# Tah Tong Textile Co., Ltd.

## Parent Company Only
## Financial Statements and
## Independent Auditors' Report

For the Years Ended December 31,
2022 and 2021

(CODE :1441)

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## Tah Tong Textile Co., Ltd. and subsidiaries

Parent Company Only Financial Statements
and Independent Auditor's Report for the
years ended December 31, 2022 and 2021

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INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR22000604

To the Board of Directors and Shareholders of TAH TONG TEXTILE CO., LTD.

## *Opinion*

We have audited the accompanying parent company only balance sheets of TAH TONG TEXTILE CO., LTD. (the "Company") as at December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the *Other matter* section), the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2022 and 2021, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

## *Basis for opinion*

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

## *Key audit matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2022 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2022 parent company only financial statements are stated as follows:

**Assessment of allowance for inventory valuation losses (including inventories of subsidiaries accounted for under the equity method)**

Description

Refer to Notes 4(9) and 4(12) for accounting policy on inventory valuation and investments accounted for under the equity method, Note 5(2) for accounting estimates and assumption uncertainty in relation to inventory valuation, and Notes 6(4) and 6(6) for details of inventories. As of December 31, 2022, the textile inventories and allowance for inventory valuation losses amounted to NT$121,142 thousand and NT$17,513 thousand, respectively. As of December 31, 2022, the inventories and allowance for inventory valuation losses in the consolidated financial statements amounted to NT$616,359 thousand and NT$51,251 thousand, respectively.

The Company is engaged in the sales of cotton yarn that was produced by the subsidiary in Vietnam and finished fabrics outsourced, etc. As textile products are subject to the fluctuations in raw material prices and the intense competition in textile market, there is a higher risk of inventory losing value or becoming obsolete. The Company's and its subsidiary's inventory are valued at the lower of cost and net realisable value, and the net realisable value of inventory over a certain age is evaluated based on the historical data on inventory clearance and discounts. The allowance for inventory valuation losses is presented in "inventories" and "investments accounted for under the equity method" in the parent company only financial statements.

As the Company and its Vietnam subsidiary operate in an industry where raw material prices fluctuate continuously, and the net realisable value used in evaluating obsolete inventories involves subjective judgement resulting in a high degree of uncertainty. Considering that the inventory and allowance for inventory valuation losses were material to the financial statements, we consider the Company's and its Vietnam subsidiary's assessment of allowance for inventory valuation losses a key audit matter.

How our audit addressed the matter

We performed the following audit procedures for allowance for valuation loss on inventories that were over a certain age and individually identified as obsolete and damaged:

1. Ascertained whether the policies on allowance for inventory valuation losses were reasonable and consistently applied in all the periods.
2. Verified the appropriateness of the system logic in calculating the ageing of inventories, and confirmed the information in the reports is consistent with the relevant policies.
3. Discussed with management the estimated net realisable value of individually identified obsolete and damaged inventories and obtained supporting documents to determine the reasonableness of allowance for inventory valuation losses.

4. Recalculated the net realisable value of individual inventory and calculated the required amount of the allowance for individual inventory valuation losses and compare it with the assessment result of the management.

**Subsidiaries accounted under the equity method - impairment assessment of property, plant and equipment**

Description

Refer to Note 4(11) in the parent company only financial statements and Note 4(18) in the consolidated financial statements for accounting policies on investments accounted for under the equity method and impairment of non-financial assets, Note 5(2) in the consolidated financial statements for the uncertainty of accounting estimates and assumptions applied on property, plant and equipment valuation, and Note 6(6) in the parent company only financial statements, Notes 6(7) and 6(10) in the consolidated financial statements for details of property, plant and equipment. As of December 31, 2022, the Company’s property, plant and equipment in the consolidated financial statements amounted to NT$940,694 thousand.

As the operation of the subsidiary was not as expected due to the fluctuations in international raw material and the uncertainty of supply and demand in the overall economic market, the management assessed the impairment of the assets held by the subsidiary and the assessment result may affect the amount of investments accounted under the equity method. The management hired an external expert to evaluate the value of property, plant and equipment using the market method and the cost method and used it as reference of the fair value of these assets. The valuation method performed by the external appraiser involves the choice of comparable properties, the evaluation of asset utilisation and the adjustment factors, and they are subjective judgement resulting in a high degree of estimation uncertainty. Thus, we consider the impairment assessment of assets a key audit matter.

How our audit addressed the matter

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

1. Obtained an understanding and assessed the Company's policies and procedures in relation to the property, plant and equipment impairment assessment, including collection of internal and external data, long-term and short-term business forecasts and industry changes, as well as obtained the asset impairment assessment reports that were assessed by the Company for cash-generating units.
2. Obtained the assets appraisal report issued by the appraiser and performed the following procedures:
   - Examined the appraiser's qualification and assessed his or her independence, objectiveness and competence
   - Assessed whether the valuation method in the appraisal report was commonly used and appropriate
   - Ascertained whether the replacement costs, comparable properties and the asset utilisation used in the appraisal report were applied reasonably and were in accordance with the actuality
   - Examined the reasonableness of the assumptions used in the appraisal report and ascertained the accuracy of the calculations

## *Other matter - Reference to the audits of other auditors*

We did not audit the financial statements of certain investments which were prepared using a different financial reporting framework and were audited by other auditors. We have performed necessary audit procedures on the adjustments made on the transition of preparing financial statements in accordance with the

Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission. Therefore, our opinion expressed herein, insofar as it relates to the unadjusted amounts included in respect of these associates, is based solely on the reports of the other auditors. The balance of these investments accounted for under the equity method amounted to NT$258,323 thousand and NT$276,713 thousand, constituting 15% and 16% of the parent company only total assets as at December 31, 2022 and 2021, respectively, and the comprehensive loss recognised from associates and joint ventures accounted for under the equity method amounted to (NT$46,819) thousand and (NT$19,583) thousand, constituting 20.5% and 25.4% of the parent company only total comprehensive income for the years then ended December 31, 2022 and 2021, respectively.

## *Responsibilities of management and those charged with governance for the parent company only financial statements*

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## *Auditors' responsibilities for the audit of the parent company only financial statements*

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order

to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

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

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

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

Lin, Ya-Hui Hsu, Yung-Chien

For and on behalf of PricewaterhouseCoopers, Taiwan

March 23, 2023

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The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditor' s report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

Tah Tong Textile Co., Ltd.
Parent Company Only Balance Sheet
For the Years Ended December 31, 2022 and 2011

Unit: NT$ thousand

| | Asset | Notes | December 31, 2022 | | | December 31, 2021 | | |
|---|---|---|---|---|---|---|---|---|
| | | | | Amount | % | | Amount | % |
| | **Current assets** | | | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | $ | 112,098 | 6 | $ | 102,020 | 6 |
| 1110 | Financial assets at FVTPL - Current | 6(2) and 8 | | 1,900 | - | | 33,202 | 2 |
| 1150 | Net value of notes receivable | (6)3 | | 1,779 | - | | 844 | - |
| 1170 | Net value of accounts receivable | (6)3 | | 28,874 | 2 | | 36,269 | 2 |
| 1180 | Accounts receivable - related parties, net | 7 | | 568,547 | 32 | | 351,239 | 20 |
| 1200 | Other receivables | | | 2,108 | - | | 3,790 | - |
| 1210 | Other receivables - related parties | 7 | | 64,420 | 4 | | 278,468 | 16 |
| 130X | Inventories | 6(4) | | 103,629 | 6 | | 103,792 | 6 |
| 1410 | Prepayments | | | 680 | - | | 541 | - |
| 1470 | Other current assets | 8 | | 15,225 | 1 | | 23,333 | 2 |
| 11XX | **Total current assets** | | | 899,260 | 51 | | 933,498 | 54 |
| | **Non-current assets** | | | | | | | |
| 1517 | Financial assets at fair value through other comprehensive income- non-current | 6(5) | | 46,347 | 2 | | 37,114 | 2 |
| 1550 | Investment accounted for using the equity method | 6(6) | | 757,472 | 43 | | 479,833 | 28 |
| 1600 | Property, Plant and Equipment | 6(7) and 8 | | 41,021 | 2 | | 41,822 | 2 |
| 1755 | Right-of-use asset | 6(8) and 7 | | 2,033 | - | | 4,743 | - |
| 1780 | Intangible assets | | | 100 | - | | 304 | - |
| 1840 | Deferred tax assets | 6(24) | | 16,488 | 1 | | 16,488 | 1 |
| 1940 | Long-term notes and accounts receivable - related parties | 7 | | - | - | | 214,915 | 12 |
| 1975 | Net defined benefit assets - non-current | 6(13) | | 11,585 | 1 | | 9,519 | 1 |
| 1990 | Other non-current assets - others | 7 | | 68 | - | | 103 | - |
| 15XX | **Total non-current assets** | | | 875,114 | 49 | | 804,841 | 46 |
| 1XXX | **Total assets** | | $ | 1,774,374 | 100 | $ | 1,738,339 | 100 |

(Continued on next page)

Tah Tong Textile Co., Ltd.
Parent Company Only Balance Sheet
For the Years Ended December 31, 2022 and 2011

Unit: NT$ thousand

| | Liabilities and Equity | Notes | December 31, 2022 Amount | % | December 31, 2021 Amount | % |
|---|---|---|---|---|---|---|
| | **Current liabilities** | | | | | |
| 2100 | Short-term borrowings | 6(9) | $ 756,529 | 43 | $ 557,690 | 32 |
| 2150 | Notes payable | | 6,692 | - | 9,401 | 1 |
| 2170 | Accounts payable | 7 | 127,266 | 7 | 161,881 | 9 |
| 2200 | Other payables | 6(12) and 7 | 29,450 | 2 | 30,506 | 2 |
| 2280 | Lease liabilities - Current | 7 | 2,054 | - | 2,699 | - |
| 2320 | Long-term liabilities due within a year or one operating cycle | 6(11) | 29,715 | 2 | 29,650 | 2 |
| 2399 | Other current liabilities - other | | 895 | - | 4,115 | - |
| 21XX | **Total current liabilities** | | 952,601 | 54 | 795,942 | 46 |
| | **Non-current liabilities** | | | | | |
| 2530 | Corporate bonds payable | 6(10) and 7 | 100,000 | 5 | 100,000 | 6 |
| 2540 | Long-term borrowings | 6(11) | 35,126 | 2 | 64,430 | 3 |
| 2570 | Deferred tax liabilities | 6(24) | 30,167 | 2 | 29,754 | 2 |
| 2580 | Lease liabilities - Non-current | 7 | - | - | 2,054 | - |
| 2600 | Other non-current liabilities | 7 | 32,124 | 2 | 146 | - |
| 25XX | **Total non-current liabilities** | | 197,417 | 11 | 196,384 | 11 |
| 2XXX | **Total Liabilities** | | 1,150,018 | 65 | 992,326 | 57 |
| | **Equity** | | | | | |
| | Share capital | 6(14) | | | | |
| 3110 | Common share capital | | 1,139,000 | 64 | 1,008,000 | 58 |
| | Capital reserve | 6(15) | | | | |
| 3200 | Capital reserve | | 11,181 | 1 | 3,988 | - |
| | Retained earnings | 6(16) | | | | |
| 3350 | Deficit yet to be compensated | | ( 506,048) | ( 29) | ( 212,993) | ( 12) |
| | Other equity | 6(17) | | | | |
| 3400 | Other equity | | ( 19,777) | ( 1) | ( 52,982) | ( 3) |
| 3XXX | **Total equity** | | 624,356 | 35 | 746,013 | 43 |
| | Significant Contingent Liabilities and Unrecognized Commitments | 9 | | | | |
| | Significant Events | 11 | | | | |
| 3X2X | **Total liabilities and equities** | | $ 1,774,374 | 100 | $ 1,738,339 | 100 |

The attached notes to parent company only financial statements are the integral part of the parent company only financial statements, please read together.

Chairman: Chen, Shiou-Chung     Managerial Officer: Chen, Chien-Choan     Accounting Officer: Kuo, Shun-Yi

Tah Tong Textile Co., Ltd.
Parent Company Only Statements of Comprehensive Income
For the Years Ended December 31, 2022 and 2021

Unit: NT$ thousand
(Except for loss per share in NT$)

| | | | 2022 | | 2021 | |
|---|---|---|---|---|---|---|
| | Item | Notes | Amount | % | Amount | % |
| 4000 | Operating revenue | 6(18) and 7 | $ 943,406 | 100 | $ 910,198 | 100 |
| 5000 | Operating costs | 6(4)(22) and 7 | ( 898,547) | ( 95) | ( 856,763) | ( 94) |
| 5900 | Gross profit | | 44,859 | 5 | 53,435 | 6 |
| 5910 | Unrealized gains from sales | | ( 11,804) | ( 1) | ( 11,968) | ( 1) |
| 5920 | Released gains from sales | | 11,968 | 1 | 13,018 | 1 |
| 5950 | Gross operating profit, net | | 45,023 | 5 | 54,485 | 6 |
| | Operating expenses | 6(22) and 7 | | | | |
| 6100 | Selling expenses | | ( 31,381) | ( 3) | ( 29,222) | ( 3) |
| 6200 | Administrative expenses | | ( 56,121) | ( 6) | ( 53,221) | ( 6) |
| 6300 | Research and development expenses | | ( 7,698) | ( 1) | ( 6,617) | ( 1) |
| 6450 | Expected credit impairment gains | 12 | 2,185 | - | 68 | - |
| 6000 | Total operating expenses | | ( 93,015) | ( 10) | ( 88,992) | ( 10) |
| 6900 | Operating loss | | ( 47,992) | ( 5) | ( 34,507) | ( 4) |
| | Non-operating income and expenses | | | | | |
| 7100 | Interest revenue | | 4,828 | - | 3,585 | - |
| 7010 | Other income | 6(19) | 5,392 | 1 | 5,604 | 1 |
| 7020 | Other gains or losses | 6(20) | 59,708 | 6 | 24,672 | 3 |
| 7050 | Financial costs | 6(21) | ( 18,712) | ( 2) | ( 13,362) | ( 1) |
| 7070 | Share of profits and losses of subsidiaries, affiliated enterprises and joint ventures using the equity method | | ( 265,298) | ( 28) | ( 60,014) | ( 7) |
| 7000 | Total non-operating incomes and expenses | | ( 214,082) | ( 23) | ( 39,515) | ( 4) |
| 7900 | **Net loss before tax** | | ( 262,074) | ( 28) | ( 74,022) | ( 8) |
| 7950 | income tax expense | 6(24) | ( 157) | - | ( 2,033) | - |
| 8200 | **Current net loss** | | ($ 262,231) | ( 28) | ($ 76,055) | ( 8) |
| | **Other comprehensive profit and loss (net)** | 6(17) | | | | |
| | **Items not reclassified subsequently to profit or loss** | | | | | |
| 8311 | Remeasurement of defined benefit programs | 6(13) | $ 1,281 | - | $ 3,448 | - |
| 8316 | Unrealized equity instrument profit or loss measured at fair value through other comprehensive income | 6(5) | 8,909 | 1 | ( 1,096) | - |
| 8330 | Share of other comprehensive income of affiliates and joint ventures recognized with the equity method - items not reclassified subsequently to profit or loss | | ( 694) | - | 602 | - |
| 8349 | Income taxes related to the items not re-classified | 6(24) | ( 256) | - | ( 690) | - |
| 8310 | Total items not reclassified subsequently to profit or loss | | 9,240 | 1 | 2,264 | - |
| | **Items that may be reclassified subsequently to profit or loss** | | | | | |
| 8361 | Exchange differences on translation of the financial statements of foreign operations | | 24,821 | 3 | ( 3,266) | - |
| 8380 | Share of other comprehensive income of affiliates and joint ventures recognized with the equity method - items may be reclassified subsequently to profit or loss | | 17 | - | ( 6) | - |
| 8360 | Total items that may be reclassified subsequently to profit or loss | | 24,838 | 3 | ( 3,272) | - |
| 8300 | **Other comprehensive profit and loss (net)** | | $ 34,078 | 4 | ($ 1,008) | - |
| 8500 | **Total comprehensive income for this period** | | ($ 228,153) | ( 24) | ($ 77,063) | ( 8) |
| | Loss per share | 6(25) | | | | |
| 9750 | Basic loss per share | | ($ 2.52) | | ($ 0.75) | |

The attached notes to parent company only financial statements are the integral part of the parent company only financial statements, please read together.

Chairman: Chen, Shiou-Chung　　Managerial Officer: Chen, Chien-Choan　　Accounting Officer: Kuo, Shun-Yi

Tah Tong Textile Co., Ltd.
Unconsolidated Statement of Changes in Equity
For the Years Ended December 31, 2022 and 2021

Unit: NT$ thousand

| | | | | Retained earnings | | | Other equity | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Notes | Common share capital | Capital reserve - changes in the net equity in affiliates and the joint ventures recognized with the equity method | Statutory reserves | Special reserves | Retained earnings (losses to be compensated) | Exchange differences on translation of the financial statements of foreign operations | Unrealized financial assets profit or loss measured at fair value through other comprehensive income | Other equity - others | Total equity |
| 2021 | | | | | | | | | | |
| Opening balance at January 1 | | $ 1,008,000 | $ 3,988 | $ 51,155 | $ 59,305 | ($ 250,941 ) | ($ 59,148 ) | $ 10,498 | $ 219 | $ 823,076 |
| Current net loss | | - | - | - | - | ( 76,055 ) | - | - | - | ( 76,055 ) |
| Other comprehensive income recognized for the period | 6(17) | - | - | - | - | 3,543 | ( 3,272 ) | ( 1,279 ) | - | ( 1,008 ) |
| Total comprehensive income for this period | | - | - | - | - | ( 72,512 ) | ( 3,272 ) | ( 1,279 ) | - | ( 77,063 ) |
| Surplus reserve deficit compensation | 6(16) | - | - | ( 51,155 ) | ( 59,305 ) | 110,460 | - | - | - | - |
| Ending balance on December 31 | | $ 1,008,000 | $ 3,988 | $ - | $ - | ($ 212,993 ) | ($ 62,420 ) | $ 9,219 | $ 219 | $ 746,013 |
| 2022 | | | | | | | | | | |
| Opening balance at January 1 | | $ 1,008,000 | $ 3,988 | $ - | $ - | ($ 212,993 ) | ($ 62,420 ) | $ 9,219 | $ 219 | $ 746,013 |
| Current net loss | | - | - | - | - | ( 262,231 ) | - | - | - | ( 262,231 ) |
| Other comprehensive income recognized for the period | 6(17) | - | - | - | - | 1,272 | 24,838 | 7,968 | - | 34,078 |
| Total comprehensive income for this period | | - | - | - | - | ( 260,959 ) | 24,838 | 7,968 | - | ( 228,153 ) |
| Recognized changes in equity ownership of subsidiaries | | - | 7,193 | - | - | ( 257 ) | - | - | - | 6,936 |
| Cash capital increase | 6(14) | 131,000 | - | - | - | ( 31,440 ) | - | - | - | 99,560 |
| Disposal of equity instruments at FVOCI | 6(17) | - | - | - | - | ( 350 ) | - | 350 | - | - |
| Disposal of equity instruments at FVOCI - Subsidiaries | 6(17) | - | - | - | - | ( 49 ) | - | 49 | - | - |
| Ending balance on December 31 | | $ 1,139,000 | $ 11,181 | $ - | $ - | ($ 506,048 ) | ($ 37,582 ) | $ 17,586 | $ 219 | $ 624,356 |

The attached notes to parent company only financial statements are the integral part of the parent company only financial statements, please read together.

Chairman: Chen, Shiou-Chung    Managerial Officer: Chen, Chien-Choan    Accounting Officer: Kuo, Shun-Yi

Tah Tong Textile Co., Ltd.
Parent-Only Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

Unit: NT$ thousand

| | Notes | January 1, 2022 to December 31, 2022 | January 1, 2021 to December 31, 2021 |
|---|---|---|---|
| Cash flows from operating activities | | | |
| Net loss before income tax | | ($ 262,074) | ($ 74,022) |
| Adjustments | | | |
| Income/expenses items | | | |
| Depreciation expense | 6(22) | 4,232 | 11,878 |
| Amortization cost | 6(22) | 204 | 1,353 |
| Expected credit impairment reversed gains | | (2,185) | (68) |
| Interest revenue | | (4,828) | (3,585) |
| Dividend income | 6(19) | (2,403) | (3,952) |
| Interest expenses | 6(21) | 18,712 | 13,362 |
| Net (loss) gain from financial assets at FVTPL | 6(20) | 1,501 | (31,501) |
| Share of profits and losses of subsidiaries, affiliated enterprises and joint ventures using the equity method | | 265,298 | 60,014 |
| Gains on disposal of property, plant and equipment | 6(20) | - | (4,161) |
| Reversal of gains from non-financial asset impairment | 6(20) | - | (8,827) |
| Released gains from sales | | (164) | (1,050) |
| Unrealized exchange (profit) losses | | (52,745) | (10,593) |
| Gain from disposing non-current assets held for sale | 6(20) | - | (2,292) |
| Loss from lease modification | | - | 333 |
| Changes in assets/debts having to do with business activities | | | |
| Net changes in the assets related to the operating activities | | | |
| Notes receivable | | (935) | 401 |
| Accounts receivable | | 9,492 | (832) |
| Accounts receivables - related parties (long-term included) | | (145,419) | (44,741) |
| Other receivables (long-term receivables included) | | 219,986 | 1,660 |
| Inventories | | 163 | (3,067) |
| Other current assets | | 7,969 | 8,932 |
| Other non-current assets | | (785) | (736) |
| Net changes in the liabilities related to the operating activities | | | |
| Notes payable | | (2,710) | 3,307 |
| Accounts payable | | (34,740) | 63,424 |
| Other payables | | (1,056) | (13,106) |
| Other current liabilities | | (3,220) | (5,025) |
| Cash inflows (outflows) generated from operations | | 14,293 | (42,894) |
| Interest received | | 4,828 | 3,579 |
| Dividends received | | 2,403 | 3,952 |
| Interest paid | | (18,657) | (13,136) |
| Net cash inflow (outflow) from operating activities | | 2,867 | (48,499) |

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Tah Tong Textile Co., Ltd.
Parent-Only Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

Unit: NT$ thousand

| | Notes | January 1, 2022 to December 31, 2022 | January 1, 2021 to December 31, 2021 |
|---|---|---|---|
| Cash flows from investing activities | | | |
| Acquisition of financial assets at FVTPL | | ($ 4,288) | ($ 10,828) |
| Disposal of financial assets at FVTPL | | 34,089 | 87,597 |
| Decrease (increase) in capital loaned to related parties | 7 | 191,333 | (141,833) |
| Financial assets at fair value through other comprehensive income - share payment refunded due to capital decrease | 6(5) | 26 | 2,596 |
| Increase in investment accounted for using the equity method | | (512,042) | (20,000) |
| Purchase of property, plant and equipment | 6(7) | (721) | - |
| Proceeds from disposal of property, plant and equipment | | - | 17,962 |
| Decrease in agency purchase receivable | | - | 90,348 |
| Receivables from disposal of non-current assets held for sale | | - | 25,877 |
| Decrease in refundable deposits | | 35 | 6,845 |
| Decrease in other current assets | | - | 5,522 |
| Net cash inflow (outflow) from investing activities | | (291,568) | 64,086 |
| Cash flows from financing activities | | | |
| Proceeds from long-term borrowings | | - | 17,160 |
| Repayments of long-term borrowings | | (29,239) | (25,000) |
| Borrow short-term borrowings | | 2,064,005 | 1,289,718 |
| Repay short-term borrowings | | (1,866,963) | (1,348,309) |
| Corporate bond issuance | | - | 100,000 |
| Repaid principal of lease | | (2,754) | (3,783) |
| Increase (decrease) in other non-current liabilities | | 31,978 | (1,680) |
| Cash capital increase | 6(13) | 99,560 | - |
| Net cash inflow from financing activities | | 296,587 | 28,106 |
| Effect on foreign currency exchange differences | | 2,192 | 954 |
| Increase of cash and cash equivalents of the current term | | 10,078 | 44,647 |
| Cash and cash equivalents at the beginning of the year | | 102,020 | 57,373 |
| Cash and cash equivalents at the end of the year | | $ 112,098 | $ 102,020 |

The attached notes to parent company only financial statements are the integral part of the parent company only financial statements, please read together.

Chairman: Chen, Shiou-Chung Managerial Officer: Chen, Chien-Choan Accounting Officer: Kuo, Shun-Yi

Tah Tong Textile Co., Ltd.

Notes to Parent Company Only Financial Statements

For the Years Ended December 31, 2022 and 2021

Unit: NT$ thousand

(except for specified otherwise)

## I. Company History

Tah Tong Textile Co., Ltd. (hereinafter “the Company”) is incorporated in Republic of China, the major businesses operated by the Company (hereinafter “the Company”) are production and sales of cotton yarns and T/C blended yarns, synthetic yarns, gray cloths, finished fabrics and knitted fabrics.

## II. Approval Date and Procedures of The Financial Statements

These parent company only financial statements were approved and released by the Board of Directors on March 23, 2023.

## III. New Standards, Amendments and Interpretations Adopted

### (I) Impacts of the newly released or amended IFRSs endorsed and effectuated by the Financial Supervisory Commission (“FSC”) adopted

The following table aggregates the newly released or amended, revised IFRSs and interpretations endorsed by the FSC and adopted since 2022:

| New issued/amended/revised standards and interpretations | Effective date of publication by IASB |
|---|---|
| IFRS 3：Index to Conceptual Architecture | 2022.01.01 |
| IAS 16：The price before reaching the intended use | 2022.01.01 |
| IAS 37：Onerous contract - cost of fulfilling the contract | 2022.01.01 |
| Annual Improvement Cycle of 2018 ~ 2020 | 2022.01.01 |

After assessing the aforesaid IFRSs and interpretations, the Company believes no material impact is generated on the Company’s financial position and financial performance.

### (II) Impacts of the newly released or amended IFRSs endorsed by the FSC not yet adopted

The following table aggregates the newly released or amended, revised IFRSs and interpretations endorsed by the FSC and adopted since 2023:

| New issued/amended/revised standards and interpretations | Effective date of publication by IASB |
|---|---|
| IAS 1：Disclosure of Accounting Policies | 2023.01.01 |
| IAS 8：Accounting estimate definition | 2023.01.01 |
| IAS 12：Deferred income tax on assets or liabilities arising | 2023.01.01 |

from a single transaction

After assessing the aforesaid IFRSs and interpretations, the Company believes no material impact is generated on the Company's financial position and financial performance.

(III) Impacts of the IFRSs release by the IASB but not endorsed by the FSC

The following table aggregates the newly released or amended, revised IFRSs and interpretations release by the IASB but not endorsed by the FSC:

| New issued/amended/revised standards and interpretations | Effective date of publication by IASB |
|---|---|
| IFRS 10 & IAS 28：Asset sale or investment between investors and their related party | Wait IASB approve |
| IFRS 16： ease liability for sale and leaseback | 2023.01.01 |
| IFRS 17： insurance contract | 2023.01.01 |
| IFRS 17： Comparative information for initial application | 2023.01.01 |
| IAS 1： Current and Non-Current Liabilities & Non-current liabilities with contractual terms | 2024.01.01 |

After assessing the aforesaid IFRSs and interpretations, the Company believes no material impact is generated on the Company's financial position and financial performance.

## IV. Summary of Significant Accounting Polices

The major accounting policies adopted for preparing the parent company only financial report are explained below. Unless specified otherwise, all these policies are applicable generally during all reporting periods.

### (I) Compliance Statement

These parent company only financial statements were prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers."

### (II) Basis of preparation

1. Except for the following key items, the parent company only financial report is prepared based on the historical costs:
   (1) Financial assets and liabilities at FVTPL (derivatives included).
   (2) Financial assets at FVOCI.
   (3) Defined benefit assets recognized as the net amount of pension fund assets less the present value of defined benefit obligations.
2. To prepare the financial reports compliant to International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC

Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the FSC (hereinafter “IFRSs”), some key accounting estimates are required to be used. During the process of applying the Company’s accounting policies, the management is required to use their judgment. For the items involving high judgment or complexity, or involving the material assumptions and estimates of the parent company only financial reports, see Note 5 for details.

(III) Foreign currency translation

The parent company only financial statements were expressed in “New Taiwan Dollars,” which is the Company's functional currency.

1. Foreign currency transactions and balance

(1) Foreign currency transactions are translated into the functional currency using the spot exchange rate at the transaction date or measurement date; translation differences generated from such translations are recognized in current profit or loss.

(2) The balance of the foreign currency monetary assets and liabilities is measured and adjusted based on the spot exchange rate at the balance sheet date; translation differences generated from such adjustments are recognized in current profit or loss.

(3) The balance of foreign currency non-monetary assets and liabilities that are measured at fair value through profit and loss is measured and adjusted based on the spot exchange rate at the balance sheet date; exchange differences generated from such adjustments are recognized in current profit or loss. Those that are not measured at fair value are measured and adjusted based on the spot exchange rate at the balance sheet date; exchange differences generated such adjustments are recognized in other comprehensive income. Those that are not measured at fair value are measured at the historical exchange rate at the date of the initial transaction.

(4) Exchange gains and losses are reported in "other gains and losses" in the income statement.

2. Translation of foreign operations

(1) For all of the Group’s members, affiliates, and joint arrangements that differ in the functional currency and the presentation currency, their operating results and financial positions are translated to the presentation currency as follows:

A. All assets and liabilities presented in the balance sheet are translated at the closing rate at the same balance sheet;

B. All income and expenses presented in the statement of comprehensive income are translated at the average exchange rate of the year; and

C. All exchange differences generated from translations are recognized in other comprehensive income.

(2) When a foreign operation partially disposed of or sold is an associate or joint arrangement, its exchange difference under other comprehensive income will be re-classified proportionally to current profit or loss as part of gains or losses on sales. Provided, even though the Company retains some equity in the previous affiliates or joint arrangements, if the Group has lost the material influence to the affiliate foreign operations, or lost the joint control over the foreign operations as the joint arrangements, the treatment is the disposal of all equity of the foreign operations.

(3) When the foreign operation disposed or sold partially is a subsidiary, accumulated exchange differences recognized in other comprehensive income, proportionally will be re-attributed to the non-controlling interests of the foreign operation again. Provided, even though the Company retains some equity in the previous subsidiary, if the Group has lost control over the foreign operation as a subsidiary, the treatment is the disposal of all equity of the foreign operations.

(IV) Classification criteria of current and non-current assets and liabilities

1. An asset is classified as a current asset if it is:

(1) expected to be realized, or intended to be sold or consumed, in the normal business cycle;

(2) held primarily for the purpose of trading;

(3) expected to be realized within twelve months from the balance sheet date; or

(4) cash and cash equivalent, unless restricted from being exchanged or used to settle a liability for at least twelve months after the balance sheet date.

The Company classifies all other assets than above as non-current except for Note 4(10).

2. A liability is classified as a current liability if it is:

(1) expected to be settled in its normal operating cycle;

(2) held primarily for the purpose of trading;

(3) due to be settled within twelve months from the balance sheet date; or

(4) a liability for which the Company does not have the right at the end of the balance sheet date to defer settlement beyond 12 months. Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the Group's own equity instruments do not affect its classification as current or non-current.

The Company classifies all the liabilities not meeting the conditions above as non-current

(V) Financial assets at FVTPL

1. Financial assets are measured at FVTPL, unless measured at amortized cost or at FVOCI.
2. The Company recognizes customary financial assets at FVTPL at the date of the transaction.
3. On initial recognition, the Company measures such financial assets at fair value and recognizes transaction costs in profit or loss; the Company subsequently measures such financial assets at fair value and recognizes gains or losses in profit or loss.
4. When the right to receive dividends is established, the economic benefits related to dividends are likely to flow in, and the amount of dividends may be measured reliably, the Company recognizes dividend income under the profit or loss.

(VI) Financial assets at FVOCI

1. At initial recognition, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument. Investments in debt instruments are measured at FVOCI if both of the following conditions are met:
   (1) the financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
   (2) The contractual terms of the financial assets give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.
2. The Company recognizes customary financial assets at FVOCI.
3. At initial recognition, the Company measures such financial assets at fair value plus transaction cost, and subsequently measures at fair value:

   Changes in the fair value of equity instruments are recognized in other comprehensive income. When derecognizing, the accumulated gains or losses previously recognized in other comprehensive income must not be reclassified to income, and shall be transferred to retained earnings. When the right to receive dividends is established, the economic benefits related to dividends are likely to flow in, and the amount of dividends may be measured reliably, the Company recognizes dividend income under the profit or loss.

(VII) Accounts and notes receivable

1. The accounts and notes that the Group has an unconditional contractual right to consideration for goods or services that have been transferred.
2. The Company measures non-interest bearing short-term accounts and notes payable at the original invoice amount as discounting is immaterial.

(VIII) Financial asset impairment

At each balance sheet date, the Company, with respect to financial assets measured at amortized cost and accounts receivable containing significant financial components, considers all reasonable and supportable information (including forward-looking ones). Where the credit risk has not increased significantly since initial recognition, the loss allowance will be measured at an amount equal to 12-month expected credit losses; where the credit risk has increased significantly since initial recognition, the loss allowance will be measured at an amount equal to lifetime expected credit losses and for the accounts receivable or contract assets that do not include significant financial components, the loss allowance will be measured at lifetime expected credit losses.

(IX) Inventories

1. Inventories are measured at the lower of cost and net realizable value. The costs carried forward are calculated using the moving average method. The costs of finished products and products in progress include the raw materials, direct labor, other direct costs, and the production overheads related to production (shared by normal capacity), but the borrowing costs are excluded. When comparing which one is lower of cost and net realizable value, the item by item comparison method is adopted. The net realizable value is the balance of expected selling price during the ordinary course of business deducting the expected costs to be input until completion and related variable selling expenses.
2. By-products are inventoried at the estimated net realizable value at the end of each month. The estimated net realizable value is recognized in other operating costs, and the actual selling price is recognized in other operating income.

(X) Property to be sold

1. The Company hires construction companies to build residential and office buildings for sales. Invested land and construction costs during the construction are represented as construction in process and measured at the lower of cost and net realizable value. The cost is calculated by each site, and these with the construction completed are transfer to the property to be sold.
2. In the financial statements, the Company classifies all assets and liabilities

related to construction as current assets and current liabilities respectively within one business cycle. Additionally, the inventory items of the property to be sold for the construction business are accounted as the current asset because they are parts of the composition for the ordinary operating cycle, while not being expected to be realized within 12 months after the balance sheet dates.

(XI) Investment accounted for using the equity method/subsidiaries and affiliates

1. A subsidiary is an entity controlled by the Company (including the structured entities). When the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee, the Company controls the entity.

2. The unrealized income generated between the Company and the subsidiaries are written off. The accounting policies of the subsidiaries are adjusted where necessary to be aligned with the policies adopted by the Company.

3. The Company recognizes the share of profit or loss of an acquired subsidiary in current profit or loss; the share of the other comprehensive income of such subsidiary is recognized in other comprehensive income. When the Company's share of loss in any subsidiary equals to, or exceeds the equity in the same, the Company continues to recognize the loss proportionally to the shareholding.

4. Any change in the shareholding of the subsidiary that does not result in the loss of control (transactions with non-controlling interests) is accounted for as an equity transaction and deemed as a transaction between owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value paid or received is recognized directly in equity.

5. An associate is an entity over which the Company has significant influence (other than control) or, more generally, of which the Company, directly or indirectly, 20% or more of the voting rights. The Company adopts the equity method to treat the investments in affiliates, and recognizes them at the costs at the time of acquisition.

6. The Company recognizes the share of the profit or loss of affiliates in current profit or loss and the share of other comprehensive income in other comprehensive income after acquisition. When the Company's share of loss in any affiliate equals to, or exceeds the equity in the same affiliate (including any other unsecured receivables), the Company does not recognizes further loss, unless the Company has any legal obligation or constructive obligation incurred in that affiliate, or made any payment on behalf of the affiliate.

7. When an associate has any changes in equity arising from non-recurring gains and

losses and other comprehensive income do not affect the Company's shareholding in the associate, the Company recognizes all such changes in equity in "Capital reserve" proportionally to the shareholding.

8. Unrealized gains or losses arising from a transaction between the Company and an associate have been written off proportionally to the equity interests held by the Company in the said associate. Unless evidence shows that assets transferred through the said transaction are impaired, unrealized losses will be written off as well. The accounting policies of the affiliates are adjusted where necessary to be aligned with the policies adopted by the Company.
9. When an associate issues additional new shares, if the Company does not subscribe for or acquire the new shares proportionally, to the extent of resulting in a change in the investment ratio but maintaining significant influence on the associate, then "Capital reserve" and "Investments accounted for using the equity method" should be adjusted according to the change in the net worth of equity interests. If it results in a reduced investment ratio, other than the aforesaid adjustments, all profits or losses related to such ownership equity reduction and recognized under other comprehensive income that shall be reclassified to profit and loss when disposing related assets or liabilities, are reclassified to profit and loss in proportion to the reduction.
10. When the Company loses its significant influence on an associate, the remaining investment in that associate will be re-measured at fair value, and the difference between the fair value and the carrying amount will be recognized in current profit or loss.
11. When the Company disposes of an associate, if its significant influence over that associate is lost, all amounts related to the associate in question and recognized under other comprehensive income will be accounted for the same as if the Company directly disposes of relevant assets or liabilities. If any profit or loss previously recognized in comprehensive income is reclassified to profit or loss when relevant assets or liabilities are disposed of, such profit or loss will be reclassified from equity to profit or loss when the significant influence over that associate is lost. If the Group maintains its significant influence on that associate, any amount recognized in other comprehensive income will be transferred out proportionally as said above.
12. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," the profit or loss during the period and other comprehensive income presented in parent company only financial reports shall be the same as

the allocations of profit or loss during the period and of other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners' equity presented in the parent company only financial reports shall be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis.

13. When the Group disposes of an associate, if its significant influence on that associate is lost, then the capital reserve related to that associate will be transferred to profit or loss; if the Group maintains its significant influence on that associate, then the capital reserve related to that associate will be transferred to profit or loss according to the disposal ratio.

(XII) Property, Plant and Equipment

1. An item of property, plant and equipment is recognized at cost at the time of its acquisition.
2. Subsequent costs are included in the carrying amount of assets or recognized as a separate asset only when it is probable that future economic benefits associated with the item will flow into the Company and the cost of the item can be measured reliably. The carrying amount of a replacement will be derecognized. All other maintenance expenses are recognized as current profit or loss when incur.
3. Property, plant and equipment are subsequently measured using the cost model, and depreciated over the estimated useful live on the straight-line basis except for land. If each component of property, plant and equipment is material, such shall be depreciated separately.
4. The Company reviews the residual value, useful life and depreciation of each asset at the ending day of each fiscal year. If expectations differ from previous estimates, or the expected pattern of consumption of the future economic benefits embodied in the asset has changed significantly, the changes will be accounted for as change in accounting estimates in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" from the date of such changes. The useful life of each asset is as follows:

Houses, buildings and the ancillary equipment: 3 to 55 years

Machinery equipment: 5 to 25 years

Water and power equipment: 5 to 15 years

Other assets: 5 to 20 years

(XIII) Non-financial asset impairment

For the assets showing the impairment signals at the balance sheet date, the Company estimates the recoverable amount; if the recoverable amount, it is recognized as the impairment loss. The recoverable amount is the higher between the balance of the fair value deducting the disposal costs or the use value. When the circumstance resulting in the recognized asset impairment does not exist or reduces, the impairment loss is reversed; provided, the carrying amount of the asset is increased due to the reversed impairment loss, such amount shall not exceed the carrying amount of the same asset deducting the depreciation or amortization if no impairment loss is recognized.

(XIV) Lease transaction as a lessee - right-of-use-assets/ lease liabilities

1. Lease assets are recognized as right-of-use assets or lease liabilities from the date when they are made available for use by the Company. When a lease contract is a short-term lease or a lease of low-value underlying asset, the lease is recognized as expense during the lease term with the straight-line method.

2. At the commencement date, a lease liability is recognized at the present value of the lease payments that are not paid at that date using the incremental borrowing interest rate of the Company; the lease payments are fixed payments, less all lease incentives receivable.

   Subsequently, it is measured at the amortized cost method, and the interest expense is provided during the lease term. If the lease term or the lease payment is changed not due to revision of the contract, the lease liability is re-valuated, and the remeasurement adjustments the right-of-use asset.

3. At the commencement date, right-of-use assets are recognized at cost. The cost of a right-of-use asset includes:

   (1) the amount of the initial measurement of the lease liability; and
   (2) any lease payments made at or before the commencement date.

   Subsequently, the measurement is made with costs, where the right-of-use assets are provided with the depreciation expenses to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. When the lease liability is re-measured, the right-of-use asset will adjust all and any remeasurement of the lease liability.

(XV) Intangible assets

The computer software is recognized at the acquisition costs, and amortized with the straight-line method based on the useful life of 2-5 years.

(XVI) Borrowings

1. Long- and short- term funds borrowed from banks. At the initial recognition, the Company measures such at the balance of the fair value deducting the disposal costs; subsequently, for any difference between the consideration deduction of the transaction costs and the redemption value, the effective interest method is adopted to recognize any interest expenses as the profit or loss during the outstanding time based on the amortization procedures.

2. Regarding the expenses paid when the borrowing limit is determined, if the limit is very likely to be drawn partially or in whole, such expenses are recognized as the transaction costs of the borrowings, and are deferred until withdrawal and recognized as an adjustment of effective interest rate; if the limit is not likely to be drawn partially or in whole, such expenses are recognized in prepayments, and amortized over the term related to the limit.

(XVII) Accounts and notes payable

1. Liabilities incurred from the purchase of raw materials, goods or services on credit, and notes payable by the business entity due to operation and non-operation.

2. The Company measures non-interest bearing short-term accounts and notes payable at the original invoice amount as discounting is immaterial.

(XVIII) Ordinary corporate bonds payable

The ordinary corporate bonds payable issued by the Company are measured at the balance of the fair value deducting the transaction costs when being initially recognized; the difference between the consideration deduction the transaction costs and the redemption value is listed as the addition or deduction of the corporate bonds payable; subsequently, the effective interest method is adopted to recognize the profit or loss during the outstanding time based on the amortization procedures, as the adjustment to the “financial costs.”

(XIX) Employee benefits

1. Short-term employee benefits

   Short-term employee benefits are measured at the expected payment of the non-discounted amount, and recognized as expenses when the related services are provided.

2. Pension

   (1) Defined contribution plan
   For the defined contribution plans, the retirement fund amount to be contributed on the accrual basis is recognized as the cost of pension for the current period. The pre-paid contribution is recognized as an asset within the extent of refundable cash and reduction of future payment.

   (2) Defined benefit plan
   A. The net obligation under the defined benefit plan is calculated as the

discounted amount of future benefits earned by employees in return for their service in the current and prior periods, and the fair value of any plan assets is deducted from the present value of the defined benefit obligation at the balance sheet date. The net defined benefit obligation is calculated with the projected unit credit method by an actuary. The discount rate adopts the market yield of the government bonds with the same currency and duration as the defined benefit plan (at the balance sheet date).

B. Re-measurements generated from the defined benefit plan are recognized in other comprehensive income for the current year, and presented in retained earnings.

3. Employees’ compensation and remuneration of directors and supervisors

The employees' remuneration and remuneration of directors and supervisor are recognized as expense or liability when the legal or constructive obligation incurs and the amount can be reasonably estimated. If there is any difference that occurs between the actual distribution amount resolved and the estimated amount later, it is treated as a change in the accounting estimates. Where employees’ remuneration is distributed in shares, the dividends is calculated based on the closing price of the previous day of the day when the Board makes the resolution.

(XX) Income tax

1. Income tax expenses includes current and deferred income tax. Except that the income taxes accounted under the other comprehensive income or directly accounted to the equity items are accounted to other comprehensive income or directly accounted to the equity, income taxes are recognized under profit and loss.

2. The Company calculates the income tax for the current period using the tax rates that have been enacted or substantially enacted in the country where the Company operates and at the balance sheet date. The management regularly assesses the income taxes filing status pursuant to the applicable income tax related regulations, and estimates the income tax liability based on the expected taxes payable to tax collection authorities when applicable. For the additional income tax imposed on the undistributed earnings pursuant to the income tax laws, is only recognized as the income tax expense of undistributed earnings based on the actual earning distribution upon the approval of the earning distribution proposal by the shareholders in the next year of the year generating the earnings.

3. Deferred income tax is recognized based on any temporary difference between the tax base of assets and liabilities and their carrying amounts on the parent company only balance sheet using the balance sheet method. The deferred income tax liabilities generated from the goodwill initially recognized are not recognized; if the deferred income tax is generated from an initial recognition of an assets or liabilities in a transaction (not including enterprise merger), and

the accounting profit or the taxable income (taxable loss) is not impacted at the time of transaction, no recognition will be made. For the temporary differences generated in the subsidiaries and affiliates, if the Company is able to control the timing reversing the temporary difference and it is probable that the temporary difference will not be reversed in the foreseeable future, such temporary differences will not be recognized. The deferred income taxes adopt the tax rate (and tax law) that is legislated, or substantively legislated at the balance sheet date, and is expected to be applicable when the related deferred income tax assets are realized, or the deferred income tax liabilities are repaid.

4. Deferred income tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized, and unrecognized and recognized deferred income tax assets are reassessed at each balance sheet date.
5. The carryforward of unused tax losses is recognized in deferred income tax assets to the extent that the future taxable profit will be available to the unused tax losses.

(XXI) Dividend distribution

Dividends distributed to the Company's shareholders are recognized in the financial statements when the Company's shareholders' meeting decides to distribute such dividends. Cash dividends are recognized as a liability, and stock dividends are recognized as stock dividends to be distributed and transferred to ordinary shares on the base date when new shares are issued.

(XXII) Revenue recognition

Product sales:

1. The Company manufactures and sells cotton, cotton yarn, T/C blended yarn, chemical fiber yarn, and gray cloth, finished fabrics and knitted fabrics, among the related products. Revenues are the fair value of the considerations received or shall be received from the sales to non-Group customers during the ordinary operating amount, presented in the amount net of sales tax, goods returned, quantity discount and discounts. Sales of goods are recognized as revenue when the goods are delivered to the buyers, the sales amounts may be reliably measured, and the future economic benefits are very likely to flow into the entity. When all material risks related to the ownership and return have been transferred to customers, and the Company neither continues the involvement in management, nor maintains the effective control over the goods accepted by customers pursuant to the sales contracts, or the objective evidence shows that all the acceptance terms are met, the delivery of goods occurs.
2. Accounts receivable are recognized when the goods are delivered to the customer as from that point, the Company has unconditional rights to the contract price if only the passage of time is required before payment.

## V. Significant Accounting Assumptions and Judgments, and Major Sources of Estimation Uncertainty

When preparing the parent company only financial reports, the management has applied the judgement to determine the accounting policies adopted, and makes the accounting estimates and assumptions based on the reasonable expectation for the future events under the circumstance on the balance sheet date. The material accounting estimates and assumptions made may be different from the actual results, and will be continuously assessed and adjusted by taking the historical experience and other factors into account. Such estimates and assumptions have the risk resulting in material adjustments of the carrying amount of the assets and liabilities in the next fiscal year. Significant Accounting Assumptions and Judgment, And Major Sources of Estimation Uncertainty

(1) Key judgements adopted for the accounting policies

The Company has no information that the accounting policy involving material judgements, and the recognized amount is materially impacted.

(2) Key accounting estimates and assumptions

1. Assessment of property, plant, and equipment impairment

During the evaluation process of the asset impairment, the Company must depend on the subjective judgment and based on the use pattern of an asset and the feature of the industry, to decide the independent cash flow for a certain asset group, the useful lives of assets, and the incomes and expenses may be generated in the future. Any change in the economic conditions or any change in estimate led by the Group’s strategies may cause a material impairment in the future. Please refer to Note 6(7) for the explanation.

2. Valuation of inventories

Since the inventories is valuated at the lower between the costs and the net realizable values, the Company has to apply the judgement and estimates to decide the net realizable values of inventories at the balance sheet date. As the market evolves rapidly, and some products have the features of customization, the Company assesses the amount of the inventories at the balance sheet date after the normal depletion, obsolete, or no marketable value, and reduces the inventory costs to the net realizable values. The valuation of inventories are many based on the product demands in a certain future period, and thus material changes are possible; please refer to Note 6(4) for an explanation.

## VI. Summary of Significant Accounting Items

### (I) Cash

| | 2022/12/31 | 2021/12/31 |
|---|---|---|
| cash | 42 | - |
| Bank savings | 112,056 | 102,020 |
| | 112,098 | 102,020 |

1. Financial institutions that deal with the Company have good credit and the Company has business with multiple financial institutions in order to spread its credit risk; the possibility of default is expected to be quite low.
2. The Company's bank deposits transferred to pledged assets have been transferred to "Other current assets". See Note 8 for details.

### (II) Financial assets at FVTPL - Current

| ITEM | 2022/12/31 | 2021/12/31 |
|---|---|---|
| Open Market Stock | 2,296 | 11,054 |
| Evaluation Adjustment | (396) | 22,148 |
| | 1,900 | 33,202 |

1. The Company's financial assets at FVTPL are recognized under "Other gains and losses" in the income statement. See Note 6(20) for the relevant amounts.
2. The Company's investments in equity instruments are traded at centralized trading markets and OTC securities trading centers. The possibility of default is expected to be very low.
3. For the Company's financial assets transferred to pledged assets, see Note 8 for details.

### (III) Note payable and accounts payable

| | 2022/12/31 | 2021/12/31 |
|---|---|---|
| Note Receivable | 1,779 | 844 |
| Account Receivable | 29,865 | 41,797 |
| | 31,644 | 42,641 |
| Less：Allowance for losses | (991) | (5,528) |
| | 30,653 | 37,113 |

1. As of December 31, 2022 and 2021, the balances of accounts receivable and notes receivable were both generated from contracts with customers; the balance of accounts receivable from contracts with customers as of January 1, 2021 was $42,260.
2. For relevant information on credit risk, see Note 12(2).

### (IV) Inventories

1. Textile inventories

| | 2022/12/31 | | |
|---|---|---|---|
| | COST | Allowance | Book Value |
| Materials | 65,065 | (5,202) | 59,863 |
| WIP | 8,580 | (1,714) | 6,866 |
| Finish Goods | 47,497 | (10,597) | 36,900 |
| Total | 121,142 | (17,513) | 103,629 |

| | 2021/12/31 | | |
|---|---|---|---|
| | COST | Allowance | Book Value |
| Materials | 38,755 | (6,177) | 32,578 |
| WIP | 21,587 | (3,698) | 17,889 |
| Finish Goods | 69,997 | (16,672) | 53,325 |
| Total | 130,339 | (26,547) | 103,792 |

The expenses of the sales costs recognized in the current period are listed below:

| | 2022 | 2021 |
|---|---|---|
| Cost of Good Sold | 907,581 | 846,863 |
| Allowance | (9,034) | (865) |
| Other | - | 10,765 |
| | 898,547 | 856,763 |

(1) In 2022 and 2021, as the net realizable value of inventories rose due to effective destocking of inventories, the Group recognized it as decrease in the cost of sales.

(2) In 2022 and 2021, the Company did not pledge any inventories as collateral.

2. Net amount of property held for sale:

| ITEM | 2022/12/31 | 2021/12/31 |
|---|---|---|
| Parking Area | 3,058 | 3,058 |
| Less ：allowance | (3,058) | (3,058) |
| Net Amount | 0 | 0 |

In 2022 and 2021, the Company did not recognize the cost of inventories related to property held for sale.

(V) Financial assets at fair value through other comprehensive income- non-current

| | 2022/12/31 | 2021/12/31 |
|---|---|---|
| Non-Open Market Stock | 28,509 | 28,885 |
| Allowance | 17,838 | 8,229 |
| | 46,347 | 37,114 |

1. In 2022 and 2021, some of the investees were subjected to capital reduction. The Company received $26 and $2,596 for distribution respectively.
2. Financial assets at FVOCI recognized under other comprehensive income and retained earnings are presented as follows:

| | 2022 | 2021 |
|---|---|---|
| Accumulated fair value gains recognized in other comprehensive income due to delisting are transferred to retained earnings | 8,909 | (1,096) |
| Dividend income included in profit or loss | 350 | 0 |
| Holding at the end of the period | 2,095 | 1,150 |

1. In 2022 and 2021, the Company did not pledge any financial assets at FVOCI as collateral.
2. For relevant information on credit risk, see Note 12(2).

(VI) Investment accounted for using the equity method

| | 2022/12/31 | 2021/12/31 |
|---|---|---|
| Subsidiary | | |
| GLOUSTER CO., LTD | 499,149 | 203,120 |
| InnoPeak Co.Ltd. | 21,786 | 24,451 |
| Related Party | | |
| GREAT BELL PRINTING & DYEING CO., LTD. | 236,537 | 252,262 |
| | 757,472 | 479,833 |

1. Subsidiaries

For the information on the Company's subsidiaries, see Note 4(3) of the 2022 consolidated financial statements.

2. affiliates

i. The basic information on the Company's major affiliates is presented below:

| Company | location | 2022/12/31 | 2021/12/31 | characteristic | measurement method |
|---|---|---|---|---|---|
| Great Bell | TW | 21.19% | 21.19% | supplier | equity |

ii. The summarized financial information on the Company's major affiliates is presented as follows:

Balance sheet

| | Great Bell | |
|---|---|---|
| | 2022/12/31 | 2021/12/31 |
| Current assets | 319,009 | 447,268 |
| Non-current assets | 1,531,333 | 1,583,672 |
| Current liabilities | (645,681) | (745,760) |
| Non-current liabilities | (88,396) | (94,703) |
| Total net assets | 1,116,265 | 1,190,477 |
| With % of the net Assets | 236,537 | 252,262 |
| Related party book value | 236,537 | 252,262 |

Statement of comprehensive income

| | Great Bell | |
|---|---|---|
| | 2022 | 2021 |
| Income | 451,549 | 494,257 |
| Net amount of continuing business units in the current period | (73,775) | 9,154 |
| Other comprehensive income | (433) | 2,782 |
| Total comprehensive profit and loss for the period | (74,208) | 11,936 |
| Dividend | - | - |

(VII) Property, Plant and Equipment

| | Land | housing and construction | machine | Hydropower | Other | Total |
|---|---|---|---|---|---|---|
| 2022/1/1 | | | | | | |
| COST | 41,128 | 67,181 | 2,640 | 99 | 18,316 | 129,364 |
| Accumulated Depreciation | (17,877) | (51,953) | (964) | (52) | (16,696) | (87,542) |
| | 23,251 | 15,228 | 1,676 | 47 | 1,620 | 41,822 |
| 2022/1/1 | 23,251 | 15,228 | 1,676 | 47 | 1,620 | 41,822 |
| purchase | - | - | - | - | 721 | 721 |
| depreciation | - | (1,131) | (173) | (23) | (195) | (1,522) |
| 2022/12/31 | 23,251 | 14,097 | 1,503 | 24 | 2,146 | 41,021 |
| 2022/12/31 | | | | | | |
| COST | 41,128 | 67,181 | 2,640 | 99 | 19,037 | 130,085 |
| Accumulated Depreciation | (17,877) | (53,084) | (1,137) | (75) | (16,891) | (89,064) |
| | 23,251 | 14,097 | 1,503 | 24 | 2,146 | 41,021 |

| | Land | housing and construction | machine | Hydropower | Other | Total |
|---|---|---|---|---|---|---|
| 2021/1/1 | | | | | | |
| COST | 41,128 | 76,855 | 937,152 | 108,561 | 53,126 | 1,216,822 |
| Accumulated Depreciation | (17,877) | (58,520) | (933,110) | (107,663) | (50,226) | (1,167,396) |
| | 23,251 | 18,335 | 4,042 | 898 | 2,900 | 49,426 |
| 2021/1/1 | 23,251 | 18,335 | 4,042 | 898 | 2,900 | 49,426 |
| sell | - | (1,975) | (6,332) | (4,321) | (1,173) | (13,801) |
| depreciation | - | (1,132) | (251) | (781) | (466) | (2,630) |
| detract from | - | - | 4,217 | 4,251 | 359 | 8,827 |
| 2021/12/31 | 23,251 | 15,228 | 1,676 | 47 | 1,620 | 41,822 |
| 2021/12/31 | | | | | | |
| COST | 41,128 | 67,181 | 2,640 | 99 | 18,316 | 129,364 |
| Accumulated Depreciation | (17,877) | (51,953) | (964) | (52) | (16,696) | (87,542) |
| | 23,251 | 15,228 | 1,676 | 47 | 1,620 | 41,822 |

1. For property, plant and equipment pledged as collateral, see Note 8 for details.

2. The Company assesses the recoverable amount of an asset by deducting its disposal costs from its fair value, based on the appraisal results of independent assessors, using the market method and the cost method was adopted respectively according to the underlying attributes. In 2022 and 2021, the Company recognized gains on reversal of impairment losses on property, plant, and equipment at $0 and $8,827 respectively under "Other gains or losses."

(VIII) Leases transaction - lessee

1. The underlying assets leased by the Company include land, buildings and structures, with a term of two to five years. The lease contracts are negotiated individually, and include different terms. Other than the leased lands in Taiwan are provided as the collaterals for borrowings, the restrictive terms of other leased assets are not to be provided for guaranteeing borrowings.

2. The carrying amounts of right-of-use assets and recognized depreciation expenses are presented as follows:

| | 2022/12/31 | 2021/12/31 |
|---|---|---|
| | Book Value | Book Value |
| Housing and construction | 2,033 | 4,743 |
| | 2022/12/31 | 2021/12/31 |
| | depreciation | depreciation |
| Land | 319 | 3,798 |
| Housing and construction | 2,391 | 5,480 |
| | 2,710 | 9,278 |

3. In 2022 and 2021, the Group's right-of-use assets increased $0 and $5,420 respectively.

4. Profit and loss items related to the lease contracts are presented as follows:

| P&L item | 2022 | 2021 |
|---|---|---|
| lease interest expense | 55 | 226 |
| short-term rental fee | 1,959 | 1,891 |

5. In 2022 and 2021, the Company's total cash outflows from leases amounted to $4,404 and $5,900 respectively.

(IX) Short-term borrowings

| | 2022/12/31 | 2021/12/31 |
|---|---|---|
| unsecured borrowing | 203,998 | 102,279 |
| secured loan | 552,531 | 455,441 |
| | 756,529 | 557,720 |
| loan amount | 882,204 | 842,728 |
| interest rate | 1.91%~5.19% | 1.20%~2.53% |

1. For the said secured borrowings pledged as collateral, see Note 8 for details.
2. Some guarantee borrowings are secured with land provided by the Company's affiliates as collateral; some other credit facilities are jointly guaranteed by the Chairman and the President. See Note 7.

(X) Corporate bonds payable

| | 2022/12/31 | 2021/12/31 |
|---|---|---|
| Bonds | 100,000 | 100,000 |

1. In November 2021, the Company issued the first domestic unsecured corporate bond in a private placement, as outlined below:
   (1) Total face value: NT$100,000
   (2) Term: 3 years, outstanding from December 10, 2021 to December 10, 2024.
   (3) Coupon rate: 1.7% per annum.
   (4) Redemption: The Company may redeem all or part of the corporate bond early as actually needed.
2. For the information on the Company's corporate bonds held by related parties, see Note 7(2)6.

(XI) Long-term borrowings

| Loan type | 2022/12/31 | 2021/12/31 |
|---|---|---|
| Export-Import Bank | 50,000 | 75,000 |
| TCFHC | 14,841 | 19,080 |
| Less：due within one year | (29,715) | (29,650) |
| | 35,126 | 64,430 |
| loan amount | 64,841 | 94,080 |
| interest rate | 2.0776%~2.3450% | 1.6584%~1.8450% |
| Contracting period | 108/07/25~114/12/18 | 108/07/25~114/12/18 |

1. Pursuant to the mid- and long-term borrowing contract entered with the Export-Import Bank of the Republic of China, the Company repays the principal of the first installment after 18 months since the date of first drawdown; afterward, every six month is deemed an installment, and the principal is repaid at the ratio agreed in the contract for eight installments.
2. Pursuant to the mid- and long-term borrowing contract entered with the Cooperative Commercial Bank, the Company repays the principal of the first installment after 12 months since the date of first drawdown; afterward, every month is deemed an installment, and the principal is repaid the principal and interest evenly for 48 installments.
3. For the said loans pledged as collateral, See Note 8 for description.

4. For the Company's liquidity risk, see Note 12 for details.

5. Regarding the credit line for long-term loans, some loans are jointly guaranteed by the Chairman and the President. See Note 7 for details.

(XII) Other payables

| | 2022/12/31 | 2021/12/31 |
|---|---|---|
| Salary payable | 21,413 | 18,749 |
| Payable service fee | 1,576 | 2,959 |
| other | 6,461 | 8,798 |
| | 29,450 | 30,506 |

(XIII) Pension

1. Defined benefit plan

(1) The Company has made the defined benefit plan pursuant to the “Labor Standards Act,” applicable to the service years of all permanent employees before the “Labor Pension Act” enforced on July 1, 2005, and the subsequent service years of the employees who elected to apply the “Labor Standards Act” after the enforcement of the “Labor Pension Act.” For the employees qualified for retirement, the payment of their pensions is based on their service years and average wages of the six months prior to the retirement. For the service years within 15 years (inclusive), two bases are given for each full year of service rendered; for the rest of the years over 15 years, one base is given for each full year of service rendered. The total number of bases shall be no more than 45. The Company contributes 14% of the total wage for the retirement fund, and deposit the fund in the Bank of Taiwan under the name of the Labor Retirement Reserve Supervisory Committee. In addition, before the end of each year, the balance of the labor retirement reserve account in the preceding paragraph is computed; if the balance is insufficient to pay the estimated pension amount calculated for the worker qualified for retirement in the next year, the Company will contribute the difference in a lump sum before the end of next March.

(2) Amounts recognized in the balance sheet include the following:

| | 2022/12/31 | 2021/12/31 |
|---|---|---|
| Defined Benefit Obligation Current Employment | 6,279 | 6,358 |

| | | |
|---|---|---|
| Fair value of project assets | (17,864) | (15,877) |
| Net defined benefit assets | (11,585) | (9,519) |

(3) Changes in net defined benefit assets are presented as follows:

| | Defined Benefit Obligation Current Employment | Fair value of project assets | Net defined benefit assets |
|---|---|---|---|
| 2022/1/1 | 6,358 | 15,877 | (9,519) |
| Interest | 45 | 111 | (66) |
| | 6,403 | 15,988 | (9,585) |
| Re-measure | | | |
| remuneration | - | 1,157 | (1,157) |
| assumption change | (296) | - | (296) |
| experience adjustment | 172 | - | 172 |
| | (124) | 1,157 | (1,281) |
| Appropriate pension | - | 719 | (719) |
| 2022/12/31 | 6,279 | 17,864 | (11,585) |

| | Defined Benefit Obligation Current Employment | Fair value of project assets | Net defined benefit assets |
|---|---|---|---|
| 2021/1/1 | 9,221 | 14,556 | (5,335) |
| Interest | 28 | 44 | (16) |
| | 9,249 | 14,600 | (5,351) |
| Re-measure | | | |
| remuneration | - | 557 | (557) |
| assumption change | (224) | - | (224) |
| experience adjustment | (2,667) | - | (2,667) |
| | (2,891) | 557 | (3,448) |
| Appropriate pension | - | 720 | (720) |
| 2021/12/31 | 6,358 | 15,877 | (9,519) |

Note: The amount included in the interest income or expense is not included.

(4) The Company’s defined benefit plan fund assets are commissioned for operation by the Bank of Taiwan within the ratio and amount of the operation items specified in the annual investment and utilization plan of the fund pursuant to items specified in Article 6 of the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund (i.e. deposit in domestic or foreign financial institutions; investment in domestic or foreign listed, over-the-counter, or private placement equity

securities; or investment in domestic or foreign property and its securitization products, among others). The related utilization is overseen by the Labor Retirement Reserve Supervisory Committee. With regard to utilization of the Fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks; in case the deficit is still inadequate to cover the surplus, Treasury Funds can be used to cover the deficits after the approval of the competent authority. Since the Company has not right to participate the operation and management for the Fund, therefore the classification for the fair value of the plan asset is unable to be disclosed per Section 142 of IFRS 19. Regarding the fair value of the fund's total assets as of December 31, 2022 and 2021, see the Labor Pension Fund Utilization report for each year published by the government.

(5) The actuarial assumptions related to pensions are summarized as follows:

| | 2022 | 2021 |
|---|---|---|
| Discount Rate | 1.30% | 0.70% |
| salary increase rate | 1.75% | 1.75% |

The assumption of the future mortality rate is estimated based on the “6th Experience Life Table of the Life Insurance Industry in Taiwan.”

(6) The affected present value of defined benefit obligations due to the change of main actuarial assumption is analyzed as follows:

| | Discount Rate | | salary increase rate | |
|---|---|---|---|---|
| | +1% | -1% | +1% | -1% |
| Effect in 2022 | (473) | 485 | 419 | (411) |
| Effect in 2021 | (539) | 554 | 483 | (473) |

The aforesaid sensitivity analysis is analysis of changes in one single assumption with no other assumption changed. In practice, changes of many assumptions may be correlated. The sensitivity analysis adopts the same method calculating the net pension liability for the balance sheet.

The method and assumptions to prepare the sensitivity analysis for the current period are identical to the previous period.

(7) In 2023, the Company is expected to pay $736 as the contribution to the retirement plan.

(8) As of December 31, 2022, the weighted average duration of the benefit plan was 8 years.

2. Defined contribution plan

(1) Since July 1, 2005, the Company has made the defined contribution plan in accordance with the "Labor Pension Act", which is applicable to local employees. For the part where the employees elect to apply the labor pension specified in the "Labor Pension Act," the labor pension no less than 6% of the wage is contributed to the employees' individual accounts with the Labor Insurance Bureau every month. The payment of the employee's pension may be received monthly or in a lump sum from the employees' personal pension account and the accumulated gains.

(2) In 2022 and 2021, the Company recognized the pension costs at $2,215 and $2,316 respectively based on the said plans.

(XIV) Share capital

1. As of December 31, 2022, the Company's authorized capital was NT$1,625,006 divided into 162,500 thousand shares; the paid-in capital was NT$1,139,000 with a par value of NT$10 per share. All proceeds from shares issued have been received. In 2022 and 2021, the number of the Company's outstanding ordinary shares at the end of the period was 113,900 thousand shares and 100,800 thousand shares.

| | 2022 | 2021 |
|---|---|---|
| Jan. 1 | 100,800 | 100,800 |
| Cash capital increase - private placement | 13,100 | - |
| Dec. 31 | 113,900 | 100,800 |

2. On September 13, 2022, the Company's shareholders' meeting passed a proposal to increase a cash capital by private placement. On the base date, i.e. September 27, 2022, 13,100 thousand shares were issued with a subscription price of NT$7.6 per share for a total of NT$99,560, in a move to increase the Company's working capital. On October 6, 2022, the Company completed change registration. The ordinary shares so issued have the same rights and obligations as other issued ordinary shares, unless restricted from circulation and transfer under the Securities and Exchange Act and except that they may be traded only after three years of the delivery date and subject to application for public offering.

(XV) Capital reserve

Pursuant to the Company Act, capital reserve of the income derived from the issuance of new shares at a premium and the income from endowments received by the company, other than compensating the deficit, when the Company has no accumulated loss, may be distributed as dividend shares to its original shareholders in proportion to the number of shares being held by each of them or by cash. Additionally, pursuant to the Securities Exchange Act, when the said capital reserve is capitalized, the combined amount of any portions capitalized in any 1 year may not exceed 10 percent of paid-in capital. A company shall not use the capital reserve to make good its capital loss, unless the reserve reserve is insufficient to make good such loss.

(XVI) Retained earnings (losses to be compensated)

1. If there is any surplus in the Company's earnings as concluded by the annual accounting book close, after paying tax and making up for accumulated losses, 10% shall be set aside as legal reserve, except when the legal reserve has reached the Company's paid-in capital. The special reserves shall be set aside or reversed pursuant to the laws or competent authorities' requirements; if there is any remaining balance, with the undistributed earnings in previous years it shall be set aside as the cumulative distributable earnings. After considering the Company's future funding and budget plans, and measuring the fund requirements in the coming years, the retained earnings will be used to fund; if there is any balance, the shareholders' meeting may resolve to distribute the shareholders' bonus. The percentage of cash dividends being no less than 10% of the total dividend; provided, where the cash dividend is lower than NT$0.2, dividends may be distributed in share dividends.
2. The Company operates in a mature and stable industry; provided, for the future capital and budget planning, the dividends are distributed based on the residual dividend policy.
3. The legal reserve and the capital reserve shall not be used except for making good the deficit (or loss) of the company or distributing new shares or cash to its original shareholders in proportion; provided the distribution of new shares or cash may not exceed 25% of the part of the reserve over the paid-in capital.
4. (1) When distributing the earnings, the distribution may only made from the special surplus reserve provided from the debit balance of the other equity item at the balance sheet date of the current year; later the reversal amount may be accounted to the distributable earnings when reversing the debit

balance of the other equity item.

(2) When initially applying the IFRSs, for the special surplus reserves provided pursuant to Letter Jin-Guan-Zheng-Fa-Zhi No. 1010012865 dated on April 6, 2012, the Company reverse such based on the shares of the originally provided special surplus reserves when using, disposing or reclassifying the related asset later.

On January 1, 2013, the special earning reserves provided by the Company due to the said letter order had been fully used to offset loss, and a supplementary provision must be made after making a profit. The composition of the part of the said provided special earning reserves that has not been disposed for realization is as below:

| | |
|---|---:|
| Adding value for revaluation | 58,831 |
| Cumulative Conversion Adjustments | 474 |
| | 59,305 |

5. On July 6, 2021, the Company approved a loss appropriation proposal by resolution at the shareholders' meeting, whereby to make up losses with NT$51,155 legal reserve and NT$59,305 special reserve.
6. On June 14, 2022, the Company approved a loss appropriation proposal by resolution at the shareholders' meeting.
7. On March 23, 2023, the Company approved a loss appropriation proposal by resolution through the board of directors.

(XVII) Other items of equity

| | Investments through other comprehensive income | foreign currency conversion | Other interests | total |
|---|---:|---:|---:|---:|
| 2022/1/1 | 9,219 | (62,420) | 219 | (52,982) |
| Equity Instrument Evaluation Adjustment | | | | |
| Company | 8,909 | - | - | 8,909 |
| Subsidiary | (941) | - | - | (941) |
| Transfer to retained earnings | | | | |
| Company | 350 | - | - | 350 |
| Subsidiary | 49 | - | - | 49 |
| Foreign Currency Translation Differences | | | | |
| Company | - | 24,821 | - | 24,821 |
| Subsidiary | - | 17 | - | 17 |
| 2022/12/31 | 17,586 | (37,582) | 219 | (19,777) |

| | Investments through other comprehensive income | foreign currency conversion | Other interests | total |
|---|---|---|---|---|
| 2021/1/1 | 10,498 | (59,148) | 219 | (48,431) |
| Equity Instrument Evaluation Adjustment | | | | |
| Company | (1,096) | - | - | (1,096) |
| Subsidiary | (183) | - | - | (183) |
| Foreign Currency Translation Differences | | | | |
| Company | - | (3,266) | - | (3,266) |
| Subsidiary | - | (6) | - | (6) |
| 2021/12/31 | 9,219 | (62,420) | 219 | (52,982) |

(XVIII) Operating revenue

| | 2022 | 2021 |
|---|---|---|
| Revenue | 1,588,312 | 1,546,490 |

The Group's revenue is derived from products transferred at a point in time. See Statement 8 for the breakdown of revenue.

(XIX) Other income

| | 2022 | 2021 |
|---|---|---|
| Dividend | 2,403 | 3,952 |
| Other | 2,989 | 1,652 |
| | 5,392 | 5,604 |

(XX) Other gains or losses

| | 2022 | 2021 |
|---|---|---|
| Financial assets measure profit and loss | (1,501) | 31,501 |
| Reversal of impairment losses on non-financial assets | - | 8,827 |
| Gain(LOSS) in property to be disposed of | - | 2,292 |
| Gain or loss on disposal of assets | - | 4,161 |
| Exchange Gain(Loss) | 62,004 | (20,003) |
| Other Loss | (795) | (2,106) |
| | 59,708 | 24,672 |

(XXI) Financial costs

| | 2022 | 2021 |
|---|---|---|
| Interest Exp. | 18,163 | 12,744 |
| lease interest expense | 55 | 226 |
| Other Financial Exp. | 494 | 392 |
| | 18,712 | 13,362 |

(XXII) Additional information of the expense nature.

| | 2022 | 2021 |
|---|---|---|
| Employee Benefits | 49,798 | 48,943 |
| depreciation | 4,232 | 11,878 |
| amortization | 204 | 1,353 |
| Total | 54,234 | 62,174 |

(XXIII) Employee benefit expense

| | 2022 | 2021 |
|---|---|---|
| salary | 41,635 | 41,146 |
| social insurance | 3,580 | 3,879 |
| pension | 2,149 | 2,300 |
| other | 2,434 | 1,618 |
| Total | 49,798 | 48,943 |

1. According to the Company's Articles of Incorporation, when distributing earnings, the Company shall allocate no less than 3% and no more than 15% as the employees' remuneration, and no more than 3% as the directors' remuneration.
2. As of December 31, 2022 and 2021, the Company reported accumulated losses, and thus estimated no remuneration to employees and directors pursuant to the Articles of Incorporation.

The information regarding the employees’ and directors’ remunerations approved by the Board may be inquired at MOPS.

(XXIV) Income tax

1. income tax expense

(1) Components of income tax expenses:

| | 2022 | 2021 |
|---|---|---|
| previous year overvalued | - | (12) |
| temporary difference reversal | 157 | 2,045 |
| income tax | 157 | 2,033 |

(2) Amount of income tax benefits related to other comprehensive income:

| | 2022 | 2021 |
|---|---|---|
| Determine the measure of welfare obligations | 256 | 690 |

2. Income tax expense and accounting profit adjustment items

| | 2022 | 2021 |
|---|---|---|
| Income tax expense (benefit) | (52,415) | (14,804) |
| tax-free income | (481) | (790) |
| previous year overvalued | 0 | (12) |
| Deferred tax assets | 4,327 | 10,497 |

| | | |
|---|---|---|
| temporary difference | 48,726 | 7,142 |
| income tax | 157 | 2,033 |

3. The amounts of the deferred income tax assets or liabilities generated from the temporary differences are presented as below:

| | 2022 | | | |
|---|---|---|---|---|
| | Jan.1 | recognized income | Recognition of other comprehensive income | Dec.31 |
| Deferred tax assets | | | | |
| Losses from falling prices of bottomed inventories | 4,957 | - | - | 4,957 |
| asset impairment loss | 10,998 | - | - | 10,998 |
| other | 533 | - | - | 533 |
| | 16,488 | - | - | 16,488 |
| Deferred tax liabilities | | | | |
| prepaid pension | (25,015) | (157) | (256) | (25,428) |
| In order to realize the exchange benefit | (4,739) | - | - | (4,739) |
| | (29,754) | (157) | (256) | (30,167) |

| | 2021 | | | |
|---|---|---|---|---|
| | Jan.1 | recognized income | Recognition of other comprehensive income | Dec.31 |
| Deferred tax assets | | | | |
| Losses from falling prices of bottomed inventories | 4,957 | - | - | 4,957 |
| asset impairment loss | 10,998 | - | - | 10,998 |
| other | 312 | 221 | - | 533 |
| | 16,267 | 221 | - | 16,488 |
| Deferred tax liabilities | | | | |
| prepaid pension | (24,180) | (145) | (690) | (25,015) |
| In order to realize the exchange benefit | (2,618) | (2,121) | - | (4,739) |
| | (26,798) | (2,266) | (690) | (29,754) |

4. The expirations of the unused taxable losses and amounts of the unrecognized deferred income tax assets are presented as follows:

| | 2022/12/31 | | | |
|---|---|---|---|---|
| Year | Declared number/approved number | not yet deducted | Deferred income tax assets have not been deducted | last available year |
| 2013 | 38,451 | 38,451 | 38,451 | 2023 |
| 2014 | 113,698 | 113,698 | 113,698 | 2024 |
| 2015 | 67,053 | 67,053 | 67,053 | 2025 |
| 2016 | 162,129 | 162,129 | 162,129 | 2026 |
| 2017 | 177,881 | 177,881 | 177,881 | 2027 |
| 2018 | 64,868 | 64,868 | 64,868 | 2028 |
| 2019 | 99,627 | 99,627 | 99,627 | 2029 |
| 2020 | 87,196 | 87,196 | 87,196 | 2030 |
| 2021 | 52,486 | 52,486 | 52,486 | 2031 |
| 2022 | 21,633 | 21,633 | 21,633 | 2032 |
| | 885,022 | 885,022 | 885,022 | |

| | 2021/12/31 | | | |
|---|---|---|---|---|
| Year | Declared number/approved number | not yet deducted | Deferred income tax assets have not been deducted | last available year |
| 2012 | 443,688 | 443,688 | 443,688 | 2022 |
| 2013 | 38,451 | 38,451 | 38,451 | 2023 |
| 2014 | 113,698 | 113,698 | 113,698 | 2024 |
| 2015 | 67,053 | 67,053 | 67,053 | 2025 |
| 2016 | 162,129 | 162,129 | 162,129 | 2026 |
| 2017 | 177,881 | 177,881 | 177,881 | 2027 |
| 2018 | 64,868 | 64,868 | 64,868 | 2028 |
| 2019 | 99,627 | 99,627 | 99,627 | 2029 |
| 2020 | 87,196 | 87,196 | 87,196 | 2030 |
| 2021 | 52,486 | 52,486 | 52,486 | 2031 |
| | 1,307,077 | 1,307,077 | 1,307,077 | |

5. The amount of deductible temporary differences not recognized as deferred income tax assets:

| | 2022/12/31 | 2021/12/31 |
|---|---|---|
| Temporary differences can be deducted | 394,558 | 438,022 |

6. The tax authorities have approved the Company's business income tax returns through 2020.

(XXV) Loss per share

| | 2022 | | |
|---|---|---|---|
| | Net Income | AVG outstanding Shares | EPS (NTD) |
| Net income attributable to parent company | (262,231) | 104,245 | -2.52 |

| | 2021 | | |
|---|---|---|---|
| | Net Income | AVG outstanding Shares | EPS (NTD) |
| Net income attributable to parent company | (76,055) | 100,800 | -0.75 |

(XXVI) Changes in liabilities from financing activities

Changes in the Company's liabilities from financing activities for 2022 and 2021 were mainly due to borrowings, repayments, lease principal repayments, exchange rate effects, and changes in lease liabilities. See the unconsolidated Statement of Cash Flows.

## VII. Related party transaction

### (I) Name and relationships of related parties

| Company | Relation |
|---|---|
| GLOUSTER CO., LTD | Subsidiary |
| TAH TONG TEXTILE(VIETNAM) CO., LTD | Subsidiary |
| eNOVA Limited | Subsidiary |
| KOREA TEXTILE & DYEING SUPPORT SERVICES JOINT STOCK COMPANY(KTD) | Subsidiary |
| InnoPeak Co.Ltd. | Subsidiary |
| GREAT BELL PRINTING & DYEING CO., LTD. | Related Party |
| KINGTEX CORPORATION | Other Related |
| Yung Huang Investment Co., Ltd. | Other Related |
| HANBO LIVESTOCK & FARMING PRODUCTS CO., LTD. | Other Related |
| Chen Xiuzhong | chairman |
| Chen Jianzhou | GM |

## (II) Material transactional matters with related parties

### 1. Sales

| | 2022 | 2021 |
|---|---|---|
| Sale: | | |
| Tah Tong(VN) | 572,169 | 425,746 |
| Other Subsidiary | - | 219 |
| | 572,169 | 425,965 |

The transaction prices of the transactions and the credit facilities between the Company and the related parties are negotiated by the both parties.

### 2. Purchase

| | 2022 | 2021 |
|---|---|---|
| Subsidiary | 109,853 | 82,886 |

The Company purchases products from its related parties on the basis of normal commercial terms and conditions. The payment term is O/A 120 days.

### 3. Accounts receivable

| | 2022/12/31 | 2021/12/31 |
|---|---|---|
| Account Receivable | | |
| Tah Tong(VN) | 568,547 | 351,021 |
| Other Subsidiary | - | 218 |
| | 568,547 | 351,239 |

Receivables from related parties are mainly from sales. The proceeds from the original sale were due 18 months after the sale date. On November 15, 2021, the Company's board of directors resolved to adjust the loan period to 9 months and reclassify overdue payments as capital loans. The receivables are not pledged and interest-bearing, and no allowance is made for losses.

### 4. Other receivables

| | 2022/12/31 | 2021/12/31 |
|---|---|---|
| Other receivable-Fund loan | | |
| Tah Tong(VN) | 61,420 | 255,753 |
| InnoPeak Co.Ltd. | 3,000 | - |
| Other receivable | | |
| Tah Tong(VN) | - | 22,715 |
| | 64,420 | 278,468 |
| Long-term receivables | | |
| Tah Tong(VN) | - | 214,915 |

(1) The said other receivables arising from capital loans are subject to full repayment within one year after the loan is granted. The interest income for 2022 and 2021 was $4,606 and $3,477 respectively, calculated at an annual

rate of 2.5~3%.

(2) In 2016, the Company purchased machinery and equipment on behalf of its subsidiary TAH Tong (VN). The repayment plan is to repay on a quarterly basis in 5 years commencing on January 1, 2024. Early repayment is permitted. Remaining receivables as of December 31, 2022 and 2021 are presented in "Long-term notes and accounts receivables - related parties". Tah Tong (VN) had repaid early as agreed as of Q2 of 2022.

5. Accounts payable

| | 2022/12/31 | 2021/12/31 |
|---|---|---|
| Account payable | | |
| Subsidiary | 26,382 | 25,644 |
| Related Party | 242 | 242 |
| | 26,624 | 25,886 |

Payables to related parties are mainly from lease transactions with a payment term of 30 to 120 days OA.

6. Corporate bonds payable

| | 2022/12/31 | 2021/12/31 |
|---|---|---|
| Yee Chain International Co., Ltd. | 68,000 | 68,000 |
| Chen Jianzhou | 19,000 | 19,000 |
| HANBO LIVESTOCK & FARMING PRODUCTS CO., LTD. | 10,000 | 10,000 |
| Chen Xiuzhong | 3,000 | 3,000 |
| | 100,000 | 100,000 |

For more details of the said corporate bonds, see Note 6(10).

7. Transaction of property

(1) Disposal of property, plant and equipment (including non-current assets held for sale)

| | 2021 | |
|---|---|---|
| | Amount | benefit |
| Great Bell | 32,409 | 6,624 |

(2) Acquisition of financial assets

| | Item | Stock | transaction target | 2022 Amount |
|---|---|---|---|---|
| Subsidiary | | | | |
| GLOUCESTER | equity method investment | 16,7000K | common stock | 492,042 |
| InnoPeak Co.Ltd. | equity method investment | 2,000K | common stock | 20,000 |
| | | | | 512,042 |

| | | | | 2021 |
|---|---|---|---|---|
| | Item | Stock | transaction target | Amount |
| Subsidiary | | | | |
| InnoPeak Co.Ltd. | equity method investment | 2,000K | common stock | 20,000 |

8. Lease transactions - lessee

(1) The Company leased land and buildings from affiliates and other related parties and paid rent monthly for a term of years from 2017 to 2022. The rent was determined by both parties, taking into account market pricing. In September 2021, the Company recognized a NT$333 loss on lease modification due to early termination of the lease contract.

(2) In October 2021, the Company leased a building from a related party for a term of 2 years. The rent was determined by both parties, taking into account market pricing. The Group obtained $5,420 right-of-use assets.

(3) Acquisition of right-of-use assets

| | 2022 | 2021 |
|---|---|---|
| Other related party | - | 5,420 |

(4) Lease liabilities

A. Ending balance

| | 2022 | 2021 |
|---|---|---|
| Other related party | 2,054 | 4,753 |

B. Interest expenses

| | 2022 | 2021 |
|---|---|---|
| Great Bell | - | 181 |
| Other related party | 55 | 46 |
| | 55 | 227 |

(5) Ending balance of refundable deposits

| | 2022 | 2021 |
|---|---|---|
| Subsidiary | - | 34 |

9. Capital loans - loans from related parties (presented under "Other non-current liabilities")

| | 2022 | 2021 |
|---|---|---|
| Chen Xiuzhong | 32,000 | 0 |

The loan from the said related party was made by the Company from the Chairman for financing, with a term from December 28, 2022 to December 28, 2024 at 1.877%.

10. Endorsements/guarantees provided by related parties to the Company

(1) Land pledged by affiliates as collateral for loans

| | 2022/12/31 | | 2021/12/31 | |
|---|---|---|---|---|
| | Loan Guarantee Amount | Loan used | Loan Guarantee Amount | Loan used |
| Grest Bell | 497,408 | 470,502 | 489,776 | 431,994 |

Great Bell Dyeing and Printing Co., Ltd. undertook to provide property guarantee for the Company's borrowing amount before the end of 2024.

(2) As of December 31, 2022 and 2021, the Chairman and President provided joint guarantees for short-term loans.

(3) As of December 31, 2022, the Chairman provided joint guarantees for long-term loans.

11. Endorsements/guarantees provided by the Company

| | 2022/12/31 | | 2021/12/31 | |
|---|---|---|---|---|
| | Endorsement Guarantee Amount | actual use | Endorsement Guarantee Amount | actual use |
| Tah Tong(VN) | 285,603 | 279,592 | 271,264 | 207,869 |
| GLOUCESTER | 61,420 | 34,487 | - | - |
| | 347,023 | 314,079 | 271,264 | 207,869 |

(III) Information of remuneration of key management personnel

| | 2022 | 2021 |
|---|---|---|
| Salary | 14,553 | 19,587 |
| Pension | 641 | 619 |
| | 15,194 | 20,206 |

VIII. Pledged Assets

The carrying amounts of assets pledged by the Company as collateral are presented below:

| Assets Item | Guarantee purpose | Book Value 2022/12/31 | Book Value 2021/12/31 |
|---|---|---|---|
| Bank savings | Bank Loan | 15,000 | 22,958 |
| Financial assets measured at fair value | Bank Loan | 0 | 32,100 |
| land | Bank Loan | 23,251 | 23,251 |
| housing and construction | Bank Loan | 10,447 | 15,067 |
| | | 48,698 | 93,376 |

## IX. Significant Contingent Liabilities and Unrecognized Commitments

### (I) Contingent matters

None.

### (II) Commitment matter

Issued but not yet used letters of credit

The amounts of letters of credit issued for purchase goods and machinery equipment but yet used are as below:

| | 2022/12/31 | 2021/12/31 |
|---|---|---|
| Unused LC | 7,868 | 79,447 |

## X. Losses Due to Major Disasters

None.

## XI. Significant Events

1. On March 23, 2023, the Company passed at the meeting of the board of directors, and would submit to the shareholders' meeting for approval, a resolution for capital reduction, whereby to make up losses with a reduction of capital by 44.43%. After the capital reduction, the paid-in capital would be $632,952.
2. On March 23, 2023, the Company passed at the meeting of the board of directors, and would submit to the shareholders' meeting for approval, a resolution for cash capital increase, whereby to issue ordinary shares through private placement up to 30 million shares with a par value of NT$10 per share.
3. On March 23, 2023, the Company passed a resolution at the meeting of the board of directors, whereby to dispose of all or some of the shares of KOREA TEXTILE & DYEING SERVICES JOINT STOCK COMPANY held by the Group through its subsidiary GLOUCESTER CO., LTD, at such a price on such a base date as to be otherwise determined.
4. On March 23, 2023, the Company passed a resolution at the meeting of the board of directors, whereby to sell 1,000 thousand shares in Great Bell Printing and Dyeing Co., Ltd. invested by the Company to EVER GLORY INVESTMENT COM, LTD. at a price determined by an external professional appraisal company on such a base date as to be otherwise determined.
5. On March 23, 2023, the Company passed a resolution at the meeting of the board of directors, whereby to pledge its shares in Great Bell Printing and Dyeing Co., Ltd. as security if Great Bell Printing and Dyeing Co., Ltd. disposes of the land originally pledged as collateral for the Company's loan from the bank for the purpose of activating assets and therefore repays the said loan for the Company.

## XII. Others

(I) As of December 31, 2022, the Company's current liabilities exceeded current assets by NT$53,341 thousand. In order to improve the said situation, the Company intends to take the following countermeasures in the future:

1. Business:

   In terms of business operations, the Company will continue to optimize product mix, improve gross profit margins, and expand services to customers to improve performance.

   (1) Spinning Division will continue to work with niche customers to increase the production and sales ratio of specialty yarn products and improve production efficiency and quality to raise gross profit margins.

   (2) Fabrics Division will continue to develop new products for target customers, deepen the vertical integration of products and services, and expand product share, and can be expected to effectively improve performance.

2. Finance:

   (1) To ensure that the Company continues as a going concern, as per the private placement proposal passed by the 2022 annual general shareholders' meeting, the Company issued 13.1 million shares as of Q3 of 2022 and would issue 16.9 million shares more to raise funds. On March 24, 2023, the Company planned to issue another 30 million ordinary shares through private placement at the meeting of the board of directors. Upon approval at the shareholders' meeting on May 22, 2023, the Company will issue ordinary shares through private placement at an appropriate time depending on the market and capital needs, in the hope of improving the Company's financial structure with the funds raised.

   (2) The Company has a good record of dealings with the existing financial institutions, and all financing loan limits have been provided with reasonable guarantees. It is estimated by reference to the history of financing and renewal in previous years, all financing loan contracts can be renewed with new terms before expiration to extend the original financing limits.

   (3) The Company has the undertaking from major shareholders for continuous financial support to the Company, whereby they agree to assist the Company to continue operating and repay debts if necessary.

   (4) The Company will continue to actively examine all of its assets and resources on hand, and revitalize the assets to maximize the benefits and value created for the Company under market assessment. It is expected that this will effectively improve the Company's financial position.

(II) Capital management

The capital management goal of the Company is to ensure the Company's continuing operation, maintain the best capital structure to reduce the capital costs, and provide returns to shareholders. To maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issuance of new shares, or sell assets to lower the debts.

(III) Financial instruments

1. Categories of financial instruments

| | 2022/12/31 | 2021/12/31 |
|---|---|---|
| financial assets | | |
| Fair value through profit or loss | 1,900 | 33,202 |
| Fair value through other comprehensive income | 46,347 | 39,234 |
| Measured at amortized cost | 793,051 | 772,630 |
| | 841,298 | 845,066 |
| financial liabilities | | |
| Measured at amortized cost | 1,116,902 | 953,558 |
| lease liability | 2,054 | 4,753 |
| | 1,118,956 | 958,311 |

Note: Financial assets measured at amortized cost include cash, notes and accounts receivable, other receivables, and other current assets; financial liabilities measured at amortized cost include short-term borrowings, notes and accounts payable, and other payables, long-term loans (including those due within one year), corporate bonds payable, and other non-current liabilities.

2. Risk management policy

(1) The daily operation of the Company is under influence of various financial risks, including market risk (including exchange rate risk, interest rate risk, and price risk), credit risk and liquidity risk. The Company's overall risk management policy focuses on unpredictable matters in financial markets and seeks to mitigate the potential adverse effects on the Company's financial position and financial performance.

(2) The risk management is implemented by the Finance Department of the Company pursuant to the policies approved by the Board. The Company's Finance Department is responsible for identifying, evaluating and avoiding financial risks through close collaboration with various operating units within the Group. The Board has written principles for overall risk management, and also provides written policies for specific extent and matters, such as exchange rate risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investment of remaining current capital.

3. Nature and extent of material financial risks

(1) Market risk

Foreign currency risk

A. The Company is a multinational company that is subject to exchange rate risk arising from transactions where the functional currency of exchanges is different from that of the Company, which are mainly denominated in USD. The related exchange risks come from the commercial transactions in the future and the recognized assets and liabilities.

B. The Company's business involves several non-functional currencies (the functional currency of the Company is NTD), which is subject to exchange rate fluctuations. Foreign currency assets and liabilities subjected to material exchange rate fluctuations are summarized as follows:

| | 2022/12/31 | | |
|---|---|---|---|
| | Foreign Currency | Exchange Rate | Book Value (NT) |
| Foreign Currency: Functional Currency | | | |
| Financial assets | | | |
| monetary item | | | |
| USD：NTD | 22,231 | 30.71 | 682,714 |
| Subsidiary | | | |
| USD：NTD | 16,590 | 30.71 | 509,491 |
| financial liabilities | | | |
| monetary item | | | |
| USD：NTD | 2,219 | 30.71 | 68,144 |

| | 2021/12/31 | | |
|---|---|---|---|
| | Foreign Currency | Exchange Rate | Book Value (NT) |
| Foreign Currency: Functional Currency | | | |
| Financial assets | | | |
| monetary item | | | |
| USD：NTD | 34,169 | 27.68 | 945,798 |
| Subsidiary | | | |
| USD：NTD | 9,104 | 27.68 | 251,999 |
| financial liabilities | | | |
| monetary item | | | |
| USD：NTD | 7,709 | 27.68 | 213,385 |

For the sensitivity analysis of the foreign currency exchange rate risk, the calculation mainly focused on the monetary items of foreign currency at the ending date of the financial reporting period. When NTD appreciates or depreciates 1% against other currencies, the Company’s net loss after tax for 2022 and 2021 would be increased or decreased by $6,146 and $7,324 respectively.

C. Due to the significant impact of exchange rate fluctuations, total (realized and unrealized) exchange gains (losses) on the Group's monetary items for 2022 and 2021 amounted to $62,004 and $20,003 respectively.

Price risk

A. The Company's equity instruments exposed to price risk are financial assets at FVTPL and financial assets at FVOCI. To manage the price risk of the investment in equity instruments, the Company diversifies the portfolio, based one the limits set by the Company.

B. The Company primarily invests in equity instruments that are TWSE/TPEx-listed or not listed. The prices of these equity instruments are affected by their uncertain future values. If the prices of these equity instruments rose or fell by 1%, with all other factors unchanged, there would be no significant impact on the Company's net profit after tax for 2022 and 2021 due to gains or losses on equity instruments measured at fair value.

Cash flow and fair value interest rate risk

A. The Company's interest rate risk arises from bank loans. The borrowings issued at the floating interest rates cause the Company to sustain the interest rate risk for the cash flow; partial risk is offset by the held cash and cash equivalents at the floating rate. In 2022 and 2021, the Company’s borrowings at floating rates were denominated in NTD and USD.

B. The Company simulates multiple programs and analyzes interest rate risk, including considering refinancing, renewal of existing positions, other available financing and hedging, to calculate the impact of changes in specific interest rates on profit or loss. For each simulation programs, all currencies adopts the same interest rate change. Such simulation programs are only applied to the material liability position accruing interests.

C. According to the simulation results, a 0.5% change in the interest rate would not have any material impact on the Company’s net income before tax for 2022 and 2021.

(2) Credit risk

A. The Company's credit risk is the risk of financial losses incurred to the Company after the counterparty of the customer's financial instruments fail to fulfill its contractual obligations, mainly from the reasonable cash flows of accounts receivable the counterparty is unable to pay off according to the payment terms.

B. The Company manages credit risk from a group perspective. For the banks and financial institutions to establish a business relationship, only these banks with good credit and the financial institutions with an investment grade or higher are accepted as the counterparties of transactions. The credit policy is specified internally.

C. When the contract payments are more than 90 days past due according to the agreed payment terms, it is deemed that the credit risk on the financial assets has increased significantly since original recognition; when the contract payments are 180 days past due according to the agreed payment terms, it is deemed that a default has occurred.

The aging analysis of the notes and accounts receivable is as below:

| | 2022/12/31 | 2021/12/31 |
|---|---|---|
| not overdue | 28,486 | 36,604 |
| witnin 90 days | 2,637 | 3,341 |
| 91 ~ 180 days | - | 226 |
| over 181 days | 521 | 2,470 |
| | 31,644 | 42,641 |

The above is the age analysis based on the overdue days.

D. The Company’s accounts receivable - related parties are mainly the sales to the subsidiaries. The Company and the aforesaid subsidiaries are the entities for preparing the consolidated financial reports, and thus there is no concern of material failure of contract performance or repayment. Therefore, the allowance of loss is measured at the 12-month ECL, and as of December 31, 2022 and 2021, there was no allowance of loss provided for the accounts receivable - related parties.

E. The indicators used by the Company to determine if debt instrument investments are credit-impaired are summarized as follows:

(A) The issuer is suffering serious financial difficulty, or it is increasingly probable that the issuer will go into bankruptcy or other financial restructuring;

(B) The issuer has the active market for the financial assets disappearing due to its financial difficulty;

(C) The issuer delays the repayment of, or fails to repay, the interest or principal;

(D) Adverse changes in national or regional economic conditions resulting in a default by the issuer.

F. After the recourse procedure, the Company will write off the amount of financial assets that cannot be reasonably expected to be recovered; provided that, the Company will continue to proceed with the legal recourse procedure to preserve the rights of the claims. As of December 31, 2022 and 2021, the Company's claims that were written off and still had recourse activities amounted to $15,087 and $12,735, respectively.

G. The Company has adopts a simplified approach to estimate the expected credit losses based on the provision matrix of rolling rates, and adjusts the loss rate established according to the historical and current information for a specific period for future-looking considerations to estimate accounts receivable. The provision matrix using rolling rates as of December 31, 2022 and 2021 is presented as follows:

| | not overdue | witnin 90 days | 91 ~ 180 days | over 181 days | Total |
|---|---|---|---|---|---|
| 2022/12/31 | | | | | |
| Rate | 1.03% | 6.67% | | 100.00% | |
| Account Receivable | 28,486 | 2,637 | 0 | 521 | 31,644 |
| Allowance | 294 | 176 | 0 | 521 | 991 |
| 2021/12/31 | | | | | |
| Rate | 6.90% | 12.36% | 52.21% | 100.00% | |
| Account Receivable | 36,604 | 3,341 | 226 | 975 | 41,146 |
| Allowance | 2,527 | 413 | 118 | 975 | 4,033 |

H. As of December 31, 2022 and 2021, the Company had made a sufficient loss allowance at $0 and $1,495 for accounts receivable aged over 1 year for which customers could not be reached for payment.

I. The Company's simplified statement of changes in the loss allowance on accounts receivable is presented as follows:

| | Account Receivable | |
|---|---|---|
| | 2022 | 2021 |
| Jan. 1 | 5,528 | 5,596 |
| Turn around | (2,185) | (68) |
| Delist | (2,352) | - |
| Dec. 31 | 991 | 5,528 |

(3) Liquidity risk

A. Cash flows are forecast by each operating entity within the Group and summarized by the Group's Finance Department. The Finance Department of the Group monitors the forecasts of the liquidity of the Group, and ensures sufficient capitals to fund the operating requirements, and to maintain enough undrawn limit of the borrowing commitments all the time, so that the Group is free from any violation of related borrowing limit or terms. Such forecasts considers the Group’s debt and financing plants, compliance of debt terms, the financial ratio target determined internally, and the external supervisory regulatory requirements.

B. The surplus cash held by each operating entity will be transferred back to the Group's Finance Department if it is greater than required for the management of working capital. The Finance Department of the Group invests the remaining capital in the demand deposit with interests, time-deposit, money deposit, and marketable securities; the instruments selected have due maturities or sufficient liquidity to respond to the aforesaid forecast and provide the sufficient funding level for deployment, and are expected to generate cash flow instantly, to manage the liquidity risk.

C. The Company's non-derivative financial liabilities, and derivative financial liabilities delivered on a net or gross amount basis, are grouped according to their relevant maturity dates. Non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the agreed maturity date.

As of December 31, 2022 and 2021, the Company's non-derivative financial liabilities included short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings (including those due within a year), corporate bonds payable, and lease liabilities. Except for long-term borrowings, corporate bonds payable, and lease liabilities, all financial liabilities were mature in days less than one year.

The following table discloses the corporate bonds payable, long-term borrowings (including the imputed interest payable), and the contractual cash flow amounts of the lease liabilities, in the undiscounted amount:

| | Within 1 Year | 1 ~2 Year | 2 ~ 5 Year | Total |
|---|---|---|---|---|
| 2022/12/31 | | | | |
| Corporate bonds | 1,700 | 101,700 | - | 103,400 |
| Long term loan | 29,743 | 30,314 | 7,446 | 67,503 |
| Lease liability | 2,066 | - | - | 2,066 |
| 2021/12/31 | | | | |
| Corporate bonds | 1,700 | 1,700 | 101,700 | 105,100 |
| Long term loan | 30,135 | 30,208 | 38,728 | 99,071 |

| | | | | |
|---|---|---|---|---|
| Lease liability | 2,754 | 2,066 | - | 4,820 |

D. The Company does not expect that the timing of cash flows analyzed at the maturity date will be significantly earlier, or the actual amount will be significantly different.

(4) Information on fair value

1. For the fair value of the Company's financial assets and financial liabilities not measured at fair value, see Note 12(2)1.

2. The levels of valuation techniques used to measure the fair value of financial and non-financial instruments are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Active markets are ones where asset and liability transactions take place with sufficient frequency and volume for pricing information to be provided on the ongoing basis. The fair values of the Company's investments in the TWSE/TPex listed shares belong to this level.

Level 2: The direct or indirect observable inputs of the assets or liabilities; but these included in the quotations of Level 1 are excluded. The fair values of the Company's investments in derivatives belong to this level.

Level 3: The unobservable inputs of assets or liabilities. The fair values of the Company's investments in the equity instruments without any active market belong to this level.

3. The Company classifies the financial and non-financial instruments measured at fair value based on the nature, characteristics, and risk of the assets and liabilities, and fair value levels, as detailed below:

As of December 31, 2022 and 2021, the Company's financial assets measured at fair value at Level 1 valuation were $1,900 and $33,202 respectively, and financial instruments at Level 3 valuation were $46,347 and $37,114, respectively.

4. The approaches and assumptions adopted by the Company to measure fair values are stated as below:

(1) These to which the Company adopts the market quotation as the fair value inputs (i.e. Level 1), based on the characteristics of the instruments, are described below.

| | Open Market Stock |
|---|---|
| Market quotation | stock closing price |

(2) Other than the financial instruments with active markets mentioned above, the fair values of other financial instruments are obtained with the valuation techniques or by referring the quotations of the counterparties of transactions The fair values obtained with the valuation techniques may refer to the current fair values of the financial instruments with substantially similar conditions or characteristics, or with other valuation techniques, including the calculation of the obtainable market information at the consolidated balance sheet date with a model.

(3) The output of the valuation model is a forecasted estimate value, and the valuation technique may not reflect all the factors related to the financial and non-financial instruments held by the Company. Therefore, the forecasted value of the valuation model may be adjusted properly based on additional parameters, such as the model risks or the liquidity risk. Based on the Company's management policy and control procedures for the fair value valuation model, the management believes to fairly present the fair values of the financial and non-financial instruments in the consolidated balance sheet, the valuation adjustment is properly and necessary. The price information and parameters used during the valuation process are prudentially evaluated, and properly adjusted based on the current market conditions.

(4) The Company takes the credit risk valuation adjustment into account for the calculation of financial and non-financial instruments' fair values, to reflect the credit risk of the transaction counterparties, and the credit quality of the Company, respectively.

5. In 2022 and 2021, there was no transfer between Level 1 and Level 2.

6. Changes in Level 3 for 2022 and 2021 are presented below:

| | Equity Securities | |
|---|---|---|
| | 2022 | 2021 |
| Jan. 1 | 37,114 | 40,806 |
| recognized in other comprehensive income | 8,909 | (1,096) |
| return of share capital | (26) | (2,596) |
| transfer to retained earnings | 350 | - |

| | | |
|---|---|---|
| Dec. 31 | 46,347 | 37,114 |

7. In 2022 and 2021, there was no transfer in and out of Level 3.
8. For Level 3 fair value measurement, the Company has its Finance Department and independent valuation experts responsible for the independent fair value verification of financial instruments, making the valuation results close to the market status using independent source data, and regularly reviewing to ensure reasonable valuation results. Additionally, the Finance Department prescribes the valuation policies for the fair value of financial instrument, the valuation procedures, and the confirms the compliance with the requirements of the IFRSs.
9. The quantitative information on material unobservable inputs used in the valuation model adopted for Level 3 fair value measurement items and the sensitivity analysis of changes in material unobservable inputs are presented as below:

| | 2022/12/31 fair Value | Model | Significant unobservable input | Weighted average | Input quality and fair value relationship |
|---|---|---|---|---|---|
| non-derivative equity instruments | | | | | |
| Non-Open market company | 45,520 | analogy | Price-to-book ratio | 1.55 | The higher the share price to fair value ratio, the higher the fair value |
| | | | Market capitalization base debt ratio | 0.18 | The lower the market value basis debt ratio, the higher the fair value |
| | | | liquidity discount | 19.71% | The higher the liquidity discount, the lower the fair value |
| Non-Open market company | 532 | net asset value | NA | 11.33 | The higher the net asset value, the higher the fair value |
| | | | liquidity discount | 15.8%~18.53% (15.92%) | The higher the liquidity discount, the lower the fair value |
| Venture capital company stock | 295 | net asset value | NA | 8.08~14.24 (13.58) | The higher the net asset value, the higher the fair value |
| | | | liquidity discount | 24.29%~26.69% (25%) | The higher the liquidity discount, the lower the fair value |

| | 2021/12/31 fair Value | Model | Significant unobservable input | Weighted average | Input quality and fair value relationship |
|---|---|---|---|---|---|
| non-derivative equity instruments | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| Non-Open market company | 35,897 | analogy | Price-to-book ratio | 1.21 | The higher the share price to fair value ratio, the higher the fair value |
| | | | Market capitalization base debt ratio | 0.23 | The lower the market value basis debt ratio, the higher the fair value |
| | | | liquidity discount | 25.54% | The higher the liquidity discount, the lower the fair value |
| Non-Open market company | 2,689 | net asset value | NA | 26.6 | The higher the net asset value, the higher the fair value |
| | | | liquidity discount | 15.8%~18.53% (15.99%) | The higher the liquidity discount, the lower the fair value |
| Venture capital company stock | 648 | net asset value | NA | 8.08~14.24 (12.12) | The higher the net asset value, the higher the fair value |
| | | | liquidity discount | 24.29%~26.69% (25%) | The higher the liquidity discount, the lower the fair value |

10. The Company has adopted a valuation model and parameters with prudential assessment and selection; provided, using different valuation models and parameters may result in different valuation results. For the financial assets and liabilities classified as Level 3, if the valuation parameters change, the impacts on the profit and loss or other comprehensive income of the current period are as below:

| | | | 2022/12/31 | |
|---|---|---|---|---|
| | | | recognized in other comprehensive income | |
| Financial Assets | Input | Change | favorable | unfavorable |
| equity instruments | Price-to-book ratio | +/- 1% | 288 | (288) |
| | Market capitalization base debt ratio | +/- 1% | 80 | (80) |
| | liquidity discount | +/- 1% | 90 | (90) |

| | | | 2021/12/31 | |
|---|---|---|---|---|
| | | | recognized in other comprehensive income | |
| Financial Assets | Input | Change | favorable | unfavorable |
| equity instruments | Price-to-book ratio | +/- 1% | 211 | (211) |
| | Market capitalization base debt ratio | +/- 1% | 60 | (60) |
| | liquidity discount | +/- 1% | 94 | (94) |

(5) Others

The management of the Company is committed to developing product with high margins, reducing unnecessary expenditures, and controlling various expenses and costs strictly to ensure the Company’s operation and improve the financial position, seeking to effectively improve the operating performance and create the cash inflow from the operating activities.

## XIII. Other Disclosures

(I) Information on Significant Transactions

1. Loans to others: See Appendix 1.
2. Endorsements/guarantees provided: See Appendix 2.
3. Marketable securities held at the end of the period (excluding investments in subsidiaries, affiliates, and jointly controlled entities): See Appendix 3.
4. The cumulative amount of buying or selling the same securities reaches NT$300 million or more, or 20% of the paid-in capital: See Appendix 4.
5. Acquisition of individual property at least NT$300 million or 20% of the paid-in capital: none.
6. Disposal of individual property at least NT$300 million or 20% of the paid-in capital: none.
7. Purchases or sales of goods from and to related parties amounting to at least NT$100 million or 20% of the paid-in capital: See Appendix 5.
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: See Appendix 6.
9. Trading of derivative instruments: none.
10. Business relations between the parent company and its subsidiaries, and the status and amount of important transactions: See Appendix 7.

(II) Information on Investees

The name and location of the investees and other relevant information (excluding investees located in mainland China): see Appendix 8.

(III) Information on Investment in Mainland China

1. Basic information: See Appendix 9.
2. Significant transactions with investees in Mainland China, either directly or indirectly through a third area: none.

### (IV) Information of Major Shareholders

Information on major shareholders: See Appendix 10.

## XIV. Information of the operation department

Disclosure is exempted.

Tah Tong Textile Co., Ltd. and subsidiaries
Financing provided to others
January 1, 2022 to December 31, 2022

Appendix 1

Unit: NT$ thousand
(except for specified otherwise)

| No. (Note 1) | Lender | Borrower | Item | Related party or not | Maximum amount for the year | Ending balance (Amount) | Amount actually drawn | Range of interest rates | Nature of loan | Transaction amount | Cause for Short-term Financing | Provision for losses | Collateral Name | Collateral Value | Limits on lending to individual borrowers | Limits on total loans | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 0 | Tah Tong Textile Co., Ltd. | TAH TONG TEXTILE (VIETNAM) CO., LTD. | Other receivables | Y | $ 583,611 | $ 61,420 | $ 61,420 | 2.22%~2.94% | Transaction | $ 572,169 | Not applicable. | $ - | - | - | $ 572,169 | $ 624,356 | Note 2 |
| 0 | Tah Tong Textile Co., Ltd. | InnoPeak Advanced Materials Co., Ltd. | Other receivables | Y | 20,000 | 20,000 | 3,000 | 2.9574% | Short-term Financing | - | used for the subsidiary's operation and purchase of materials | - | - | - | 249,742 | 249,742 | Note 3 |
| 1 | GLOUCESTER CO.,LTD. | TAH TONG TEXTILE (VIETNAM) CO., LTD. | Other receivables | Y | 61,420 | 61,420 | 24,568 | 4.3%~5.2% | Short-term Financing | - | used for the subsidiary's operation and purchase of materials | - | - | - | 2,037,964 | 2,037,964 | Note 5 |
| 1 | GLOUCESTER CO.,LTD. | KOREA TEXTILE & DYEING SUPPORT SERVICES JOINT STOCK COMPANY | Other receivables | Y | 7,678 | - | - | - | Short-term Financing | - | used for the borrower's operation and to be converted from debt into equity in the future | - | - | - | 203,796 | 203,796 | Note 4 |
| 2 | ROSEGATE HOLDINGCORP. LTD. | TAH TONGTEXTILE(VIETNAM)CO., LTD. | Other receivables | Y | 491,360 | 491,360 | - | - | Short-term Financing | - | used by the subsidiary to repay TAH TONG (Taiwan) overdue funds | - | - | - | 2,015,400 | 2,015,400 | Note 6 |

Note 1: Numbers given in Column No. are defined as follows:
(1) 0 represents the Issuer.
(2) Invested companies are numbered sequentially starting from 1.

Note 2: The total amount of loans made to a company or firm with whom the Company does business with shall not exceed the Company's net worth, and an individual loan shall be limited to the amount of the transaction conducted between them.

Note 3: The total or individual amount of short-term financing provided by the Company shall be capped at 40% of the Company's net worth.

Note 4: The total or individual amount of short-term financing provided by GLOUCESTER shall be capped at 40% of GLOUCESTER's net worth.

Note 5: The total or individual amount of short-term financing provided by GLOUCESTER to a foreign subsidiary in which GLOUCESTER's parent company directly and indirectly holds 100% voting rights shall be capped at 400% of GLOUCESTER's net worth and valid for one year (and may be extended twice for another year).

Note 6: The total or individual amount of short-term financing provided by ROSEGATE to a foreign subsidiary in which ROSEGATE's parent company directly and indirectly holds 100% voting rights shall be capped at 400% of ROSEGATE's net worth and valid for one year (and may be extended twice for another year).

Tah Tong Textile Co., Ltd. and subsidiaries
Endorsements/guarantees provided
January 1, 2022 to December 31, 2022

Appendix 2

Unit: NT$ thousand
(except for specified otherwise)

| No. (Note 1) | Guarantor | Principal: Name of the Company | Principal: Relationship (Note 2) | Limits on the endorsement/guarantee to a principal (Note 3) | Maximum balance of the endorsement/guarantee for the year | Ending balance of the endorsement/guarantee | Amount actually drawn | Amount of the endorsement/guarantee secured by property | Accumulated endorsement/guarantee amount as a percentage of net worth in the latest financial statements (%) | Maximum limits on the endorsement/guarantee (Note 3) | Endorsement/guarantee provided by the parent company to a subsidiary | Endorsement/guarantee provided by a subsidiary to the parent company | Endorsement/guarantee provided to a subsidiary in Mainland China | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 0 | Tah Tong Textile Co., Ltd. | TAH TONG TEXTILE (VIETNAM) CO., LTD. | 2 | $ 1,248,712 | $ 300,958 | $ 285,603 | $ 279,592 | $ - | 22.87% | 1,248,712 | Y | N | N | |
| 0 | Tah Tong Textile Co., Ltd. | GLOUCESTER CO., LTD. | 2 | 1,248,712 | 61,420 | 61,420 | 34,487 | - | 4.92% | 1,248,712 | Y | N | N | |

Note 1: Numbers given in Column No. are defined as follows:
(1) 0 represents the Issuer
(2) Invested companies are numbered sequentially starting from 1.

Note 2: The relationship between the Guarantor and the Principal may be either of the following two:
(1) A subsidiary in which the Company directly holds more than 50% ordinary shares.
(2) An invested company in which the Company and its subsidiary together hold more than 50% ordinary shares.

Note 3: The amount of the endorsement/guarantee provided to a company shall be limited to 50% of the Company's net worth for the year. However, for a subsidiary with 100% of voting rights held directly or indirectly by the Company, it shall be limited to 200% of the Company's net worth. The net worth is contained in the financial statements as audited or verified by CPAs. The amount of the endorsement/guarantee necessary for a transaction to a principal shall be limited to the amount of the transaction. The amount of the transaction is the total amount of purchases, sales and other dealings between two parties, as calculated for the latest year. The total liability of external endorsements/guarantees provided by the Company and its subsidiaries shall be limited to 200% of the Company's current net worth.

Tah Tong Textile Co., Ltd. and subsidiaries

Marketable securities held as of the end of the year (excluding investments in subsidiaries, associates and jointly controlled entities)

December 31, 2022

Appendix 3

Unit: NT$ thousand
(except for specified otherwise)

| Holder | Type of securities | Name of securities | Relationship with Issuer | Item (Note 1) | Ending | | | | Remarks |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | No. of shares | Carrying amount | Shareholding percentage (%) | Fair value | |
| Tah Tong Textile Co., Ltd. | Ordinary shares | Euroc II Venture CapitalCorp. | None | 1 | 9,999 | $ 135 | 2.50 | $ 135 | |
| Tah Tong Textile Co., Ltd. | Ordinary shares | Global Securities Finance Corporation | None | 1 | 9,790 | 106 | 0.05 | 106 | |
| Tah Tong Textile Co., Ltd. | Ordinary shares | Euroc Venture Capital Corp. | None | 1 | 20,599 | 160 | 2.58 | 160 | |
| Tah Tong Textile Co., Ltd. | Ordinary shares | KINGTEX CORPORATION | The Company is a director of the company | 1 | 171,095 | 45,520 | 13.58 | 45,520 | |
| Tah Tong Textile Co., Ltd. | Ordinary shares | Ubn Corporapion | None | 1 | 58,979 | 426 | 8.58 | 426 | |
| Tah Tong Textile Co., Ltd. | Ordinary shares | China Airlines | None | 2 | 100,000 | 1,900 | 0.00 | 1,900 | |

Note 1: Item code: 1 - Financial assets at fair value through other comprehensive income - non-current
2 - Financial assets at fair value through profit or loss - current

Tah Tong Textile Co., Ltd. and subsidiaries
Marketable securities acquired and disposed at costs or prices at least NT$300 million or 20% of the paid-in capital.
January 1, 2022 to December 31, 2022

Appendix 4

Unit: NT$ thousand
(except for specified otherwise)

| Purchaser and Seller | Type of securities Name (Note 1) | Item | Counterparty (Note 2) | Relationship (Note 2) | Beginning | | Purchase (Note 3) | | Selling (Note 3) | | | | Ending | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | No. of shares | Amount | No. of shares | Amount | No. of shares | Selling price | Book cost | Disposal gain or loss | No. of shares | Amount (Note 5) |
| Tah Tong Textile Co., Ltd. | GLOUCESTER CO., LTD. | Investment accounted for using the equity method | GLOUCESTER CO., LTD. | Subsidiary | 34,755 thousand shares | $ 1,086,152 | 16,700 thousand shares | $ 492,042 | - | $ - | $ - | $ - | 51,455 thousand shares | $ 1,578,194 |

Note 1: Marketable securities referred to herein include shares, bonds, beneficiary certificates, and securities derived from such items.
Note 2: For investors accounting for marketable securities using the equity method, only the two columns are required.
Note 3: The accumulative purchase and sale amounts shall be separately calculated based on the market price to see if each reaches NT$ 300 million or 20% of the paid-in capital.
Note 4: The Paid-in capital is the paid-in capital of the parent company. If the shares issued by the issuer have no par value or a par value other than NT$10 per share, the threshold transaction amount equal to 20% percent of the paid-in capital shall be calculated at 10% of equity attributable to owners of the parent company as stated in the balance sheet.
Note 5: The above amount is the investment cost. See Table 8 for the carrying amount.

Tah Tong Textile Co., Ltd. and subsidiaries
Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital.
January 1, 2022 to December 31, 2022

Appendix 5

Unit: NT$ thousand
(except for specified otherwise)

| | | | Trading details | | | | Trading terms different from general transactions and why | | Notes receivable/payable and accounts receivable/payable | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Pruchaser or Seller | Counterparty | Relationship | Purchase/Sales | Amount | Percentage of total purchase (sale) (%) | Credit period | Unit Price | Credit period | Balance | As a percentage of notes receivable/payable and accounts receivable/payable (%) | Remarks |
| Tah Tong Textile Co., Ltd. | TAH TONG TEXTILE (VIETNAM) CO., LTD. | Subsidiary | Sales | $ 572,169 | 61% | payable on a monthly basis with 270 days on account | The transaction prices of the transactions and the credit facilities between the Company and the related parties are negotiated by the both parties | No major deviation | $ 568,547 | 90% | - |
| Tah Tong Textile Co., Ltd. | TAH TONG TEXTILE (VIETNAM) CO., LTD. | Subsidiary | Purchase | 109,853 | 16% | payable on a monthly basis with 120 days on account | Depending on the product category, with reference to the inventory cost, market conditions, and other trading conditions | No major deviation | 26,382 | 16% | |
| TAH TONG TEXTILE (VIETNAM) CO., LTD. | eNova Textiles Ltd. | Subsidiary | Sales | 291,957 | 31% | payable on a monthly basis with 90 days on account | Depending on the product category, with reference to the inventory cost, market conditions, and other trading conditions | No major deviation | 111,398 | 17% | |

Tah Tong Textile Co., Ltd. and subsidiaries
Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital.
December 31, 2022

Appendix 6

Unit: NT$ thousand
(except for specified otherwise)

| Payee | Counterparty | Relationship | Balance of receivables from related parties | Turnover | Overdue receivables from related parties: Amount | Overdue receivables from related parties: Solution | Amount subsequently recovered | Provision for bad debts |
|---|---|---|---|---|---|---|---|---|
| Tah Tong Textile Co., Ltd. | TAH TONG TEXTILE (VIETNAM) CO., LTD. | Subsidiary | $ 629,967 | - | $ 38,041 | Active collection | $ 38,041 | $ - |
| TAH TONG TEXTILE (VIETNAM) CO., LTD. | eNova Textiles Ltd. | Subsidiary | 111,398 | - | - | - | - | - |

Note: Receivables from related parties include accounts receivable and other receivables

Tah Tong Textile Co., Ltd. and subsidiaries
Significant transactions between the Company and its subsidiaries
January 1, 2022 to December 31, 2022

Appendix 7

Unit: NT$ thousand
(except for specified otherwise)

| No. (Note 1) | Trader | Counterparty | Relationship with the Trader (Note 2) | Trading details (Note 3) Item | Amount | Trading terms | As a percentage of consolidated total revenue or total assets |
|---|---|---|---|---|---|---|---|
| 0 | Tah Tong Textile Co., Ltd. | TAH TONG TEXTILE (VIETNAM) CO., LTD. | 1 | Sales | $ 572,169 | (Note 6) | 36 |
| 0 | Tah Tong Textile Co., Ltd. | TAH TONG TEXTILE (VIETNAM) CO., LTD. | 1 | Receivables from related parties (Note 5) | 629,967 | (Note 6) | 25 |
| 0 | Tah Tong Textile Co., Ltd. | TAH TONG TEXTILE (VIETNAM) CO., LTD. | 1 | Purchase | 109,853 | (Note 7) | 16 |
| 1 | TAH TONG TEXTILE (VIETNAM) CO., LTD. | eNova Textiles Ltd. | 3 | Sales | 291,957 | (Note 7) | 18 |
| 1 | TAH TONG TEXTILE (VIETNAM) CO., LTD. | eNova Textiles Ltd. | 3 | Accounts receivable | 111,398 | (Note 7) | 4 |

Note 1: Transactions between the parent company and its subsidiaries shall be indicated respectively in column No. Numbers so given are defined as follows:
1. 0 represents the parent company.
2. Subsidiaries are numbered sequentially starting from 1.

Note 2: The relationship with the trader may be one of the following three:
1. Represents the transaction of the parent company to its subsidiary.
2. Represents the transaction of the subsidiary and its parent company.
3. Represents the transaction between subsidiaries.

Note 3: The amount of purchases, sales, and receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital shall be disclosed for transactions between the parent company and its subsidiaries.
Note 4: See Appendix 1 for loans between the Company and its subsidiaries.
Note 5: Receivables from related parties include accounts receivable and other receivables.
Note 6: Commodities are sold at the agreed price, payable on a monthly basis with 9 months on account. Other receivables are adjusted as needed for the working capital.
Note 7: The transaction price is the same as that of a general customer, payable on a monthly basis with 120 days on account.

Tah Tong Textile Co., Ltd. and subsidiaries
Names and locations of investees (investees in Mainland China excluded)
January 1, 2022 to December 31, 2022

Appendix 8

Unit: NT$ thousand
(except for specified otherwise)

| Investor | Investee | Location | Main business activities | Initial investment amount: Ending | Initial investment amount: End of last year | Held at the end of the year: No. of shares | Held at the end of the year: Ratio (%) | Held at the end of the year: Carrying amount | Profit or loss of the investee | Share of the profit or loss of the investee recognized for the year | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Tah Tong Textile Co., Ltd. | Great Bell Printing & Dyeing Co., Ltd. | Taiwan | Printing, dyeing, finishing, processing and sales of textiles | $ 90,026 | $ 90,026 | 10,541,555 | 21.19 | $ 236,537 | ($ 73,775) | ($ 15,633) | Affiliate |
| Tah Tong Textile Co., Ltd. | GLOUCESTER CO., LTD. | Samoan Islands | General investment | 1,578,194 | 1,086,152 | 51,455,000 | 100.00 | 499,149 | ( 218,571) | ( 218,571) | Subsidiary |
| Tah Tong Textile Co., Ltd. | InnoPeak Advanced Materials Co., Ltd. | Taiwan | Production, sales, and trading of plastic of compound materials, woven fabrics, and woven panels | 90,000 | 70,000 | 6,000,000 | 44.44 | 21,786 | ( 63,882) | ( 31,094) | Subsidiary |
| GLOUCESTER CO., LTD. | DAYSTAR LIMITED | Mauritius | General investment | 90,405 | 90,405 | 3,000,000 | 100.00 | ( 44,482) | ( 46,000) | ( 46,000) | Subsidiary |
| GLOUCESTER CO., LTD. | ROSEGATE HOLDING CORP. | British Virgin Islands | General investment | 1,331,024 | 858,450 | 43,000,000 | 100.00 | 503,850 | ( 147,481) | ( 147,481) | Subsidiary |
| GLOUCESTER CO., LTD. | KOREA TEXTILE & DYEING SUPPORT SERVICES JOINT STOCK COMPANY | Vietnam | Printing, dyeing, refining, and process of textiles | 165,486 | 137,300 | 9,696,215 | 52.14 | 43,394 | ( 41,741) | ( 23,133) | Subsidiary |
| ROSEGATE HOLDING CORP. | TAH TONG TEXTILE (VIETNAM) CO., LTD. | Vietnam | Production, sales, and trading of natural yarn, artificial yarn, woven fabrics, industrial fabrics, and other fabrics | 1,331,024 | 859,673 | 43,000,000 | 100.00 | 503,845 | ( 147,490) | ( 147,490) | Subsidiary |

Tah Tong Textile Co., Ltd. and subsidiaries
Information on Investments in Mainland China—Basic Information
January 1, 2022 to December 31, 2022

Appendix 9

Unit: NT$ thousand
(except for specified otherwise)

| Investee in mainland China | Main business activities | Paid-in capital | Form of investment | Accumulated investment amount remitted from Taiwan at the beginning of the year | Investment amount remitted or recovered for the year: Outward remittance | Investment amount remitted or recovered for the year: Repatriation | Accumulated investment amount remitted from Taiwan at the end of the year | Profit or loss of the investee | Ownership percentage through direct or indirect investment (%) | Share of the profit or loss of the investee recognized for the year (Note 2) | Carrying amount of investment at the end of the year | Investment income repatriated for the year | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| eNova Textiles Ltd. | Wholesale of Fabrics, Wholesale of Clothing, Wholesale of Other Chemical Products, and Commodity Brokerage | $ 92,130 | Note 1 | $ 39,923 | $ - | $ - | $ 39,923 | ($ 46,000) | 100.00 | ($ 46,000) | ($ 44,482) | $ - | Note 4 |

| Name of the Company | Accumulated investment amount remitted from Taiwan to mainland China at the end of the year | Investment amount approved by the Investment Commission, MOEA (Note 4) | Limits on investments in mainland China approved by the Investment Commission, MOEA (Note 3) |
|---|---|---|---|
| Tah Tong Textile Co., Ltd. | $ 39,923 | $ 92,130 | $ 414,852 |

Note 1: It is the form of investing in a company in a third region and then reinvesting in a mainland company.
Note 2: The share of the profit or loss of the investee recognized for the year is based on the valuation of the financial statements audited by CPAs of the parent company in Taiwan.
Note 3: It is calculated based on 60% of the Company's net value in the consolidated financial statements.
Note 4: As approved by the Investment Commission, MOEA with its Letter Jing-Shen-2nd Letter No. 10200071150 dated March 6, 2013 and Jing-Shen-2nd Letter No. 09600385770 dated October 18, 2007, US$1,700,000 was remitted by the Company's subsidiary Gloucester Co., Ltd., and US$1,300,000 was remitted by the Company from Taiwan.

Tah Tong Textile Co., Ltd. and subsidiaries
Information on Major Shareholders
December 31, 2022

Appendix 10

| Names of major shareholders | Shares | |
|---|---|---|
| | Shareholding increase | Shareholding percentage |
| EVER GLORY INVESTMENT COM, LTD. | 24,972,025 | 21.92% |

Notes:

(1) The information about major shareholders in this table is the information on shareholders holding a total of 5% or more of the Company's ordinary shares and special shares delivered with dematerialized securities (including treasury shares) on the last business day at the end of each quarter, as calculated by TDCC.
There may be a discrepancy in the number of shares recorded on the financial statements of the Company and the actual number of shares delivered with dematerialized securities arising from the difference in basis of preparation.

(2) The above information will be disclosed based on the trust accounts opened by the trustees if the shareholders put their shares into a trust. As for shareholders' insider declaration of ownership with more than 10% ownership in accordance with the Securities and Exchange Act, including the shares held in person plus the shares placed in trust and with the decision power over the utilization of the trust assets, see the insider declaration information in the Public Market Observation Post System.

Tah Tong Textile Co., Ltd.
Cash and cash equivalents
December 31, 2022

Statement 1 Unit: NT$ thousand

| ITEM | SUMMARY | | | | | AMOUNT |
|---|---|---|---|---|---|---|
| Cash in hand and working capital | | | | | | $42 |
| Bank deposits: | | | | | | |
| Current deposit | | | | | | 68,273 |
| Check deposit | | | | | | 6,139 |
| foreign currency deposit | USD | 1,205 | thousand | Rate | 30.71 | 37,012 |
| | EUR | 19 | thousand | Rate | 32.72 | 615 |
| | JPY | 73 | thousand | Rate | 0.23 | 17 |
| | | | | | | 112,098 |

Tah Tong Textile Co., Ltd.
Accounts receivable (Including related party)
December 31, 2022

Statement 2 Unit: NT$ thousand

| ITEM | Summary | Amount | Note |
|---|---|---|---|
| Non-Related | | | |
| Company A | | $ 13,860 | |
| Company B | | 7,529 | |
| Company C | | 2,654 | |
| Other | | 5,822 | each customer not over 5% of Account Receivable |
| | | 29,865 | |
| Less：Allowance for bad debts | | ( 991) | |
| | | $ 28,874 | |
| Related | | | |
| TAH TONG TEXTILE (VIETNAM) CO., LTD. | | 568,547 | |
| | | $ 597,421 | |

Tah Tong Textile Co., Ltd.

Inventories

December 31, 2022

Statement 3

Unit: NT$ thousand

| ITEM | SUMMARY | AMOUNT COST | AMOUNT net realizable value, | NOTE |
|---|---|---|---|---|
| Raw material | | | | The replacement cost of raw materials is the net realizable value, and the work-in-progress and finished products are evaluated at the net realizable value. |
| artificial fiber | | $55,633 | $54,416 | |
| Others | | 9,432 | 5,923 | |
| Less: Allowance for appraisal losses | | (5,202) | - | |
| Sub-total | | 59,863 | 60,339 | |
| work-in-progress | | | | |
| Purchise WIP | | 8,580 | 6,904 | |
| Less: Allowance for appraisal losses | | (1,714) | - | |
| Sub-total | | 6,866 | 6,904 | |
| Finished Goods | | | | |
| Product goods | | 22,159 | 22,682 | |
| merchandise | | 25,338 | 15,371 | |
| Less: Allowance for appraisal losses | | (10,597) | - | |
| Sub-total | | 36,900 | 38,053 | |
| Net inventory | | $103,629 | $105,296 | |

Tah Tong Textile Co., Ltd.
Financial assets at fair value through other comprehensive income- non-current changes
January 1, 2022 to December 31, 2022

Statement 4

Unit: NT$ thousand

| | Beginning Balance | | Increase | | Decrease | | Ending Balance | | Guarantee or Pledge | |
|---|---|---|---|---|---|---|---|---|---|---|
| Name | Share | Fair Value | Share | Amount | Share | Amount | Share | Fair Value | Situation | Note |
| Yuhua Venture Capital Co., Ltd. | 9,999 | $81 | - | $54 | - | $- | 9,999 | $ 135 | No | |
| Huanhua Securities Investment Co., Ltd. | 9,790 | 143 | - | - | - | (37) | 9,790 | 106 | No | |
| Ouhua Venture Capital Co., Ltd. | 20,599 | 290 | - | - | - | (130) | 20,599 | 160 | No | |
| Puxun Venture Capital Co., Ltd. | 2,703 | 277 | - | - | (2,703) | (277) | - | - | No | |
| Ching Yi Co., Ltd. | 171,095 | 35,897 | - | 9,623 | - | - | 171,095 | 45,520 | No | |
| Businesspage.com Co., Ltd. | 58,979 | 426 | - | - | - | - | 58,979 | 426 | No | |
| | | $37,114 | | $9,677 | | ($444) | | $ 46,347 | | |

Note 1: It is the valuation adjustment of financial assets measured at fair value through other comprehensive profit and loss in the current period.

Note 2: It refers to the valuation adjustment of financial assets measured at fair value through other comprehensive profit and loss in the current period, and the return of capital reduction of invested companies.

Tah Tong Textile Co., Ltd.
Statement of changes in investments accounted for using the equity method
January 1, 2022 to December 31, 2022

Statement 5 Unit: NT$ thousand

| ITEM | Beginning Balance | | Increase | | Decrease | | Ending Balance | | | Fair Value or net worth | | Guarantee or Pledge Situation |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share | AMOUNT | Share | AMOUNT | Share | AMOUNT | SHARE | Shareholding ratio (%) | AMOUNT | Price | Total Amount | |
| Great Bell | 10,541,555 | $ 252,262 | - | $ - | - | ($ 15,725) | 10,541,555 | 21.19 | $ 236,537 | - | $ 236,537 | None |
| GLOUCESTER CO., LTD | 34,755,000 | 203,120 | 16,700,000 | 492,042 | - | ( 196,013) | 51,455,000 | 100.00 | 499,149 | - | 499,149 | None |
| InnoPeak | 7,000,000 | 24,451 | 2,000,000 | 20,000 | ( 3,000,000) | ( 22,665) | 6,000,000 | 44.44 | 21,786 | - | 21,786 | None |
| | | $ 479,833 | | $ 512,042 | | ($ 234,403) | | | $ 757,472 | | $ 757,472 | |

Note 1: The increase in the current period includes the capital increase of subsidiaries, the share of profits and losses of related companies recognized using the equity method, and other comprehensive gains and losses of related companies recognized using the equity method.
Note 2: The decrease in the current period includes the losses of subsidiaries recognized using the equity method and other comprehensive gains and losses of subsidiaries recognized using the equity method.

Note 3: The decrease in the number of shares in this period is to reduce capital to make up for losses.

Tah Tong Textile Co., Ltd.
Short-term borrowings
December 31, 2022

Statement 6

Unit: NT$ thousand

| creditor | Type of loan | Ending balance | contract period | Interest rate range | financing amount | Mortgage or Guarantee | Note |
|---|---|---|---|---|---|---|---|
| Bank of Taiwan Sales Department | secured loan | $58,274 | 111/10/18~112/10/18 | 2.5%~2.625% | US$2,650 | Note 8 | |
| Bank of Taiwan Jianxing Branch | secured loan | 212,228 | 111/10/18~112/10/18 | 2.5%~2.75% | NT$150,000 | Note 8 | |
| | | | | | US$3,000 | Note 8 | |
| Cooperative Treasury Commercial Bank Dadaocheng Branch | unsecured loan | 74,973 | 111/1/24~112/1/22 | 2.551% | NT$40,000 | | |
| | | | | | US$1,250 | | |
| Changhua Commercial Bank Renhe Branch | unsecured loan | 40,351 | 111/8/17~112/8/17 | 2.06%~5.1879% | NT$30,000 | | |
| | | | | | US$625 | | |
| Mega International Commercial Bank Zhong Taichung Branch | secured loan | 200,000 | 111/5/30~112/5/29 | 2.19% | NT$200,000 | Note 8 | |
| Taichung Commercial Bank Songshan Branch | unsecured loan | 35,991 | 111/12/29~112/12/29 | 3.05%~3.08% | NT$30,000 | | |
| | | | | | US$2 | | |
| Far East International Commercial Bank Business Department | secured loan | 57,029 | 111/1/6~112/1/5 | 2.0455~2.475% | NT$100,000 | Note 8 | |
| Taishin International Commercial Bank Jianbei Branch | unsecured loan | 34,293 | 111/11/3~112/10/31 | 2.41%~2.43% | US$1,500 | | |
| First Commercial Bank Changchun Branch | unsecured loan | 18,390 | 111/8/17~112/8/17 | 2.375% | NT$30,000 | | |
| International Bill Finance Corporation | secured loan | 25,000 | 111/5/26~112/5/26 | 3.25% | NT$25,000 | Note 8 | |
| Total | | $756,529 | | | | | |

Tah Tong Textile Co., Ltd.
Accounts payable
December 31, 2022

Statement 7 Unit: NT$ thousand

| Name | Summary | Amount | Note |
| --- | --- | --- | --- |
| Non-Rel;ated | | | |
| Company F | | $ 31,402 | |
| Other | | 69,482 | each customer not over 5% of Account Receivable |
| | | 100,884 | |
| Related | | | |
| TAH TONG TEXTILE (VIETNAM) CO., LTD. | | 26,382 | |
| | | $ 127,266 | |

Tah Tong Textile Co., Ltd.

Operating revenue

January 1, 2022 to December 31, 2022

Statement 8 Unit: NT$ thousand

| ITEM | Q'ty | Amount |
|---|---|---|
| Yarn | 3,360 PCS | $ 100,239 |
| Fabric | 2,177,602Yard | 261,812 |
| Sub Total | | 362,051 |
| other operating income | | 591,262 |
| Total operating income | | 953,313 |
| Less: Returned sales | | ( 90) |
| sales allowance | | ( 9,817) |
| operating income | | $ 943,406 |

Tah Tong Textile Co., Ltd.

Operating costs

January 1, 2022 to December 31, 2022

Statement 9 | Unit: NT$ thousand

| Utem | Amount |
|---|---|
| raw material | |
| Beginning inventory | $ 36,545 |
| Add: Feed in this period | 706,534 |
| Less: end-of-period inventory | ( 64,079) |
| sell raw materials | ( 571,658) |
| Test development fee | ( 906) |
| Raw materials consumed in this period | 106,436 |
| materials | |
| Beginning inventory | 2,210 |
| Add: Feed in this period | 12,266 |
| Less: end-of-period inventory | ( 986) |
| Raw materials consumed in this period | 13,490 |
| Manufacturing costs | 2,088 |
| Consignment workers pay | 62,833 |
| manufacturing cost | 184,847 |
| WIP at the beginning of the period | 21,587 |
| Less: Work in progress at the end of the period | ( 8,580) |
| finished product cost | 197,854 |
| Beginning finished goods | 69,997 |
| Add: Outsourced manufactured goods in this period | 116,830 |
| Less: finished goods at the end of the period | ( 47,497) |
| Transition test development fee | ( 1,261) |
| manufacturing cost of sales | 335,923 |
| cost of raw materials sold | 571,658 |
| cost of goods sold | 907,581 |
| Inventory appraisal pick-up interest | ( 9,034) |
| Operating cost | $ 898,547 |

Tah Tong Textile Co., Ltd.

Production overheads

January 1, 2022 to December 31, 2022

Statement 10

Unit: NT$ thousand

| ITEM | AMOUNT | NOTE |
|---|---|---|
| depreciation | $ 196 | |
| health insurance | 26 | |
| Year-end bonuses | ( 60) | |
| Total | $ 162 | |

# Tah Tong Textile Co., Ltd.
## Operating expenses
## January 1, 2022 to December 31, 2022

Statement 11 Unit: NT$ thousand

| ITEM | Sale Exp | Administration and general expenses | RD Exp | Total | Note |
|---|---|---|---|---|---|
| salary allowance | $8,475 | $29,875 | $3,345 | $41,695 | |
| Depreciation expense | 813 | 2,910 | 313 | 4,036 | |
| maintenance fee | - | 5,056 | - | 5,056 | |
| Test development fee | 4,391 | 6 | 1,410 | 5,807 | |
| Service fee | 3 | 5,261 | - | 5,264 | |
| import fee | 6,000 | - | - | 6,000 | |
| other fee | 11,699 | 13,013 | 2,630 | 27,342 | each customer not over 5% of Account Receivable |
| | $31,381 | $56,121 | $7,698 | $95,200 | |

Tah Tong Textile Co., Ltd.

The aggregation table of employee benefits, depreciation, depletion, and amortization expense by function

January 1, 2022 to December 31, 2022

Unit: NT$ thousand

| | 2022Y | | | 2021Y | | |
|---|---|---|---|---|---|---|
| | Belonging to Operating Costs | Belonging to Operating Expenses | Total | Belonging to Operating Costs | Belonging to Operating Expenses | Total |
| Employee Benefit Expenses | | | | | | |
| Salary costs | $- | $41,635 | $41,635 | $- | $41,146 | $41,146 |
| Labor and health insurance expenses | - | 3,580 | 3,580 | - | 3,879 | 3,879 |
| pension expenses | - | 2,149 | 2,149 | - | 2,300 | 2,300 |
| Other employee welfare expenses | - | 2,434 | 2,434 | - | 1,618 | 1,618 |
| | $- | $49,798 | $49,798 | $- | $48,943 | $48,943 |
| Depreciation expense | $196 | $4,036 | $4,232 | $9,501 | $2,377 | $11,878 |
| Amortization fee | $- | $204 | $204 | $- | $1,353 | $1,353 |

1. The average number of employees in the company in 2011 and 2011 was 50 and 62 respectively, and the number of directors who were not concurrently employees was 3.
(1) The average employee welfare expense for this year was 1,060 thousand yuan; the average employee welfare expense for the previous year was 830 thousand yuan.
(2) The average employee salary cost of this year is 886 thousand yuan; the average employee salary cost of the previous year is 697 thousand yuan.
(3) The average employee salary adjustment changes by 27%
(4) The company has an audit committee, so there is no supervisor's remuneration.
(5) Remuneration Policy

The verification, adjustment, and payment of the salaries of the company's employees (including managers) are handled in accordance with the "Dadong Textile Co., Ltd. Employee Salary Payment Regulations." Approval shall be based on individual circumstances such as the complexity of the job, the severity of the duties, and the required professional skills. The salary adjustment is handled in July, and is adjusted according to the annual performance appraisal, the company's operating conditions, and the market salary level. At the end of each year, bonuses are issued according to the job category, job performance, and the company's operating performance.
The remuneration of the directors and supervisors of the company is based on the resolutions of the shareholders' meeting and the board of directors, regardless of profit or loss.
The remuneration committee regularly reviews the relationship between directors, supervisors, and managers' performance evaluation and salary remuneration and the salary structure.
When the remuneration committee performs the functions and powers of the preceding paragraph, it shall follow the following principles:
1. The performance evaluation and remuneration of directors, supervisors and managers shall refer to the normal level of payment in the industry, and consider the rationality of the relationship with individual performance, company operating performance and future risks.
2. Directors and managers should not be guided to engage in behaviors that exceed the company's risk appetite in pursuit of salary.
3. The proportion of dividends for short-term performance of directors and senior managers and the timing of payment of partial variable remuneration should be determined by considering the characteristics of the industry and the nature of the company's business.