Shanghai) Co., Ltd. (II). 2 and 3	Mainly in the business of gas production	729,024	(=)	-	-	-	-	160,831	50.00%	80,416	709,993	-
Lien Hwa Precision Gas (Chengdu) Co., Ltd. (II). 2 and 3		501,638	(=)	-	-	-	-	21,715	50.00%	10,858	338,478	-
Lien Hwa Precision Gas (Dalian) Co., Ltd. (II). 2 and 3		478,312	(=)	-	-	-	-	38,989	50.00%	19,495	436,372	-
Linde Lienhwa Gases (Wuhan) Co., Ltd. (II).2 and 3		629,663	(=)	-	-	-	-	199,197	50.00%	99,599	976,940	-
Linde Lienhwa Gases (Chengdu) Co., Ltd. (II).2 and 3		718,696	(=)	-	-	-	-	26,772	50.00%	13,386	446,395	-
BOCLH Industrial Gases (Beijing) Co., Ltd. (II).2 and 3	Mainly in the business of production and manufacturing of chemical raw materials	437,394	(=)	-	-	-	-	(10,931)	50.00%	(5,465)	194,014	-
BOCLH Industrial Gases (Lianxiong Gases) Co., Ltd. (II).2 and 3	Mainly in the business of in the fields of electronic technology, industrial gases and sales of chemical products	245,969	(=)	-	-	-	-	2,439	50.00%	1,220	130,823	-
Mitac (Shanghai) Business Management Consulting Co., Ltd. (II).2	Business management consulting, business information consulting and system integration services	82,898	(=)	31,708	-	-	31,708	(847)	100.00%	(847)	143,378	-
Claridy Solutions (Wuxi), Inc. (II).2	Research and development of Radio Frequency Identification (RFID) technology; production and sale of the products	86,695	(=)	32,439	-	-	32,439	(6,287)	100.00%	(6,287)	132,069	-

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2. Limits on reinvestments in Mainland China :

Company name	Accumulated amount of remittance from Taiwan to Mainland China at the end of period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Upper limit on investment authorized by MOEAIC (Note 3)
The Company	3,720,683	3,879,439	28,835,048
MiTAC Inc.	49,114	189,212	18,878,285
MiTAC Information Technology Corp.	161,191	161,191	978,257

Note 1: Investment is divided into the following three categories:

- (I) engaged in direct investment in Mainland China;
- (II) Investment in Mainland China through a third country company.
- (III) Others.

Note 2: In the column of the investment income recognized in the current period:

- (I) it should be specified if the investment is in preparation without any investment gain or loss resulted.
- (II) The base for the recognition of investment income can be classified into three categories and it shall be specified.
 - (1) The financial statements audited and attested by the CPA Firms of the parent company in Taiwan;
 - (2) Other- Self-prepared financial statement
 - (3) The investment income is recognized based on the shareholding of that company as held by Fortune Dragon Holding Inc. indirectly.

Note 3: According to the regulation in the "Principle of Review on Investment and Technical Cooperation in Mainland China" issued by the Investment Commission on August 29, 2008, 60% of the net value is used for the calculation.

Note 4: The numbers in said table are stated in New Taiwan Dollars.

Note 5: The Company invested in Quan Ye Trading Co., Ltd indirectly. The original investment cost was US\$1,000 thousand. The equity was disposed of and US\$486 thousand of the investment amount was collected and settled in May 2017. It was reported to the Investment Commission of the Ministry of Economic Affairs for future reference and cancellation as of March 31, 2024. After the capital is remitted back to Taiwan, the amount will be deducted from the used amount of the approved limit in Mainland China.

Note6: The transactions had been eliminated in the consolidated financial statements.

3. Material transactions: None.

(4) Information on major shareholders :

Name of major shareholder	Shares	No. of shares held	Shareholding percentage
UPC Technology Corp.		153,289,977	9.68%
Yih Yuan Investment Corp.		144,804,821	9.14%

Note: The major shareholders in this table are shareholders holding more than 5% of the common and preference shares that have completed delivery of non-physical registration (including treasury shares) on the last business day of March 31, 2024 calculated by the Taiwan Depository & Clearing Corporation. However, the share capital recorded in the Company's financial report and the number of shares actually delivered by the company without physical registration may differ due to calculation basis.

XIV. Department information

(1) General information

The consolidated company has 5 reportable segments: Rental business, Flour business, Flour business overseas, administrative resource center and system integration service business. The rental business provides real property rental and development services. The Flour business manufactures and sells all kinds of Flour and processed foods. The Flour business overseas is the subsidiary, Yantai Taihwa Food Industrial Co., Ltd. Its performance is evaluated independently. The company is located in China and is a flour manufacturing and sale company. The system integration service business provides the system integration service, automatic system, applied software design and sale of industrial computer. The administrative resource center is responsible for the management of domestic/foreign investment business.

The reportable segments of the consolidated company are strategic business departments that provide different products and laboring services. Since different technologies and marketing strategies are required for individual strategic business departments, they need to be managed separately. Most of the business departments were acquired respectively. Their initial management teams were retained.

The business decision maker of the consolidated company was not provided with the measured asset amount of the consolidated company. Therefore, the measured asset amount that should be disclosed was zero.

(2) Information about the income, assets and liabilities, and measurement basis and reconciliation of the reportable segment

The consolidated company mainly uses the department income before tax (excluding extraordinary gain or loss and exchange gain or loss) in the internal management report that is reviewed by the business decision maker to be the basis for resource distribution and performance evaluation for the management. Since the income tax, extraordinary gain or loss and exchange gain or loss were managed based on the Group, the consolidated company did not distribute the income tax expense (profit), extraordinary gain or loss and exchange gain or loss to the reportable segment. In addition, material non-cash item other than depreciation and amortization is not included in the income of every reportable segment. The reported amount shall be consistent with the amount in the report used by the business decision maker.

Except for that the pension expense of every business department is recognized and measured based on the pension scheme paid in cash, the accounting strategy of the business department is the same as what's stated in Note 4 "Summary of Significant Accounting Policies".

The consolidated company deems the sale and transfer between departments as third-party transactions. And the transaction is measured at current market price.

The consolidated company's operating segments and adjustment are as follows:

		Rental	Flour	Flour business	Administrative	System	All other	Adjustment	
		business	business	overseas	resource	integration	departments	and	Total
	2024 January to March				center	business		elimination	
Revenue:									
Revenue from external customers	\$	91,025	1,340,743	108,866	167,908	1,288,055	53,903	-	3,050,500
Inter-segment income		11,114	56	-	395,409	57	167	(406,803)	-
Total revenue	\$	102,139	1,340,799	108,866	563,317	1,288,203	54,070	(406,803)	3,050,500
Reportable segment profit or loss	\$	50,524	66,389	(41,255)	1,252,925	3,137	288,438	(384,506)	1,235,652
2023 January to March									
Revenue:									
Revenue from external customers	\$	87,018	1,363,686	110,975	156,172	1,081,317	72,277	-	2,871,445
Inter-segment income		10,841	155	-	429,856	61	274	(441,187)	-
Total revenue	\$	97,859	1,363,841	110,975	586,028	1,081,378	72,551	(441,187)	2,871,445
Reportable segment profit or loss	\$	53,018	4,473	(22,804)	1,219,141	(58,342)	390,433	(416,406)	1,169,513