Tah Tong Textile Co., Ltd.

Consolidated Financial Report 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

Consolidated Financial Report and Independent Auditors' Report

For the Years Ended December 31, 2022 and 2021

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Tah Tong Textile Co., Ltd. and subsidiaries

Declaration for the Affiliate Consolidated Financial Statements

It is hereby declared that companies to be included by the Company in its consolidated financial statements for the year 2022 (from January 1, 2022 to December 31, 2022) as per the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are identical to those to be included in the consolidated financial statements of the parent company and its subsidiaries as per the IFRS 10 and that all information to be disclosed in the Company's consolidated financial statements has been disclosed in the said consolidated financial statements of the parent company and its subsidiaries, requiring no additional consolidated financial statements of associates to be otherwise prepared.

Declared by

Name of the Company: Tah Tong Textile Co., Ltd.

Person in Charge: Chen, Shiou-Chung

March 23, 2023

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR22000603

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

Opinion

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

In our opinion, based on our audits and the reports of other auditors (please refer to the *Other matter* section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

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 consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 Group's 2022 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2022 consolidated financial statements are stated as follows:

Allowance for inventory valuation losses

Description

Refer to Note 4(11) for accounting policy on inventory valuation, Note 5(2) for accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(4) for details of allowance for inventory valuation losses. As of December 31, 2022, the balances of inventories and allowance for inventory valuation losses were NT$616,359 thousand and NT$51,251 thousand, respectively.

The Group is engaged in the textile industry of manufacturing and sales of cotton yarn and finished fabrics. 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 Group's inventory is stated 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.

As the Group operates 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 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 compared it with the assessment result of the management.

Impairment assessment of property, plant and equipment

Description

Refer to Note 4(18) for accounting policies on impairment of non-financial assets, Note 5(2) for the uncertainty of accounting estimates and assumptions applied on property, plant and equipment impairment valuation, and Note 6(7) for details of property, plant and equipment.

As of December 31, 2022, the Group's property, plant and equipment amounted to NT$940,694 thousand. As the operation of the subsidiary was not as expected due to the recent fluctuations in raw material prices 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 impairment of non-financial assets. 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 Group'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 subsidiaries and investments accounted under the equity method 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 subsidiaries and associates, is based solely on the reports of the other auditors. Total assets of these subsidiaries and the balances of these investments accounted for under the equity method amounted to NT$450,844 thousand and NT$427,511 thousand, constituting are both 18% of the consolidated total assets at December 31, 2022 and 2021, and operating revenue amounted to NT$54,383 thousand and NT$1,889 thousand, constituting 3.4% and 0.1% of the consolidated total operating revenue for the years then ended December 31, 2022 and 2021, respectively.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion and the *Other matter* section on the parent company only financial statements of TAH TONG TEXTILE CO., LTD. as at and for the years ended December 31, 2022 and 2021.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.

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

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

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated

financial statements. We are responsible for the direction, supervision and performance of the group audit. We 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 consolidated 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

The accompanying consolidated 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 consolidated 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. and subsidiaries
Consolidated balance sheet
For the Years Ended December 31, 2022 and 2021

Unit: NT$ thousand

	Asset	Notes	December 31, 2022			December 31, 2021		
				Amount	%		Amount	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$	212,398	8	$	141,032	6
1110	Financial assets at FVTPL - Current	6(2) and 8		1,900	-		33,202	1
1150	Net value of notes receivable	(6)3		1,779	-		844	-
1170	Net value of accounts receivable	(6)3		89,746	4		99,509	4
1200	Other receivables	7		2,420	-		1,900	-
130X	Inventories	6(4)		565,108	22		425,415	18
1410	Prepayments	6(11)		74,364	3		101,113	4
1470	Other current assets	8		70,504	3		59,500	3
11XX	**Total current assets**			1,018,219	40		862,515	36
	Non-current assets							
1517	Financial assets at fair value through other comprehensive income- non-current	6(5)		46,347	2		39,234	2
1550	Investment accounted for using the equity method	6(6)		236,537	9		252,262	10
1600	Property, Plant and Equipment	6(7) and 8		940,694	37		897,818	38
1755	Right-of-use asset	6(8) and 8		180,833	7		205,219	9
1760	Net investment property	6(9)		42,404	2		40,675	2
1780	Intangible assets			5,222	-		5,915	-
1840	Deferred tax assets			16,725	1		16,682	1
1975	Net defined benefit assets - non-current	6(16)		11,585	1		9,519	-
1990	Other non-current assets - others	6(11) and 8		27,531	1		44,226	2
15XX	**Total non-current assets**			1,507,878	60		1,511,550	64
1XXX	**Total assets**		$	2,526,097	100	$	2,374,065	100

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Tah Tong Textile Co., Ltd. and subsidiaries
Consolidated balance sheet
For the Years Ended December 31, 2022 and 2021

Unit: NT$ thousand

	Liabilities and Equity	Notes	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current liabilities					
2100	Short-term borrowings	6(12)	$ 1,103,200	44	$ 847,977	36
2150	Notes payable		6,724	-	9,401	-
2170	Accounts payable		190,777	7	230,438	10
2200	Other payables	6(15) and 7	63,892	2	53,133	2
2280	Lease liabilities - Current	7	14,380	1	15,768	1
2320	Long-term liabilities due within a year or one operating cycle	6(14)	92,193	4	52,522	2
2399	Other current liabilities - other	6(21) and 7	102,723	4	47,387	2
21XX	**Total current liabilities**		1,573,889	62	1,256,626	53
	Non-current liabilities					
2530	Corporate bonds payable	6(13) and 7	100,000	4	100,000	4
2540	Long-term borrowings	6(14)	43,098	2	81,870	3
2570	Deferred tax liabilities		41,963	2	41,829	2
2580	Lease liabilities - Non-current	7	30,788	1	44,552	2
2600	Other non-current liabilities	7	44,939	2	28,683	1
25XX	**Total non-current liabilities**		260,788	11	296,934	12
2XXX	**Total Liabilities**		1,834,677	73	1,553,560	65
	Equity attributable to owners of parent company					
	Share capital	6(17)				
3110	Common share capital		1,139,000	45	1,008,000	43
	Capital reserve	6(18)				
3200	Capital reserve		11,181	-	3,988	-
	Retained earnings	6(19)				
3350	Deficit yet to be compensated		(506,048)	(20)	(212,993)	(9)
	Other equity	6(20)				
3400	Other equity		(19,777)	-	(52,982)	(2)
31XX	**Total equity attributable to owners of parent company**		624,356	25	746,013	32
36XX	**Non-controlling interests**		67,064	2	74,492	3
3XXX	**Total equity**		691,420	27	820,505	35
	Significant Contingent Liabilities and Unrecognized Commitments	9				
	Significant Events	11				
3X2X	**Total liabilities and equities**		$ 2,526,097	100	$ 2,374,065	100

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

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

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

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

	Item	Notes	2022 Amount	2022 %	2021 Amount	2021 %
4000	Operating revenue	6(21)	$ 1,588,312	100	$ 1,546,490	100
5000	Operating costs	6(4)(24)	(1,696,512)	(107)	(1,473,868)	(95)
5900	Gross profit (gross loss)		(108,200)	(7)	72,622	5
	Operating expenses	6(24) and 7				
6100	Selling expenses		(93,851)	(6)	(79,786)	(5)
6200	Administrative expenses		(105,531)	(6)	(99,114)	(6)
6300	Research and development expenses		(10,223)	(1)	(9,814)	(1)
6450	Expected credit impairment gains		2,368	-	1,643	-
6000	Total operating expenses		(207,237)	(13)	(187,071)	(12)
6900	Operating loss		(315,437)	(20)	(114,449)	(7)
	Non-operating income and expenses					
7100	Interest revenue		635	-	491	-
7010	Other income		5,644	1	5,661	1
7020	Other gains or losses	6(22)	46,546	3	(45,586)	(3)
7050	Financial costs	6(23)	(43,096)	(3)	(28,868)	(2)
7060	Share of the profit or loss of affiliates and joint ventures recognized using the equity method		(15,633)	(1)	1,940	-
7000	Total non-operating incomes and expenses		(5,904)	-	(66,362)	(4)
7900	**Net loss before tax**		(321,341)	(20)	(180,811)	(11)
7950	Income tax benefit	6(26)	1,489	-	18,455	1
8200	**Current net loss**		($ 319,852)	(20)	($ 162,356)	(10)

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

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

	Item	Notes	2022 Amount	2022 %	2021 Amount	2021 %
	Other comprehensive profit and loss (net)	6(20)				
	Items not reclassified subsequently to profit or loss					
8311	Remeasurement of defined benefit programs	6(16)	$ 1,281	-	$ 3,448	-
8316	Unrealized equity instrument profit or loss measured at fair value through other comprehensive income	6(5)	7,925	1	(1,090)	-
8320	Share of other comprehensive income of affiliates and joint ventures recognized with the equity method - items not reclassified subsequently to profit or loss		290	-	596	-
8349	Income taxes related to the items not re-classified	6(26)	(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		38,049	2	(4,186)	-
8370	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		38,066	2	(4,192)	-
8300	**Other comprehensive profit and loss (net)**		$ 47,306	3	($ 1,928)	-
8500	**Total comprehensive income for this period**		($ 272,546)	(17)	($ 164,284)	(10)
	Net loss attributable to:					
8610	Owners of the parent-company		($ 262,231)	(16)	($ 76,055)	(4)
8620	Non-controlling interests		(57,621)	(4)	(86,301)	(6)
			($ 319,852)	(20)	($ 162,356)	(10)
	Total comprehensive loss attributable to:					
8710	Owners of the parent-company		($ 228,153)	(14)	($ 77,063)	(4)
8720	Non-controlling interests		(44,393)	(3)	(87,221)	(6)
			($ 272,546)	(17)	($ 164,284)	(10)
	Loss per share	6(27)				
9750	Basic loss per share		($ 2.52)		($ 0.75)	

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

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

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

Unit: NT$ thousand

		Equity attributable to owners of parent company										
				Retained earnings			Other equity					
	Notes	Common share capital	Capital reserve - recognized changes in equity ownership of subsidiaries	Statutory reserves	Special reserves	Deficit yet 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	Non-controlling interests	Total equity
2021												
Beginning balance on January 1		$ 1,008,000	$ 3,988	$ 51,155	$ 59,305	($ 250,941)	($ 59,148)	$ 10,498	$ 219	$ 823,076	$ 141,713	$ 964,789
Current net loss		-	-	-	-	(76,055)	-	-	-	(76,055)	(86,301)	(162,356)
Other comprehensive income recognized for the period	6(20)	-	-	-	-	3,543	(3,272)	(1,279)	-	(1,008)	(920)	(1,928)
Total comprehensive income for this period		-	-	-	-	(72,512)	(3,272)	(1,279)	-	(77,063)	(87,221)	(164,284)
Surplus reserve deficit compensation		-	-	(51,155)	(59,305)	110,460	-	-	-	-	-	-
Cash capital increase in non-controlling interests		-	-	-	-	-	-	-	-	-	20,000	20,000
Ending balance on December 31		$ 1,008,000	$ 3,988	$ -	$ -	($ 212,993)	($ 62,420)	$ 9,219	$ 219	$ 746,013	$ 74,492	$ 820,505
2022												
Beginning balance on January 1		$ 1,008,000	$ 3,988	$ -	$ -	($ 212,993)	($ 62,420)	$ 9,219	$ 219	$ 746,013	$ 74,492	$ 820,505
Current net loss		-	-	-	-	(262,231)	-	-	-	(262,231)	(57,621)	(319,852)
Other comprehensive income recognized for the period	6(20)	-	-	-	-	1,272	24,838	7,968	-	34,078	13,228	47,306
Total comprehensive income for this period		-	-	-	-	(260,959)	24,838	7,968	-	(228,153)	(44,393)	(272,546)
Recognized changes in equity ownership of subsidiaries	6(28)	-	7,193	-	-	(257)	-	-	-	6,936	-	6,936
Cash capital increase	6(17)	131,000	-	-	-	(31,440)	-	-	-	99,560	-	99,560
Disposal of equity instruments at FVOCI	6(20)	-	-	-	-	(399)	-	399	-	-	-	-
Non-controlling interests increased		-	-	-	-	-	-	-	-	-	36,965	36,965
Ending balance on December 31		$ 1,139,000	$ 11,181	$ -	$ -	($ 506,048)	($ 37,582)	$ 17,586	$ 219	$ 624,356	$ 67,064	$ 691,420

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

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

Tah Tong Textile Co., Ltd. and subsidiaries
Consolidated 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		($ 321,341)	($ 180,811)
Adjustments			
Income/expenses items			
Depreciation expense	6(24)	132,823	128,776
Amortization cost	6(24)	1,087	1,829
Expected credit impairment reversed gains		(2,368)	(1,643)
Interest revenue		(635)	(491)
Dividend income		(2,403)	(3,952)
Interest expenses	6(23)	43,096	28,868
Losses on disposal of property, plant and equipment	6(22)	198	(4,161)
Impairment losses on non-financial assets	6(22)	929	76,410
Gain from disposing non-current assets held for sale	6(22)	-	(2,292)
Net loss (gain) from financial assets at FVTPL	6(22)	1,501	(31,501)
Loss from lease modification		-	333
Share of the profit or loss of affiliates and joint ventures using the equity method		15,633	(1,940)
Unrealized exchange gains		(52,745)	(10,593)
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		70,826	1,927
Other receivables		4,145	7,349
Inventories		(115,406)	(107,062)
Prepayments		36,864	(15,966)
Other current assets		(8,019)	(1,075)
Other non-current assets		(785)	(736)
Net changes in the liabilities related to the operating activities			
Notes payable		(2,677)	3,307
Accounts payable		(81,594)	88,750
Other payables		9,510	(8,404)
Other current liabilities		25,656	7,664
Other non-current liabilities		(13,467)	1,838
Cash outflows generated from operations		(260,107)	(23,175)
Interest received		635	485
Dividends received		2,403	3,952
Interest paid		(40,419)	(27,980)
Net cash outflow from operating activities		(297,488)	(46,718)

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Tah Tong Textile Co., Ltd. and subsidiaries
Consolidated 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
Financial assets at fair value through other comprehensive income - share payment refunded due to capital decrease	12	1,345	3,806
Purchase of property, plant and equipment	6(29)	(67,698)	(55,182)
Proceeds from disposal of property, plant and equipment		-	17,962
Receivables from disposal of non-current assets held for sale		-	25,877
Disposal of financial assets measured at amortized cost		-	124
Decrease (increase) in other non-current assets		(6,493)	4,581
Net cash inflow (outflow) from investing activities		(43,045)	73,937
Cash flows from financing activities			
Borrow short-term borrowings		3,686,682	2,533,662
Repay short-term borrowings		(3,465,082)	(2,571,674)
Proceeds from long-term borrowings		82,034	59,658
Repayments of long-term borrowings		(82,256)	(117,437)
Borrowings from related parties		67,272	23,840
Repayments of loans to related parties		(23,840)	-
Repaid principal of lease		(22,040)	(11,349)
Corporate bond issuance	6(13)	-	100,000
Changes in non-controlling interests - cash capital increase		43,901	20,000
Cash capital increase	6(17)	99,560	-
Net cash inflow from financing activities		386,231	36,700
Effect on foreign currency exchange differences		25,668	(3,766)
Increase of cash and cash equivalents of the current term		71,366	60,153
Cash and cash equivalents at the beginning of the year		141,032	80,879
Cash and cash equivalents at the end of the year		$ 212,398	$ 141,032

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

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

Tah Tong Textile Co., Ltd. and subsidiaries
Notes to consolidated 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 and subsidiaries (hereinafter “the Group”) 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 consolidated 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 Group believes no material impact is generated on the Group’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 from a single transaction	2023.01.01

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

IV. Summary of Significant Accounting Polices

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

(I) Compliance Statement

The consolidated financial report is prepared pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and adopted by the FSC.

(II) Basis of preparation

1. Other than the following key items, the consolidated financial report is prepared based on the historical costs:
   (1) Financial assets and liabilities measured at FVTPL (derivatives included).
   (2) Financial assets measured 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 the IFRSs, some key accounting estimates are required to be used. During the process of applying the Group's accounting policies, the management is required to use their judgement. For the items involving high judgement or complexity, or involving the material assumptions and estimates of the consolidated financial reports, please refer to Note 5 for estimate.

(III) Basis of consolidation

1. Principles for preparing consolidated financial statements
   (1) The Group include all subsidiaries into the preparation entity of the

consolidated financial reports. The subsidiaries refer to the entities controlled by the Group (including the structured entities). When the Group 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 Group controls the entity. The subsidiaries are incorporated in the consolidated financial reports since the date when the Group obtains the control, and the consolidation is terminated at the date losing such control.

(2) The material transactions, balances, and unrealized incomes within the Group is cancelled. The accounting policies of the subsidiaries are adjusted where necessary to be aligned with the policies adopted by the Group.

(3) Each component composing the profit and loss, and other comprehensive income is attributed to the owners of the parent and non-controlling interests; the total comprehensive income also is attributed to the owners of the parent and non-controlling interests, even though the loss balance is resulted in for the non-controlling interests.

(4) The changes in the shareholding in a subsidiary is treated as the equity transaction if the control is not lost (transactions with the non-controlling interests), i.e. the transactions with the 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) Where the Group loses the control over a subsidiary, the remaining investment in the previous subsidiary is re-measured at fair value, and deemed as the fair value of the initially recognized financial asset, or the costs of the investment in affiliates or joint venture initially recognized. The difference between the fair value and carrying amount is recognized as the profit or loss for the current period. For all the amounts related to the subsidiary in question and recognized under other comprehensive income, the accounting treatment shares the same basis as if the Group directly disposes the related assets or liabilities, i.e. the income or loss recognized under the comprehensive income, and reclassified to profit and loss when disposing the related assets or liabilities, such income or loss will be reclassified from equity to profit and loss when the control over the subsidiary is lost.

2. Subsidiaries incorporated in the consolidated financial statements:

investment company	Invested company	Business	Shareholding ratio		Note
			2022/12/31	2021/12/31	
Tah Tong Textile Co., Ltd.	GLOUSTER CO., LTD	Investment	100.00	100.00	
Tah Tong Textile Co., Ltd.	InnoPeak Co.Ltd.	Composite fiber production and sales	44.44	50.00	(1) / (3)

GLOUSTER CO., LTD	ROSEGATE HOLDING CORP.	Investment	100.00	100.00	
ROSEGATE HOLDING CORP.	TAH TONG TEXTILE(VIETNAM) CO., LTD	Production and sales of yarn and Fabric	100.00	100.00	
GLOUSTER CO., LTD	DAYSTAR LIMITED	Investment	100.00	100.00	
DAYSTAR LIMITED	eNOVA Limited	Yam sales	100.00	100.00	
GLOUSTER CO., LTD	KOREA TEXTILE & DYEING SUPPORT SERVICES JOINT STOCK COMPANY(KTD)	Textile weaving, dyeing, printing and processing	51.14	42.61	(2)

(1) In November 2022, the Company did not subscribe for the cash capital increase of its subsidiary InnoPeak Advanced Materials Co., Ltd. according to the shareholding ratio, and reduced its shareholding ratio to 44.44%. As of December 31, 2012, the Group did not hold more than half of the voting rights in the entity; however, the Group is the largest shareholder with substantial control; therefore, the entity has been included in the consolidated financial statements. See Note 6(27) for description.

(2) In June 2022, the Company did not subscribe for cash capital increase in its subsidiary KTD according to the shareholding ratio, and increased its shareholding ratio to 52.14%. See Note 6(27) for description.

(3) On February 24, 2023, the board of directors resolved to cease to participate in the operation and management of InnoPeak Advanced Materials Co., Ltd. as the Group had completed phased tasks, and intended to continue to reduce its shareholding ratio by selling existing shares or not participating in any capital increase. The Group intended to lose control from the date of completion of operation and management affairs.

3. Consolidated financial statements: none.
4. Adjustment and treatment for different accounting periods adopted by subsidiaries: none.
5. Significant restrictions: none.
6. Subsidiaries of non-controlling interests material to the Group

As of December 31, 2022 and 2021, the total non-controlling interests amounted to $67,064 and $74,492. The information on non-controlling interests material to the Group and in the subsidiaries is presented below:

Company	Location	non-controlling interest 2022/12/31 Amount	%	non-controlling interest 2021/12/31 Amount	%
KTD	VN	39830	47.86	39830	47.86

Aggregating financial information of subsidiaries.

Balance sheet

	KTD 2022/12/31	KTD 2021/12/31
current assets	19,809	24,840
Non-current assets	258,285	262,150
Current liabilities	(174,195)	(164,932)
Non-current liabilities	(20,678)	(34,864)
Total net assets	83,221	87,194

Statement of comprehensive income

	KTD 2022	KTD 2021
income	84,869	95,645
net before tax	(47,966)	(111,843)
Income tax expense	0	0
Net amount of continuing business units in the current period	(47,966)	(111,843)
Total comprehensive profit and loss for the period	(47,966)	(111,843)
Total comprehensive loss attributable to non-controlling interests	(24,833)	(64,188)

Statement of cash flows

	KTD 2022	KTD 2021
Cash outflow from operating activities	(16,802)	(11,882)
Cash outflows from investing activities	(2,570)	(7,227)
Cash inflow from financing activities	16,990	19,998
exchange rate impact number	869	314
Changes in cash and equivalent cash for the period	(1,513)	1,203
Cash and cash equivalents at the beginning	1,857	654
Ending cash and cash equivalents	344	1,857

(IV) Foreign currency translation

The items listed under each entity within the Group, is measured at the currency of the major economic environment where it operates (i.e. functional currency). The consolidated 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) All other exchange gains and losses are reported in "Other gains and losses" of 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 Group retains some equity in the said associate or joint arrangement, if the Group has lost material influence on the foreign operation, or lost joint control over the foreign operation as a joint arrangement, disposal will be recognized for all equity of the foreign operation.

   (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

Group retains some equity in the said subsidiary, if the Group has lost control over the foreign operation as a subsidiary, disposal will be recognized for all equity of the foreign operation.

(4) Goodwill generated from a purchase of a foreign entity and fair value adjustments are deemed as the assets and liabilities of that foreign entity, and are translated at the exchange rate at the end of the year.

(V) 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 Group classifies all other assets than classified above as non-current except for Note 4(12).

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 Group classifies all other liabilities than classified above as non-current.

(VI) Financial assets at FVTPL

1. Financial assets are measured at FVTPL, unless measured at amortized cost or at FVOCI.

2. The Group recognizes customary financial assets at FVTPL at the date of the transaction.

3. On initial recognition, the Group measures such financial assets at fair value and recognizes transaction costs in profit or loss; the Group 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 Group recognizes dividend income under the profit or loss.

(VII) 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 Group adopts the transaction date accounting for financial assets measured at FVOCI from customary transactions.

3. The Group measures at its fair value plus transaction costs at the initial recognition, 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 Group recognizes dividend income under the profit or loss.

(VIII) 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 Group measures short-term accounts and notes receivable with unpaid interest at the original invoice amount due to he insignificant effect of discounting.

(IX) Financial asset impairment

At each balance sheet date, the Group, 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.

(X) Lease transaction as lessor - operating leases

Lease income on operating leases less all incentives given to the lessee is amortized on a straight-line basis during the lease term and recognized in current profit or loss.

(XI) 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.

(XII) Property to be sold

1. The Group 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 consolidated financial statements, the Group 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.

(XIII) Investments accounted for using the equity method - affiliates

1. An associate is an entity over which the Group has significant influence (other than control) or, more generally, of which the Group holds, directly

or indirectly (eg through subsidiaries), 20 per cent or more of the voting power. The Group accounts for investments in affiliates using the equity method, and recognizes them at cost at the time of acquisition.

2. The Group 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 Group's share of loss in any associate equals to, or exceeds the equity in the same associate (including any other unsecured receivables), the Group does not recognize further loss, unless the Group has any legal obligation or constructive obligation incurred in that associate, or made any payment on behalf of the associate.

3. When an associate has any changes in equity arising from non-recurring gains and losses and other comprehensive income do not affect the Group's shareholding in the associate, the Group recognizes all such changes in equity in "Capital reserve" proportionally to the shareholding.

4. Unrealized gains or losses arising from a transaction between the Group and an associate have been written off proportionally to the equity interests held by the Group 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 affiliates have been adjusted where necessary to be aligned with the policies adopted by the Group.

5. When an associate issues additional new shares, if the Group 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.

6. When the Group 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.

7. When the Group disposes of an associate, if its significant influence on that associate is lost, then all amounts previously recognized in other comprehensive income that were related to that associate will be

re-classified from equity to profit or loss. 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.

8. 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.

(XIV) 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 Group 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 Group 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

(XV) 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 Group. 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 Group; 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.

4. For lease modifications that decrease the scope of the lease, the lessee will decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize the difference between the re-measured amount of the lease liability and the carrying amount in profit or loss.

(XVI) Investment Property

The investment properties are recognized at the acquisition costs, and the cost model is adopted for the subsequent measurement. Other than lands, the depreciation is provided at the straight-line method based on the useful life, and the use life is 38 years.

(XVII) Intangible assets

The computer software is recognized at the acquisition costs, and amortized with the straight-line method based on the useful life of 2-8 years.

(XVIII) Non-financial asset impairment

For the assets showing the impairment signals at the balance sheet date, the Group estimates the recoverable amount; if the recoverable amount, it is recognized as the impairment loss. The recoverable amount is the higher 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.

(XIX) Borrowings

1. Long- and short- term funds borrowed from banks. At the initial recognition, the Group measures such as 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.

(XX) 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 Group measures non-interest bearing short-term accounts and notes payable at the original invoice amount as discounting is immaterial.

(XXI) Ordinary corporate bonds payable

The ordinary corporate bonds payable issued by the Group are measured at the balance of the fair value deducting the transaction costs when being initially recognized; the difference between the consideration deduction of 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."

(XXII) 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 refers to 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

The employees' compensation and remuneration of directors 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 occurs between the actual distribution amount resolved and the estimated amount later, it is treated as the change in the accounting estimates. Where employees' remuneration is distributed in shares, the share number is calculated based on the closing price of the previous day of the day when the Board makes the resolution.

(XXIII) 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 Group calculates the income tax for the current period using the tax rates that have been enacted or substantially enacted in the country where the Group 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 amount in the consolidated 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 Group 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.

(XXIV) 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.

(XXV) Revenue recognition

Product sales:

1. The Group manufactures and sells cotton, cotton yarn, T/C blended

yarn, chemical fiber yarn, and gray cloth, finished fabrics and knitted fabrics, among 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 Group 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 Group has unconditional rights to the contract price if only the passage of time is required before payment.

(XXVI) Operating Segments

The information on the Group's operating segments and the internal management reports provided to the key operating decision-makers are reported in a consistent approach. The key operating decision-makers are responsible to allocate resources to operating segments and evaluate their performance.

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

When preparing the consolidated 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 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

(I) Key judgements adopted for the accounting policies

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

(II) Key accounting estimates and assumptions

1. Assessment of property, plant, and equipment impairment
In assessing the impairment of assets, the Group should, relying on subjective judgment and the pattern of utilizing assets and industrial characteristics, determine the independent cash flows of a group of assets, the useful life of assets, and gains, income and expenses that may arise in the future. Any changes in estimates due to changes in economic conditions or the Group's strategy may result in significant impairment in the future. See Note 6(8) for details.

2. Valuation of inventories
Since the inventories is valuated at the lower between the costs and the net realizable values, the Group 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, the Group 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	209	145
Bank savings	212,189	140,887
	212,398	141,032

1. Financial institutions that deal with the Group have good credit and the Group 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 Group's bank deposits transferred to pledged assets have been transferred to "Other current assets". See Note 8 for details.

(II) Financial assets at FVTPL

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 Group's financial assets at FVTPL are recognized under "Other gains and losses" in the income statement. See Note 6(22) for the relevant amounts.
2. The Group'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 Group'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	98,432	111,900
	100,211	112,744
Less：Allowance for losses	(8,686)	(12,391)
	91,525	100,353

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 $111,894.
2. For relevant information on credit risk, see Note 12(4).

(IV) Inventories

1. Textile inventories

	2022/12/31		
	COST	Allowance	Book Value
Materials	295,009	(15,963)	279,046
WIP	55,703	(4,963)	50,740
Finish Goods	265,647	(30,325)	235,322
Total	616,359	(51,251)	565,108

	2021/12/31		
	COST	Allowance	Book Value
Materials	256,827	(21,349)	235,478
WIP	78,717	(5,960)	72,757
Finish Goods	145,029	(27,849)	117,180
Total	480,573	(55,158)	425,415

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

	2022	2021
Cost of Good Sold	1,704,492	1,466,690
Allowance	(7,980)	(3,587)
Other	0	10,765
	1,696,512	1,473,868

As the net realizable value of inventories rises due to effective destocking of inventories, the Group recognizes it as decrease in the cost of sales.

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 Group 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	30,119
Allowance	17,838	9,115
	46,347	39,234

1. In 2022 and 2021, some of the investees were subjected to capital reduction, liquidation and dissolution. The Group received $1,345 and $3,806 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	7,925	(1,090)
Dividend income included in profit or loss	399	0
Holding at the end of the period	2,095	1,150

3. In 2022 and 2021, the Group did not pledge any financial assets at FVOCI.
4. For relevant information on credit risk, see Note 12(4).

(VI) Investment accounted for using the equity method

Realired Party	2022/12/31	2021/12/31
Great Bell	236,537	252,262

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

1. The basic information on the Group's major affiliates is presented below:

2. The summarized financial information on the Group's major affiliates is

presented below:

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	Unfinished project	Total
2022/1/1							
COST	41,128	206,665	1,079,370	76,144	43,683	3,267	1,450,257
Accumulated Depreciation	(17,877)	(40,474)	(432,758)	(31,203)	(30,127)	-	(552,439)
	23,251	166,191	646,612	44,941	13,556	3,267	897,818
2022/1/1	23,251	166,191	646,612	44,941	13,556	3,267	897,818
purchase	-	12,102	68,826	4,724	3,768	1,144	90,564
sell	-	-	-	-	(198)	-	(198)
transfer	-	-	1,696	-	-	(1,696)	0
depreciation	-	(11,228)	(86,404)	(5,792)	(2,467)	-	(105,891)
detract from	-	(435)	(177)	-	-	-	(612)
exchange rate impac	-	12,783	41,683	3,186	870	236	58,758
2022/12/31	23,251	179,413	672,236	47,059	15,529	2,951	940,439

2022/12/31							
COST	41,128	233,682	1,217,284	86,453	46,685	3,251	1,628,483
Accumulated Depreciation	(17,877)	(54,314)	(545,048)	(39,394)	(31,156)		(687,789)
	23,251	179,368	672,236	47,059	15,529	3,251	940,694

	Land	housing and construction	machine	Hydropower	Other	Unfinished project	Total
2021/1/1							
COST	41,128	333,027	2,023,509	184,637	78,257	4,876	2,665,434
Accumulated Depreciation	(17,877)	(102,009)	(1,242,993)	(134,009)	(61,771)	-	(1,558,659)
	23,251	231,018	780,516	50,628	16,486	4,876	1,106,775
2021/1/1	23,251	231,018	780,516	50,628	16,486	4,876	1,106,775
purchase	-	2,086	19,787	1,544	549	2,837	26,803
sell	-	(1,975)	(6,332)	(4,321)	(1,173)	-	(13,801)
transfer	-	(41,708)	-	-	-	(4,390)	(46,098)
depreciation	-	(20,390)	(76,181)	(5,527)	(2,506)	-	(104,604)
detract from	-	-	(51,649)	4,251	359	-	(47,039)
exchange rate impac	-	(2,840)	(19,529)	(1,634)	(159)	(56)	(24,218)
2021/12/31	23,251	166,191	646,612	44,941	13,556	3,267	897,818
2021/12/31							
COST	41,128	206,665	1,079,370	76,144	43,683	3,267	1,450,257
Accumulated Depreciation	(17,877)	(40,474)	(432,758)	(31,203)	(30,127)	-	(552,439)
	23,251	166,191	646,612	44,941	13,556	3,267	897,818

1. For property, plant and equipment pledged as collateral, see Note 8 for details.
2. The Group assesses the recoverable amount of an asset by deducting its disposal cost from its fair value, based on the assessment results of independent assessors, using the market method and the cost method according to the underlying attributes. In 2021, the Group recognized impairment losses on property, plant, and equipment at $47,039, under "Other gains and losses". See Note 6(10) for details.
3. In December 2020, the Group executed the plan to sell the factory buildings, so the carrying amount of $23,585 was reclassified into non-current assets held for sale. In September 2021, the non-current assets held for sale were sold to Great Bell Dyeing and Printing Co., Ltd. for $25,877, including $2,292 gain on disposal.

(VIII) Leases transaction - lessee

1. The underlying assets leased by the Group include land use rights, land, machinery and equipment, buildings and structures. Except for the lease term of land use rights, which is 40 to 43 years, the lease term of other lease contracts is usually 2 to 5 years. The lease contracts are negotiated

individually, and include different terms. Other than some leased lands 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
Land use rights(VN)	129,600	124,088
machine	8,612	27,280
Housing and construction	42,621	53,851
	180,833	205,219

	2022/12/31	2021/12/31
	depreciation	depreciation
Land use rights(VN)	6,016	3,632
Land(TW)	-	6,370
machine	4,011	7,085
Housing and construction	15,646	5,881
	25,673	22,968

(1) In 2022 and 2021, the Group's right-of-use assets increased $5,305 and $57,112 respectively.

(2) In 2022 and 2021, the Group recognized impairment losses on right-of-use assets at $317 and $29,371 respectively under "Other gains and losses". See Note 6(10) for details.

(3) For information right-of-use assets pledged as collateral, see Note 8 for details.

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

P&L item	2022	2021
lease interest expense	2,677	1,674
short-term rental fee	1,934	2,221

In 2022 and 2021, the Group's total cash outflows from leases amounted to $26,651 and $15,244 respectively.

(IX) Investment Property

	2022	2021
Jan. 1		
Cost	45,385	-
depreciation	(4,710)	-
	40,675	-
Jan. 1	40,675	-
rearrange	-	41,708
depreciation	(1,259)	(1,204)

	2022	2021
exchange	2,988	171
Dec. 31	42,404	40,675
Dec. 31		
Cost	45,385	45,385
depreciation	(2,981)	(4,710)
	42,404	40,675

1. Rental income and direct operating expenses related to investment property:

	2022	2021
Investment real estate rental income	7,711	7,765
Current direct operating expenses of investment real estate	1,259	1,204

2. As of December 31, 2022 and 2021, the fair value of investment property held by the Group was $83,038 and $71,608 respectively. This is the result of comparing the information on transactions in the market with the similar conditions as the aforesaid assets, with proper adjustments. The comparison method is used to the fair value of level 3 assets.
3. For the information on investment property pledged as collateral, see Note 8 for details.

(X) Non-financial asset impairment

1. In 2022 and 2021, the Group recognized impairment losses at $929 and $76,410 respectively, mainly due to the lower-than-expected operation of subsidiary KTD, a cash-generating unit of the Group. The impairment losses were apportioned to property, plant, and equipment and right-of-use assets within that cash generating unit, as presented below:

	2022		2021	
	P&L	Other comprehensive income	P&L	Other comprehensive income
Allowence_Property, Plant and Equipment	612	-	47,039	-
llowence_right-of-use assets	317	-	29,371	-
	929	-	76,410	-

2. The aforesaid impairment losses are disclosed in detail by segment as follows:

	2022		2021	
	P&L	Other comprehensive income	P&L	Other comprehensive income
Fabric	929	-	76,410	-

3. The Group measures the recoverable amount at the fair value less the disposal cost. Relevant assumptions used to calculate the recoverable amount as of December 31, 2021 are presented below:

(1) The Group measured subsidiary KTD (fabrics segment), a cash-generating unit of the Group, at fair value based on the average price-to-sales (P/S) ratio and price-to-book (P/B) ratio using the market-based method.

(2) The Group used the market capitalization and related financial information of comparable companies with similar business attributes of the target company as valuation reference, adjusted the value multiple adjustment structure according to the value multiples proposed in "Financial Valuation: Applications and Models" (James R. Hitchner), made scale and market adjustments to the value multiples of comparable companies in different countries from the target company. The comparable companies used and their adjusted P/S and P/B are presented as follows:

comparable company	P/S Rate	P/B Rate
A	1.59	1.76
B	1.07	1.09
C	0.61	1.45

(3) The control premium is 26.9% for the textile industry based on the inquiry of FactSet Mergerstat Control Premium database; the discount adjustment is 13.84% calculated using the Finnerty Approach.

(4) Impairment losses provided for 2022 and 2021 were the impairment losses recognized by the Group on differences in the recoverable amount of non-financial assets held due to production capacity planning, global sentiment, and COVID. The Group calculated the recoverable amount on the basis of the fair value less the disposal cost according to the assessment result of independent assessors.

(XI) Prepayments and other non-current assets

1. Prepayments

	2022/12/31	2021/12/31
Residual tax credit	62,258	78,875
Advance payment	816	16,228
prepaid fee	11,290	6,010

2. Other non-current assets

	2022/12/31	2021/12/31
prepaid equipment	15,663	38,829
deposit	11,612	4,685
other	256	712

For the collaterals provided with refundable deposits, please refer to Note

8 for an explanation.

(XII) Short-term borrowings

	2022/12/31	2021/12/31
unsecured borrowing	203,998	102,279
secured loan	899,202	745,698
	1,103,200	847,977
loan amount	1,393,848	1,216,607
interest rate		
Company	1.91%~5.19%	1.20%~2.54%
Subsidiary _ USD loan	4.35%~7.83%	1.81%~2.31%
Subsidiary _ VND loan	6.00%~12.25%	4.50%~7.50%
Subsidiary _ NTD loan	2.11%	1.06%

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 short-term credit facilities are jointly guaranteed by the Chairman and the President. See Note 7.

(XIII) Corporate bonds payable

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

1. In November 2021, the Group 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 Group's corporate bonds held by related parties, see Note 7(2)3.

(XIV) Long-term borrowings

Loan type	2022/12/31	2021/12/31
Export-Import Bank	50,000	75,000
ROBINA FINANCE & LEASING CORP	25,428	-
TCFHC	14,841	19,080
Shinshin Credit Corporation	11,746	-
O-Bank	10,329	25,203
Chailease Finance Co., Ltd	9,059	-
Chailease Finance Co., Ltd	7,111	12,361

ROBINA FINANCE & LEASING CORP	6,777	-
VN Bank	0	2,748
Less：due within one year	(92,193)	(52,522)
	43,098	81,870
loan amount	116,159	149,966
interest rate	2.0776%~6.055%	1.6584%~10.8%

Loan type	2022/12/31	2021/12/31
Export-Import Bank	108/7/25~ 113/7/25	108/7/25~ 113/7/25
ROBINA FINANCE & LEASING CORP	111/5/14~ 112/10/21	
TCFHC	109/12/18~ 114/12/28	109/12/18~ 114/12/28
Shinshin Credit Corporation	111/3/14~ 113/3/14	
O-Bank	110/8/10~ 112/8/10	110/8/10~ 112/8/10
Chailease Finance Co., Ltd	111/3/28~ 113/3/28	
Chailease Finance Co., Ltd	110/6/22~ 113/6/22	110/6/22~ 113/6/22
ROBINA FINANCE & LEASING CORP	111/4/18~ 113/5/22	
VN Bank		105/9/22~ 111/8/19

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. According to the medium-term loan agreement between the Company's subsidiary Gloucester Co., Ltd. and Zhongtai Leasing Co., Ltd., the loan will be paid in 18 installments, with 1 installment each month from the first withdrawal, and the principal and interest will be repaid as agreed.
3. 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.
4. According to the medium and long-term loan agreement between the Company's subsidiary InnoPeak Advanced Materials Co., Ltd. and Shinshin

Credit Corporation, the loan will be paid in 24 installments, with 1 installment each month from the first withdrawal, and the principal and interest will be repaid as agreed.

5. According to the medium and long-term loan agreement between the Company's subsidiary InnoPeak Advanced Materials Co., Ltd. and IBT Leasing Co., LTd., the loan will be paid in 24 installments, with 1 installment each month from the first withdrawal, and the principal and interest will be repaid as agreed.
6. According to the medium and long-term loan agreement between the Company's subsidiary Gloucester Co., Ltd. and Chailease Finance Co., Ltd., the loan will be paid in 24 installments, with 1 installment each month from the first withdrawal, and the principal and interest will be repaid as agreed.
7. According to the medium and long-term loan agreement between the Company's subsidiary InnoPeak Advanced Materials Co., Ltd. and Chailease Finance Co., Ltd., the loan will be paid in 36 installments, with 1 installment each month from the first withdrawal, and the principal and interest will be repaid as agreed.
8. According to the medium and long-term loan agreement between the Company's subsidiary InnoPeak Advanced Materials Co., Ltd. and Zhongtai Leasing Co., Ltd., the loan will be paid in 24 installments, with 1 installment each month from the first withdrawal, and the principal and interest will be repaid as agreed.
9. According to the two long-term loan agreements between the Company's subsidiary KTD and Bank of Vietnam, the two loans will be paid in 24 installments and in 20 installments, with 1 installment each three months from the first withdrawal. The principal and interest were fully repaid in June 2022.
10. For the said loans pledged as collateral, See Note 8 for description.
11. Regarding the credit line for long-term loans, some loans are jointly guaranteed by the Chairman and the President. See Note 7 for details.

(XV) Other payables

	2022/12/31	2021/12/31
Salary payable	37,625	36,714
Payable service fee	1,967	3,210
Commission payable	6,479	-
other	17,821	13,209

(XVI) 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 "5th Experience Life Table of 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:

The afor

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

esaid 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 Group 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) For the subsidiaries in Chinese mainland and Vietnam, pursuant to the pension insurance systems required by the local governments, the pension insurance fund at a certain percentage to the total wage of the local employees is contributed monthly to the independent accounts of the employees as the special account. The pensions of employees are arranged uniformly by the governments, and the aforesaid companies have no further obligation other than the monthly contribution.

(3) In 2022 an 2021, the Group recognized the pension costs at $2,977 and $2,947 respectively based on the said plans.

(XVII) 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. As of December 31, 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.
The Company's outstanding ordinary shares at the beginning and end of the period were adjusted as follows:

	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.

(XVIII) 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.

(XIX) Deficit yet 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.

(XX) 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				

group	7,925	-	-	7,925
relate party	43	-	-	43
transfer to retained earnings	399	-	-	399
Foreign Currency Translation Differences				
group	-	24,821	-	24,821
relate party	-	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				
group	(1,090)	-	-	(1,090)
relate party	(189)	-	-	(189)
Foreign Currency Translation Differences				
group	-	(3,266)	-	(3,266)
relate party	-	(6)	-	(6)
2021/12/31	9,219	(62,420)	219	(52,982)

(XXI) Operating revenue

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

1. The Group's revenue is derived from products transferred at a point in time. See note 14 for the breakdown of revenue.
2. The Group recognizes contract liabilities related to revenue from contracts with customers as follows:

	2022/12/31	2021/12/31	2021/1/1
contract liabilities	41,885	18,142	6915

(XXII) Other gains or losses

	2022	2021
Exchange Gain(Loss)	52,237	(5,025)
Gain or loss on disposal of assets	(198)	4,161
Financial assets measure profit and loss	(1,501)	31,501
asset impairment	(929)	(76,410)
Gain(LOSS) in property to be disposed of	-	2,292
Other Loss	(3,063)	(2,105)
	46,546	(45,586)

(XXIII) Financial costs

	2022	2021
Interest Exp.	39,573	25,546
lease interest expense	2,677	1,674
Other Financial Exp.	846	1,648
	43,096	28,868

(XXIV) Additional information of the expense nature.

	2022	2021
Employee Benefits	213,221	194,802
depreciation	132,823	128,776
amortization	1,087	1,829
Total	347,131	325,407

(XXV) Employee benefit expense

	2022	2021
salary	182,820	165,924
social insurance	18,724	15,895
pension	2,911	2,931
other	8,766	10,052
Total	213,221	194,802

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.

(XXVI) Income tax

1. Composition of income tax expense benefits:

(1) Composition of income tax expense benefits

	2022	2021
previous year overvalued	0	(12)
temporary difference reversal	(1,489)	(18,443)
income tax benefit	(1,489)	(18,455)

(2) Income tax expense amount 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)	(111,404)	(47,632)
tax-free income	(481)	(790)
Adjustment items	1,490	1,734
previous year overvalued	0	(12)
Deferred tax assets	34,816	23,203
temporary difference	49,290	7,336
Deferred tax assets can be assessed	24,800	(2,294)
income tax benefit	(1,489)	(18,455)

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

2022

	Jan.1	recognized income	Recognition of other comprehensive income	exchange rate impact	Dec.31
Deferred tax assets					
Losses from falling prices of bottomed inventories	4,957	-	-	-	4,957
asset impairment loss	10,998	-	-	-	10,998
other	727	43	-	-	770
	16,682	43	-	-	16,725
Deferred tax liabilities					
prepaid pension	(25,015)	(157)	256.00	-	(25,428)
In order to realize the exchange benefit	(4,739)	-	-	-	(4,739)
other	(12,075)	1,603	-	-1324	(11,796)
	(41,829)	1,446	(256)	(1,324)	(41,963)

2021

	Jan.1	recognized income	Recognition of other comprehensive income	exchange rate impact	Dec.31
Deferred tax assets					

Losses from falling prices of bottomed inventories	4,957	-	-	-	4,957
asset impairment loss	10,998	-	-	-	10,998
other	339	388	-	-	727
	16,294	388	-	-	16,682
Deferred tax liabilities					
prepaid pension	(24,180)	(145)	(690)	-	(25,015)
In order to realize the exchange benefit	(2,620)	(2,119)	-	-	(4,739)
other	(33,332)	20,319	-	938	(12,075)
	(60,132)	18,055	(690)	938	(41,829)

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. Deductible temporary differences not recognized as deferred income tax assets:

	2022/12/31	2021/12/31
Temporary differences can be deducted	494,786	533,845

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

(XXVII) 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

(XXVIII) Transactions with the non-controlling interests

1. In June 2022, the Group’s subsidiary KTD issued new shares to increase cash capital. The Group did not subscribe proportionally for shareholding in KTD and therefore increased its stake by 9.53%. The transaction increased the non-controlling interests by $10,394, and decreased equity interests attributed to the parent-company by $1,493. In 2022, changes in KTD's equity impacted the equity interests attributable to owners of the parent company as follows:

	2022/12/31
Cash	8,901

Increase in carrying amount of non-controlling interests	(10,394)
The influence of the equity and interests of the parent company	(1,493)
Adjustment of owner's equity of parent company	
Return earning	(257)
capital reserve	(1,236)

2. In October 2022, InnoPeak Advanced Materials Co., Ltd., a member of the Group, increased capital by issuing new shares, but the Group did not subscribe according to the shareholding ratio, and therefore reduced its shareholding by 5.56%. The transaction increased the non-controlling interests by $6,571, and decreased the equity interests attributed to the parent-company by $8,429. In 2022, changes in InnoPeak's equity impacted the equity interests attributable to owners of the parent company as follows:

	2022/12/31
Cash	15,000
Increase in carrying amount of non-controlling interests	(6,571)
The influence of the equity and interests of the parent company	8,429
Adjustment of owner's equity of parent company	
capital reserve	8,429

(XXIX) Supplementary information of cash flow

Cash payment for purchase of property, plant and equipment: ：

	2022	2021
Purchase of real estate, plant and equipment	90,864	26,803
Prepayment for equipment at the beginning	(38,839)	(10,450)
Prepayment for equipment at the end	15,663	38,829
Current cash expenditure	67,688	55,182

(XXX) Changes in liabilities from financing activities

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

VII. Related party transaction

(I) Name and relationships of related parties

Company	Relation
GREAT BELL PRINTING & DYEING CO., LTD.	Related Party
KINGTEX GARMENT MFG. CO., LTD.	Other Related
KINGTEX CORPORATION	Other Related

PHAN LE DIEM TRANG	Other Related
NAMKUNG CHUL WOONG	Other Related
MIDLANDS EA LIMITED	Other Related
Yee Chain International Co., Ltd.	Other Related
Taiwan Tobias International Company	Other Related
Yung Huang Investment Co., Ltd.	Other Related
HANBO LIVESTOCK & FARMING PRODUCTS CO., LTD.	Other Related
Chien Yi Investment Limited	Other Related
Chen Jianmin	Other Related
Chen Xiuzhong	chairman
Chen Jianzhou	GM

(II) Material transactional matters with related parties

1. Accounts payable

	2022/12/31	2021/12/31
Other payable - Great Bell	242	242

Account payable to related parties were mainly from lease transactions with a payment term of 30 days monthly settlement.

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

	2022		2021	
	Amount	benefit	Amount	benefit
Great Bell	-	-	32,409	6,624

3. 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(13).

4. Lease transactions - lessee

(1) The Group 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 Group recognized a NT$333 loss on

lease modification due to early termination of the lease contract.

(2) In October 2021, the Group 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) Lease liabilities:

A. Ending balance:

	2022/12/31	2021/12/31
Other Related Party	2,054	4,755

B. Interest expenses:

	2022	2021
Related Party		181
Other Related Party	55	46
	55	227

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

	2022/12/31	2021/12/31
Other Related Party-current		
Chen Jianzhou	23,000	-
PHAN LE DIEM TRANG	10,822	-
Chen Jianmin	5,000	-
Chen Xiuzhong	5,000	-
NAMKUNG CHUL WOONG	4,133	-
MIDLANDS EA LIMITED	-	5,536
Yung Huang Investment Co., Ltd.	-	8,304
Taiwan Tobias International Company	-	10,000
	47,955	23,840
Other Related Party-non current		
Chen Xiuzhong	32,000	
PHAN LE DIEM TRANG		8,835
NAMKUNG CHUL WOONG		3,848
	32,000	12,683

The said related party loans were made by the Company, the Company's subsidiaries KOREA TEXTILE & DYEING SUPPORT SERVICES JOINT STOCK COMPANY and InnoPeak Advanced Materials Co., Ltd. from other shareholders for the purpose of financing. The loans were interest-free except for loans bearing interest at 2% to Yee Chain International Co., Ltd., 1.495% to Chen, Chien-Choan, 1.495% to Chen, Chien-Ming, between 1.495% and 1.877% to Chen, Shiou-Chung.

6. Endorsements/guarantees provided by related parties

(1) Land pledged by affiliates as collateral for loans

	2022/12/31		2021/12/31	
	Loan Guarantee	Loan used	Loan Guarantee	Loan used

	Amount		Amount	
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 the President provided joint guarantees for long and short-term loans.

(III) Information of remuneration of key management personnel

	2022	2021
Salary	16,004	20,942
Pension	641	619
	16,645	21,561

VIII. Pledged Assets

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

Assets Item	Guarantee purpose	Book Value 2022/12/31	Book Value 2021/12/31
current assets			
Bank savings	Bank Loan	66,991	58,377
Financial assets measured at fair value	Bank Loan	0	32,100
Property, Plant and Equipment			
land	Bank Loan	23,251	23,251
housing and construction	Bank Loan	154,520	154,594
mechanical equipment	Bank Loan	401,349	396,430
right-of-use asset			
Land use rights	Bank Loan	79,807	80,768
Investment real estate			
housing and construction	Bank Loan	42,404	40,675
Non-current assets			
deposit	Other	8,936	2,177
		777,258	788,372

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, as the Group's current liabilities exceeded current assets by NT$555,670 thousand, its net cash outflow from operating activities for 2022 amounted to NT$297,488 thousand. In order to improve the said situation, the Group intends to take the following countermeasures in the future:

1. Business:

   In terms of business operations, the Group 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 Group 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 Group has the undertaking from major shareholders for continuous financial support to the Group, whereby they agree to assist the Group 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) The Group has its main production base in Vietnam. In response to the outbreak of COVID-19, the Group, in addition to cooperating with the Vietnamese government on epidemic prevention regulations, has actively adopted relevant contingency measures to schedule production according to the actual situation. Therefore, COVID-19 did not have a material impact on the Group's operation and business in 2022.

Given the growing percentage of local people in Vietnam vaccinated against COVID-19, the Vietnamese government is currently loosening its anti-covid policy from strict quarantine to "coexisting with the virus", in the hope of quickly reviving the local economy. Therefore, it is expected that the pandemic will not have a significant impact on the Group's subsequent operations.

(III) <u>Capital management</u>

The capital management goal of the Group is to ensure the Group’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 Group may adjust the amount of dividends paid to shareholders, issuance of new shares, or sell assets to lower the debts.

(IV) 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	376,847	243,285
	425,094	315,721
financial liabilities		
Measured at amortized cost	1,644,823	1,375,341
lease liability	45,168	60,320
	1,689,991	1,435,661

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 Group's daily operations are subjected to various financial risks, including market risk (including exchange rate risk, interest rate risk, and price risk), credit risk and liquidity risk. The Group's overall risk management policy focuses on the unpredictable matters in financial markets and seeks to mitigate the potential adverse effects on the Group's financial position and financial performance.

(2) The Group's Finance Department manages risks as per any policy approved by the Board of Directors. The Group'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 Group 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 and its subsidiaries, which are mainly denominated in USD and VND. The related exchange risks come from the commercial transactions in the future and the recognized assets and liabilities.

B. The Group’s management has made a policy for each entity within the Group to manage exchange rate risk relative to its functional currency. Each entity shall hedge its overall exchange rate risk via the Group’s Finance Department. The measurement of the exchange rate risk is through the expected transactions very likely to generate USD and VND expenditures, and the forward exchange contracts are adopted to reduce the impact from the exchange rate fluctuation on the expected costs to purchase inventories.

C. The Group's business involves several non-functional currencies (the functional currency is NTD for the Company and USD and/or VND for some subsidiaries), which is subject to exchange rate fluctuations. Foreign currency assets and liabilities subjected to material exchange rate fluctuations are summarized as below:

	2022/12/31		
	Foreign Currency	Exchange Rate	Book Value (NT)
Foreign Currency: Functional Currency			
Financial assets			
monetary item			
USD：NTD	22,748	30.71	698,585
USD：VND	7,272	23,405	223,312
Subsidiary			
USD：NTD	16,590	30.71	509,491
VND：USD	417,030,893	0.0000427	547,186
financial liabilities			
monetary item			
USD：NTD	2,219	30.71	68,144
USD：VND	30,024	23,405	922,063

	2021/12/31		
	Foreign Currency	Exchange Rate	Book Value (NT)
Foreign Currency: Functional Currency			
Financial assets			
monetary item			

USD：NTD	34,219	27.68	947,192
USD：VND	3,424	22,660	94,784
Subsidiary			
USD：NTD	8,767	27.68	242,682
VND：USD	184,683,579	0.000044	225,591
financial liabilities			
monetary item			
USD：NTD	7,709	27.68	213,390
USD：VND	36,908	22,660	1,021,609

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 by 1% against other currencies, the Group’s net loss after tax for 2022 and 2021 would be increased or decreased by $683 and $8,023 respectively.

D. 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 $52,237 and $5,025 respectively.

Price risk

A. The Group'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 Group diversifies the portfolio, based one the limits set by the Group.

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

B. The Group 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 increase the net income before tax for 2022 and 2021 by NT$6,192 and NT$4,912, respectively.

(2) Credit risk

A. The Group's credit risk is the risk of financial losses incurred to the Group 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 Group 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. Pursuant to the specified internal crediting policy, each operating entity within the Group shall conduct the management and credit risk analysis for any new customer before determining the terms and conditions for payment and delivery. The internal risk control is to assess the credit quality of a customer by taking its financial position, experience, and other factors into account. The limit of an individual risk is established by the Board based on the internal or external credit ratings, and the use of the credit limit is monitored regularly.

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 181 days past due according to the agreed payment terms, it is deemed that a default has occurred.

The aging analysis of the accounts receivable is as below:

	2022/12/31	2021/12/31
not overdue	71,770	36,206
witnin 90 days	22,488	67,207
91 ~ 180 days	136	1,267
over 181 days	5,817	8,064
	100,211	112,744

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

D. The indicators used by the Group 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.

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

F. The Group 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 notes and accounts receivable. The provision matrix using rolling rates as of December 31, 2022 and 2021 is presented as follows:

	not overdue	within 90 days	91 ~ 180 days	over 181 days	Total
2022/12/31					
Rate	2.18%	5.57%	38.24%	100.00%	
Account Receivable	71,770	22,488	136	5,817	100,211
Allowance	1,546	1,253	52	5,817	8,668
2021/12/31					
Rate	1.93%	4.79%	32.28%	100.00%	
Account Receivable	36,206	67,207	1,267	6,569	111,249
Allowance	698	3,220	409	6,569	10,896

G. As of December 31, 2022 and 2021, the Group 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.

H. The Group's simplified statement of changes in the loss allowance on notes and accounts receivable is presented as follows:

	Account Receivable	
	2022	2021
Jan. 1	12,391	15,401
Turn around	(2,368)	(1,643)
Delist	(2,352)	
Exchange effect	1,015	(1,367)
Dec. 31	8,686	12,391

(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 Group'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. Derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the expected maturity date.

As of December 31, 2022 and 2021, the Group'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 long-term borrowings due within a year), 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	94,674	70,979	7,446	173,099
Lease liability	15,986	24,031	9000	49,017

	112,360	196,710	16,446	325,516
2021/12/31				
Corporate bonds	1,700	1,700	101700	105,100
Long term loan	54,661	45,845	41055	141,561
Lease liability	18,028	27,541	21000	66,569
	74,389	75,086	163,755	313,230

D. The Group 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.

(V) Information on fair value

1. For the fair value of the Group's financial assets and financial liabilities not measured at fair value, see Note 12(4)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 Group’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.

   Level 3: The unobservable inputs of assets or liabilities. The fair values of the Group’s investments in equity instruments without any active market at this level.

3. The Group 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 Group'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 $39,234, respectively.

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

   (1) If the Group adopts a market quotation as an input to fair value measurement (i.e. Level 1), the characteristics of the instruments are presented as follows:

	Open Market Stock
Market quotation	stock closing price

(2) Financial instruments other than the said financial instruments with active markets are measured at fair value through valuation techniques or by reference to quotations from counterparties. 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) Derivative financial instruments are measured based on valuation models widely accepted by market users, such as the discount method and the option pricing model. The forward foreign exchange contracts usually adopt the current valuation of the forward exchange rates.

(4) The output of a valuation model is the estimated value, and valuation techniques may not reflect all the factors related to the financial instruments and non-financial instruments held by the Group. 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 Group'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.

(5) The Group incorporates credit risk valuation into the calculation of the fair value of financial instruments and non-financial instruments to reflect the counterparty's credit risk and the Group's credit quality.

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	39,234	44,195
recognized in other comprehensive income	7,925	(1,090)
return of share capital	(1,345)	(3,806)
transfer to retained earnings	399	-
exchange rate impact	134	(65)
Dec. 31	46,347	39,234

7. In 2022 and 2021, there was no transfer in and out of Level 3.

8. For Level 3 fair value measurement, the Group 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 Group 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%	215	(215)
	Market capitalization base debt ratio	±1%	60	(60)
	liquidity discount	±1%	95	(95)

XIII. Other Disclosures

For the disclosures of investees, some of them are prepared based on the financial statements self-prepared and audited by the CPAs. The following transactions among the Company and subsidiaries are offset when preparing the consolidated statements, and the following disclosures are for reference only.

(I) Information on Significant Transactions

1. Loans to others: See Statement 1.
2. Endorsements/guarantees provided: See Statement 2.
3. Marketable securities held at the end of the period (excluding investments in subsidiaries, affiliates, and jointly controlled entities): See Statement 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 Statement 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 Statement 5.
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: See Statement 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 Statement 7.

(II) Information on Investees

The name and location of investees and other relevant information (excluding investees located in mainland): See Statement 8.

(III) Information on Investment in Mainland China

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

(IV) Information on Major Shareholders

Information on major shareholders: See Statement 10.

XIV. Information of Operating Segments

(I) General information

The Group has two reportable segments, namely the yarn segment and fabric segment. The reportable segment are the strategic business units, to provide different products and services. Since each strategic business unit requires different technologies and marketing strategies, they need to be managed separately.

The Group deems the sales and transfer between the segments as the transactions with third parties, and complies with the arm's length principle. The profit and loss of segment is the balance of the segment revenue deducting the segment costs, operating costs and capital costs used. Segment costs, operating expenses, and borrowing costs are costs, operating expenses, and interest expenses related to revenue from the product department; however, segment costs, operating expenses, and interest expenses do not include losses to the Company unrelated to the segments.

The information of each operating segment is prepared based on the Group's accounting policies. The operating decision makers mainly take the revenues and income before tax of each operating segment as the indicators to assess the performance and resource allocation.

(II) Information of reportable segment

The information of reportable segments provided to the chief operating

	2022			
	Yarn	Fabric	Adjustment	Total
Revenue				
From Outside	842,779	745,533	-	1,588,312
From Group	-	-	-	0
Total Revenue	842,779	745,533	-	1,588,312
Departmental profit or loss	(227,280)	(94,061)	-	(321,341)
Including				

Depreciation amortization	111,669	22,241	-	133,910
Interest income	635	-	-	635
Interest expenditure	22,867	20,229	-	43,096

	2021			
	Yarn	Fabric	Adjustment	Total
Revenue				
From Outside	926,415	620,075	-	1,546,490
From Group	-	-	-	0
Total Revenue	926,415	620,075	-	1,546,490
Departmental profit or loss	(160,787)	(20,024)	-	(180,811)
Including				
Depreciation amortization	116,181	14,424	-	130,605
Interest income	491	-	-	491
Interest expenditure	18,009	12,054	-	30,063

decision makers is as below:

Note: The measured amounts of the Group's assets are not the indicator used by the operating decision-maker. Therefore, the measured amount of the Group's assets should be disclosed as zero.

(III) Information by regions

The Group's information by region for 2022 and 2021 is presented as follows:

	2022		2021	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	137,230	201,439	338,038	191,015
China	518,656	76	584,130	36
Southeast Asia	800,418	995,169	498,156	1,002,089
Other	132,008	-	126,166	-
Total	1,588,312	1,196,684	1,546,490	1,193,140

Revenue from the said regions is calculated based on the region where the sales to external customers are received.

(IV) Information on major customers

In both 2022 and 2021, the Group's major customers were not as many as 10%.

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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		Limits on lending to individual borrowers	Limits on total loans	Remarks
													Name	Value			
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)

					Ending				
Holder	Type of securities	Name of securities	Relationship with Issuer	Item (Note 1)	No. of shares	Carrying amount	Shareholding percentage (%)	Fair value	Remarks
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		Held at the end of the year			Profit or loss of the investee	Share of the profit or loss of the investee recognized for the year	Remarks
				Ending	End of last year	No. of shares	Ratio (%)	Carrying amount			
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

Appendix 9

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

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.