

Stock No. : 1441

Tah Tong Textile Co., Ltd.

2022 Annual Report

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Company website : <http://www.tahtong.com.tw>

The content of the annual report and the information of the Company may be viewed at the following link :

Market Observation Post System <http://mops.twse.com.tw>

## **I. Addresses and Telephone Numbers of Headquarter, Branches and Plants**

Head Office : 3F., No. 346, Sec. 3, Nanjing E. Rd., Songshan Dist., Taipei City  
Tel : 02-2752-2244

Vietnam Plant : I-1, I-2, I-3 My Xuan B1-Tien Hung industrial zone, My Zuan Ward,  
Phu My Town, Ba Ria-Vung Tau Province, Vietnam.  
Tel : 84-254-3924036

## **II. Share Transfer Agency : Department of Shareholder Service Agency, Capital Securities Co., Ltd.**

Address : B2, No. 97, Dunhua S. Rd., Sec. 2, Daan District, Taipei City  
Tel : (02) 2702-3999  
Website : <http://www.capital.com.tw/agency/>

## **III. Spokesperson :**

Spokesperson : Chen, Chien-Choan  
Title : President  
Tel : (02) 2752-2244  
Email : [spokesperson@tahtong.com.tw](mailto:spokesperson@tahtong.com.tw)

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Position : Special Assistant  
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## **IV. CPAs audited the annual financial report for the most recent fiscal year**

Name of CPAs : Lin, Ya-Hui and Hsu, Yung-Chien  
Name of Accounting Firm : PwC Taiwan  
Address : 27F, No. 333, Keelung Rd., Sec. 1, Xinyin District, Taipei City  
Tel : (02) 2729-6666  
Website : <http://www.pwc.com>

## **V. The name of any exchanges where the company's securities are traded offshore, and the method by which to access information on said offshore securities : Not applicable.**

## **VI. Company website : <http://www.tahtong.com.tw>**

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## One. Report to the shareholders

All shareholding ladies and gentlemen :

Thank you for sparing time to attend the shareholders' meeting this year.

The 2022 consolidated revenue is NT\$1,588,312 thousand, increased by NT\$41,822 thousand from 2021; the 2022 consolidated gross operating loss is NT\$108,200 thousand, increased by NT\$180,822 thousand from 2021; the 2022 net loss after tax attributed to the Company is NT\$262,231 thousand, increased by NT\$186,176 thousand from 2021.

In 2022, with growing vaccination penetration worldwide and lifted lockdowns in all countries, business activities began to recover on the whole. Under the optimistic global economy, various economic needs were gradually expanded. However, with international floating capital flooding raw materials, Cotlook A Index soared by 54% in less than a year, but plummeted in Q1. This resulted in sharply rising costs of materials purchased and rapidly falling prices in the end market overall for 2022, thereby leading to an impact on overall operations.

Looking forward to 2023, after a turbulent and critical year, Tah Tong Textile will continue to optimize its product mix, with a focus on developing special yarn products, to reduce the proportion of cotton yarn and increase gross profit margin. Meanwhile, the Company will vertically integrate the supply chain, deepen the services provided by Fabrics Division, enhance marketing and sales, mainly serve brand customers, and expand the customer base of Fabrics Division, in the hope of effectively increasing the Group's overall revenue. Overall, the Company's operating strategy will gradually yield results.

The Company will adhere to its core values of "Integrity and Ethics, Self-transcendence, Unity of Excellence, and Outstanding Contributions", continue the established business strategies, and commit to provide customers with high-quality, diversified and innovative products for stable growth and profitability.

The business results for 2022 and the 2023 business plan are summarized as follows :

### I. Business results for 2022

#### (I) Implementation results of the business plan :

Unit : NT\$ thousand	2021	2022	Difference	%
Consolidated revenue	1,546,490	1,588,312	41,822	2.70
Consolidated gross profit (loss)	72,622	(108,200)	(180,822)	-248.99
Consolidated operating income (loss)	(114,449)	(315,437)	(200,988)	175.61
Consolidated net income (loss) after tax	(162,356)	(319,852)	(157,496)	97.01
Net income (loss) after tax attributed to the Company	(76,055)	(262,231)	(186,176)	244.79
Earnings (loss) per share (NT\$)	(0.75)	(2.52)	(1.77)	236.00

(II) Achievement of budget :

	Actual volume :	Budgeted volume	Achievement rate
Yarn (ton)	8,309	9,977	83.28%
Fabrics (thousand yards)	7,628	9,285	82.15%

(III) Financial revenue and expense and profitability analysis

Unit : NT\$ thousand; %

Item		2022	2021
Financial revenue	Operating revenue	1,546,490	1,588,312
	Gross profit (loss)	72,622	(108,200)
	Net operating profit (loss)	(114,449)	(315,437)
	Net income (loss) after tax	(162,356)	(319,852)
	Attributed to the parent company	(76,055)	(262,231)
	Non-controlling interests	(86,301)	(57,621)
Profitability analysis	Gross margin %	4.70	(6.81)
	Net profit margin (%)	(10.50)	(20.14)
	Return on equity (%)	(18.19)	(34.69)
	Earnings per share (NT\$)	(0.75)	(2.52)

Note : The aforesaid financial data for each year have been audited by CPAs

(IV) Research and development

R&D expenses for 2022

Unit : NT\$ thousand

Item	Amount
Research and development expenses	10,233
Net operating revenue	1,588,312
In net operating revenue (%)	0.64%

## II. Summary of the 2023 business plan

In the post-COVID-19 era, when the market is seeing uncertainties and risks, Tah Tong Textile will continue to optimize its product mix, with a focus on developing special yarn products to increase gross profit margin. Meanwhile, the Company will vertically integrate the supply chain, deepen the services provided by Fabrics Division, enhance marketing and sales, mainly serve brand customers, and expand the customer base of Fabrics Division, in the hope of effectively increasing the Group's overall revenue and operational performance.

The Company will adhere to its core values of "Integrity and Ethics, Self-transcendence, Unity of Excellence, and Outstanding Contributions", continue the established business strategies, and commit to provide customers with high-quality, diversified and innovative products for stable growth and profitability. The company's 2023 business strategy and important production and sales policies are presented as follows :

### (I) Operating strategy

Focus on product development in the textile industry and deepen cooperation with the industrial supply chain.

#### (1) Yarn Business Division

1. Continue to improve product quality, win strategic customers to place orders, and raise profitability.
2. Concentrate production capacity for environmental yarn, blended yarn and special yarn, and emphasizes differentiation in order to improve profitability.

#### (2) Fabrics Business Division

1. Continue to strengthen supply chain management strengths and increase orders from brand customers.
2. Strengthen research and development, provide better product mix, and expand market share.
3. Target new customers for business development, and cut to niche products.

### (II) Expected sales volume

Unit : tons	Budgeted volume
Yarn (ton)	8,497
Fabrics (thousand yards)	10,976

### (III) Important production and sales policy

As textile products are developing towards functionality and comfort, the Yarn Business Division will continue to expand new markets and develop functional and special yarn types; the Fabric Business Division will develop customized products and services based on the needs of brand customers and develop the functional knitted fabrics.



III. How the Company's development strategy is affected by the competitive environment, the regulatory environment and the overall business environment is analyzed in the following aspects :

(I) Price of raw materials :

The international raw cotton price still accounts for a large proportion of the Company's product costs. Fluctuation in international raw cotton prices will have a significant impact on the Company's production costs. Therefore, the Company will continue to increase the proportion of blended yarn products to reduce the consumption of raw cotton and cope with the uncertain price fluctuations.

(II) Price of energy :

Fluctuations in international crude oil prices will affect the industrial electricity price and directly affect manufacturing costs.

(III) The downstream consumer market :

The Company's yarn and fabric products are mainly supplied in the form of semi-finished products to customers in Taiwan, Japan, Europe, America, mainland China, and the ASEAN, who will produce garments for sale in the global market.

We must pay more attention and observe the international political and economic situation, especially whether the US, mainland China, ASEAN, and the EU can maintain economic growth. Each country's political and economic situation, monetary policy and global inflation situation may affect the Company's sales and operating profit.

(IV) Competition with mainland China and ASEAN countries :

Functional fabrics produced in Mainland China and neighboring countries in Asia have significantly improved quality in recent years, posing competition with the Company's products. In order to differentiate in the market, the Company is currently developing higher value-added and special products to minimize the impact on the yarn supply chain system.

(V) ASEAN and CPTPP :

Under the framework of a FTA, member states of regional economies are entitled to trade liberalization and tariff reduction and exemption. Led by Japan, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) was signed on March 8, 2018 by 11 countries including Vietnam and came into effect in 2019. Due to the advantages in infrastructure and an open policy to attract foreign investment, Vietnam will enjoy higher competitiveness among regional economies in the future. The Company has invested and expanded in Vietnam, and can expect reduced operating costs, more opportunities for export expansion, and industrial upgrades with preferential tariffs competitiveness.

Looking at 2023, the overall business environment remains complex. The Company will respond to changes in the external environment and make even harder efforts to expand operating results and gain sustainable operation competitiveness.

With regard to the 2022 Business Report and a summary of the 2023 Business Plan, I would like to thank all shareholders for their support. All of the Company's employees will also do their utmost to forge better operating strength than before and repay the shareholders' support with performance. In the future, I still hope that all shareholders will show your continued support and encouragement to the Company and let's create a brighter future together. We wish all shareholders good health and best of luck!

Tah Tong Textile Co., Ltd.

Chairman Chen, Shiou-Chung

## Two. Company profile

I. Date of Incorporation : March 15, 1958

II. Company History

Tah Tong Textile Co., Ltd. was incorporated in March 1958 by Chen, Yung-Huang, the founder, with multiple year planning for plant establishment. A nice location was selected for constructing the plant in Taichung City, a place converging cultures and talents. The space was about 10,000 pings (33,058 sqm) The Company' s history is as follows :

- March 1958 : The incorporation as a limited company by shares was approved, the Articles of Incorporation were established. The capital was NT\$ Five Million and Five Hundred Thousand.
- 1968 : Investment in Great Bell Printing & Dyeing Co., Ltd.
- 1975 : The capital was increased to NT\$ Three Hundred and Twenty Million.
- 1975 to 1977 : Consecutively, the Company purchased the latest automatic bobbin winding machine, sizing machines, weft machines, warping machines, knitting machines and combers. Awarded as the Excellent Exporter and Grade A Quality Export Plant in the QC appraisal.
- 1978 : To celebrate the 20th anniversary extensively, the Company developed toward the high-end product such as spun knitting yarns with no effort spared. The spindles were increased to 58,560 spindles.
- 1985 : The capital was increased to NT\$ Four Hundred Twenty-Two Million and One Hundred Twenty Thousand.
- 1986 : The capital was increased to NT\$ Six Hundred Million The product in the new plant in Zhongli commenced, and the spindles were increased to 104,640 spindles.
- 1987 : The capital was increased to NT\$ Seven Hundred and Eighty Million.
- 1988 : The capital was increased to NT\$ Nine Hundred Eighty-Two Million and Eight Hundred Thousand.
- 1989 : The shares went public.  
The capital was increased to NT\$ One Billion One Hundred and Twenty Million.
- 1990 : In March, the capital was increased to NT\$ One Billion Three Hundred and Forty-Four Million.  
In August, the capital was increased to NT\$ One Billion Six Hundred and Twelve Million and Eight Hundred Thousand.
- 1991 : The capital was increased to NT\$ One Billion Seven Hundred and Twenty-Five Million and Six Hundred and Ninety-Six Thousand.
- 1999 : Due to the 921 Earthquake, 20,736 spindles were scraped from the yarn spilling equipment, and the spindles became 61,856 in total.
- 2001 : Treasury shares were repurchased and cancelled; the total capital became NT\$ One Billion Six Hundred and Twenty-Five Million and Six Thousand.
- 2003 : The total capital became NT\$ One Billion Six Hundred and Twenty-Five Million and Six Thousand after the capital decrease; the paid-in capital was One Billion Seventy-Nine Million and Three Thousand Nine Hundred and

- 2007 : eNova Textiles Ltd. was established
- 2008 : The 50th anniversary of Tah Tong Textile.  
The SAP system got onboard. Through the re-creation of the enterprise process, Tah Tong played a key role in the global value chain.
- 2009 : In July, the total capital became NT\$ One Billion Six Hundred and Twenty-Five Million and Six Thousand after the capital decrease; the paid-in capital was Six Hundred Seventy-Nine Million and Three Thousand Nine Hundred and Eighty.  
In November, the total capital became NT\$ One Billion Six Hundred and Twenty-Five Million and Six Thousand after the private placement; the paid-in capital was Seven Hundred Eighty-Nine Million and Three Thousand Nine Hundred and Eighty.
- 2010 : In May, the total capital became NT\$ One Billion Six Hundred and Twenty-Five Million and Six Thousand after the private placement; the paid-in capital was Eight Hundred and Eight Million.  
In August, the total capital became NT\$ One Billion Six Hundred and Twenty-Five Million and Six Thousand after the capital decrease; the paid-in capital was Six Hundred Fifty-Eight Million.
- 2011 : In October, the total capital became NT\$ One Billion Six Hundred and Twenty-Five Million and Six Thousand after the cash capital increase; the paid-in capital was Eight Hundred and Fifty-Two Million.
- 2012 : The total capital became NT\$ One Billion Six Hundred and Twenty-Five Million and Six Thousand after the capital increase from capital reserve; the paid-in capital was Eight Hundred and Ninety-Nine Million Nine Hundred Twenty-Three Thousand.
- 2013 : TAH TONG TEXTILE (VIETNAM) CO., LTD. and the Vietnam spinning mill I were established for more capacity.  
The total capital became NT\$ One Billion Six Hundred and Twenty-Five Million and Six Thousand after the capital increase from capital reserve; the paid-in capital was Nine Hundred and Seventeen Million Five Hundred Thirty Thousand Six Hundred and Sixty.
- 2015 : The total capital became NT\$ One Billion Six Hundred and Twenty-Five Million and Six Thousand after the cancellation of treasury shares; the paid-in capital was Eight Hundred and Ninety-Seven Million Nine Hundred Ninety Thousand Six Hundred and Sixty.
- 2016 : After assessing the capacity, efficiency and operating costs of each plant, and to cope with the future plans for overall operation and production demands, the Taichung Plant was closed, and the orders were integrated and transferred to other plants.
- 2017 : The Vietnam Plant II was expanded, which greatly increased the capacity and sales of the overall Yarn Business Division.  
In March, the total capital became NT\$ One Billion Six Hundred and Twenty-Five Million and Six Thousand after the capital decrease; the paid-in capital was Six Hundred Twenty-One Million and One Hundred Twenty-Four Thousand and Eighty.

In August, the total capital became NT\$ One Billion Six Hundred and Twenty-Five Million and Six Thousand after the capital increase via the private placement; the paid-in capital was Six Hundred Eighty-One Million and One Hundred Twenty-Four Thousand and Eighty.

In November, the total capital became NT\$ One Billion Six Hundred and Twenty-Five Million and Six Thousand after the capital increase via the private placement; the paid-in capital was Seven Hundred Twenty-One Million and One Hundred Twenty-Four Thousand and Eighty.

- 2018 : The total capital became NT\$ One Billion Six Hundred and Twenty-Five Million and Six Thousand after the capital increase via the private placement; the paid-in capital was Seven Hundred Eighty-One Million and One Hundred Twenty-Four Thousand and Eighty.  
To replenish the working capital, improve the financial structure, repay the bank loans, and activate assets, the plant and land of the Taichung Plant were sold.
- 2019 : The total capital became NT\$ One Billion Six Hundred and Twenty-Five Million and Six Thousand after the capital increase from earnings; the paid-in capital was One Billion and Eight Million.
- 2020 : The Zhongli Plant shifted to the model of made to order in small quantity and multiple styles in 2018. The orders declined due to the Covid-19 pandemic, and the operating scale was not met. To reduce losses, the Company decided to fully cease the production.
- 2021 : NT\$ One Hundred Million corporate bond was issued through private placement.
- 2022 : The total capital became NT\$ One Billion Six Hundred and Twenty-Five Million and Six Thousand after the capital increase through private placement; the total paid-in capital was NT\$ One Billion One Hundred and Thirty-Nine Million.

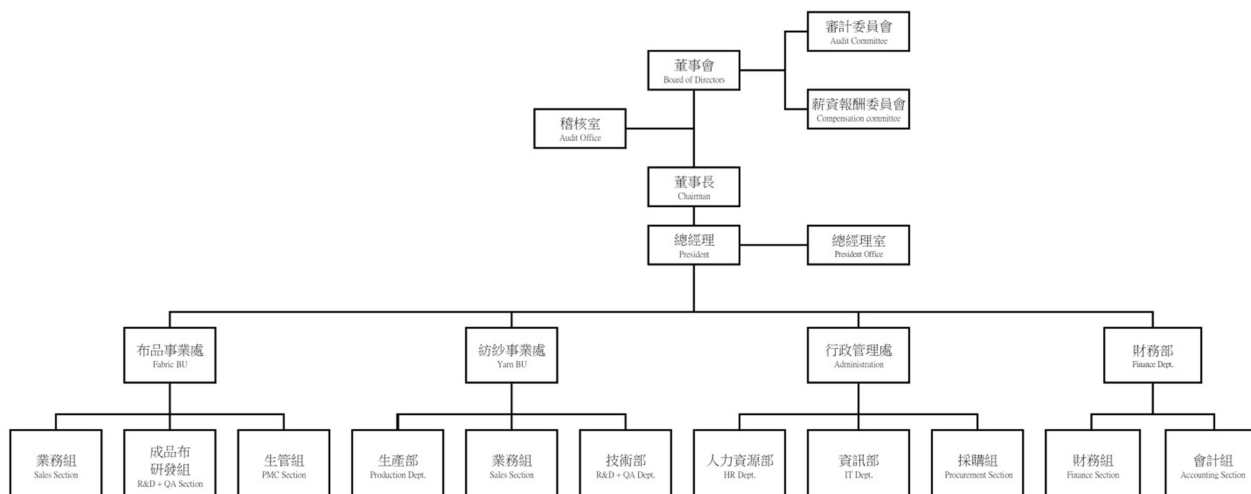
Additionally, the current year as of the publication date of the annual report :

- (I) Mergers and Acquisitions, investment in affiliates, and restructuring : See [Eight. Special Note I. Information on Affiliates] herein.
- (II) Significant transfer or replacement of shares by any of the directors, supervisors, or major shareholders holding more than 10% of the shares : None.
- (III) Change of management, material change in the mode of operation, or in business activities : None.
- (IV) Other important events which are likely to affect shareholders' equity and their impact on the Company : None.

## Three. Corporate Governance Report

### I. Organizational System

TT organization chart



### Duties of All Departments

Department	Duties
Audit Committee	<ol style="list-style-type: none"> <li>1. Assist the Board in supervising and evaluating the fair presentation of the Company's financial statements, the appointment and discharge of attesting CPAs and evaluating their independence, as well as the effective implementation of the internal control system.</li> <li>2. Comply with applicable laws and regulations, and control the Company's existing or potential risks, to ensure that the Company's operations comply with applicable government laws and practices.</li> </ol>
Remuneration Committee	<ol style="list-style-type: none"> <li>1. Regularly review the organizational charter of the Remuneration Committee and propose amendments if necessary.</li> <li>2. Establish and regularly review the performance evaluation and remuneration policies, systems, standards, and structures for the Company's directors and managers.</li> <li>3. Regularly assess and determine the remunerations of the Company's directors and managers.</li> </ol>
Audit Office	<ol style="list-style-type: none"> <li>1. Audit the work performance of each department.</li> <li>2. Audit and report on the eight internal control cycles.</li> </ol>

Department	Duties
President' s Office	<ol style="list-style-type: none"> <li>1. Assist the president in drafting the Company's long, medium and short-term development strategies and goals</li> <li>2. Integrate company-wide management systems</li> <li>3. Be responsible for performance management and business performance analysis</li> <li>4. Construct the Company's overall operation and management model and promote it to all departments</li> <li>5. Assess various significant investment projects</li> <li>6. Track and review various projects or major plans</li> <li>7. Assist various departments in determining KPIs to ensure the improvement of the Company's operating performance</li> <li>8. Deal with and coordinate on solving problems between major cross-functional departments</li> </ol>
Business Division	<ol style="list-style-type: none"> <li>1. Plan for the Company's long-term business development plan</li> <li>2. Collect and analyze market information related to research and development</li> <li>3. Develop the new market development strategy</li> <li>4. Research and develop new products</li> <li>5. Improve new production technologies</li> <li>6. Develop new customers, and promote, package and exhibit new products</li> <li>7. Make the departmental business plan of the department</li> <li>8. Implement the department's business, marketing management, and production and sales coordination matters</li> <li>9. Carry out the commissioned processing of products or domestic and foreign marketing and affairs</li> <li>10. Manage customer credit</li> <li>11. Plan the marketing strategy</li> </ol>
Human Resource Department (HR and administration)	<ol style="list-style-type: none"> <li>1. Recruit and hire employees</li> <li>2. Organize training</li> <li>3. Remuneration system</li> <li>4. Employees' attendance, rotation, leave of absence, and labor and health insurance</li> <li>5. Maintain and repair buildings and equipment</li> <li>6. Prepare for meetings of the Remuneration Committee</li> <li>7. Property management</li> <li>8. Document control</li> </ol>
Finance Department	<ol style="list-style-type: none"> <li>1. Plan/raise long-term capital</li> <li>2. Manage working capital</li> <li>3. Manage exchange rate risk</li> <li>4. Prepare financial statements</li> <li>5. Present and clarify the financial position and operating results</li> <li>6. Prepare for shareholders' meetings and board meetings</li> <li>7. Manage and report on insider ownership</li> <li>8. Tax planning and management</li> </ol>

Department	Duties
Information Department	<ol style="list-style-type: none"> <li>1. Develop, maintain and implement the Company's operation and management information system</li> <li>2. Plan, build and maintain the Company's network information system</li> <li>3. Develop new systems in response to the management needs of each department</li> <li>4. Update and maintain computer software and hardware</li> </ol>
Vietnam Plant	<ol style="list-style-type: none"> <li>1. Make the plant's production plan and implement the plant's production and management</li> <li>2. Perform production tasks such as operating and maintaining the plant's machinery and equipment</li> <li>3. Supply electricity, air conditioning, tap water, and steam</li> <li>4. Occupational safety management</li> <li>5. Perform general affairs including property management, purchasing, daily pay personnel, employee benefits, and meals</li> <li>6. Manage movable and real property such as houses, machine and equipment</li> <li>7. Manage environmental health, fire protection, transportation, and communication.</li> </ol>



## II. Directors, President, Vice Presidents, Assistant Vice Presidents, and Heads of Divisions and Branches

### (I) Information on directors and independent directors

March 24, 2023

Title	Nationality	Name	Gender	Age	Date of election / appointment to current term	Term of office	Commencement date of first term	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions held concurrently in the company and/or in any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			Remarks
								No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio			Title	Name	Relationship	
Chairman	Republic of China	Chen, Shiou-Chung	Male	71 – 80 years old	July 6, 2021	3	April 25, 1970	5,576,711	5.53%	5,276,711	4.63%	2,358,587	2.07%	-	-	Department of Business Administration, Feng Chia University	Chairman, Gloucester CO., LTD Chairman, DAYSTAR LIMITED Director, Great Bell Printing & Dyeing Co., Ltd. Director, KINGTEX CORPORATION Director, Hanbo Livestock & Farming Products Co., Ltd. Independent director, Everest Textile Co., Ltd. Independent director, Yi Jinn Industrial Co., Ltd.	Director President	Chen, Chien-Chuan	Father and son	Ready to increase the seats of independent directors by the end of 2023 (Note 3)
Director	Republic of China	Chen, Chien-Chuan	Male	51 – 60 years old	July 6, 2021	3	95 06.09	5,107,262	5.07%	4,107,262	3.61%	-	-	-	-	MBA, University of Michigan, the U.S	President of the Company Chairman, InnoPeak Advanced Materials Co., Ltd. Chairman, ROSEGATE HOLDING CORP. TAH TONG TEXTILE (VIETNAM) CO., LTD Chairman	Chairman	Chen, Shiou-Chung	Father and son	
Director	Republic of China	Yung Huang Investment Co., Ltd.	-	July 6, 2021	3	June 4, 2009		13,807,649	13.70%	24,972,025	21.93%	-	-	-	-	Chin Chwang Vocational School of Commerce	Associate Vice President for operation and procurement of the Company	Director	Yen, Li-Rong	Spouse of the person in charge	Note 1
		Wu, Li-Wen	Female	51 – 60 years old				50	0.00%	50	0.00%	-	-	-	-			None	None	None	-
Director	Republic of China	FOUNDATION EVER GLORY EDUCATION FOUNDATION	-	July 6, 2021	3	June 11, 1997		3,103,550	3.08%	3,103,550	2.73%	-	-	-	-	Department of Business Administration, Tamkang University	Special Assistant of the Company Independent director, Highlight Tech Corp. Chairman, EVER GLORY EDUCATION FOUNDATION	None	None	None	-
		Huang, Yung-Chang	Male	61 – 70 years old				-	-	-	-	-	-	-	-			None	None	None	-

Title	Nationality	Name	Gender Age	Date of election / appointment to current term	Term of office	Commencement date of first term	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions held concurrently in the company and/or in any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			Remarks
							No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio			Title	Name	Relationship	
Independent Director	Republic of China	Sun, Chin-Feng	Male 61 – 70 years old	110.0706	3	June 11, 2015	-	-	-	-	-	-	-	-	MBA, University of Michigan, the U.S	President, SAGA Unitek Ventures Independent director, Wonderful Hi-Tech Co., Ltd. Independent director, Hua Eng Wire & Cable Co., Ltd. Independent director, Chicony Power Technology Co., Ltd.	None	None	None	-
Independent Director	Republic of China	Lin, Win-Jon	Male 71 – 80 years old	July 6, 2021	3	107.06.13	-	-	-	-	-	-	-	-	Master, Automation and Management, National Taipei University of Technology	President, Libao Investment Co., Ltd. Independent director, Universal Textile Co., Ltd. Independent director, Yi Shin Textile Industrial Co., Ltd.	None	None	None	-
Independent Director	Republic of China	Lin, Chien-Ping	Male 51 – 60 years old	July 6, 2021	3	110.07.06	219,376	0.22%	-	-	-	-	-	-	Department of Finance, Tamkang University	Independent director, DIVA Laboratories Ltd. Independent director, FORESHOT Industrial Corporation Independent director, RBC Bioscience Corporation	None	None	None	Note 2

Note 1 : The corporate director, EVER GLORY EDUCATION FOUNDATION discontinued the term of office as a director on June 4, 2009; the corporate director, EVER GLORY INVESTMENT COM, LTD. replaced the representative on January 18, 2022; the previous representative, Chuang, Chin-Ming was discharged.

Note 2 : LIN, CHIEN-PING, the independent director, discontinued his term of office on April 11, 2019.

Note 3 : The Chairman and the President are a first-degree relative of each other; the chairman of the Company and the chairman of Ever Glory Investment Co., Ltd. are spouses.

Note 4 : See Table 1 below for the major shareholders of institutional shareholders.

Table 1 : Major shareholders of institutional shareholders

March 24, 2023

Name of institutional shareholder	Major shareholders of institutional shareholders
EVER GLORY INVESTMENT COM, LTD.	Chen, Chien-Ming (24.50%); Chen, Shiou-Chung (23.15%); Yen, Li-Rong (18.73%); Chen, Hsiu-Yi (10.97%); Chen, Hsiu-Hsiung (9.51%); Chen, Chien-Choan (9.31%); Chen, Hung-Ru (0.52%); Chen, Hung-Wen (0.52%); Wang, Chih-Hung (0.52%); Wu, Hsin-Chang (0.52%).
FOUNDATION EVER GLORY EDUCATION FOUNDATION	Donor : Chen, Yung-Huang (deceased) and Chen-Yang, Hung-Mien (deceased)

## (II) Disclosure of the expertise and independence of directors and independent directors :

Criteria Name	Professional qualifications and experience	Independence (Note)	No. of other public companies at which the person concurrently serves as an independent director
Chen, Shiou-Chung	<ol style="list-style-type: none"> <li>Mr. Chen, Shiou-Chung is the Chairman of the Company and its subsidiaries, and also serves as an independent director of other listed companies.</li> <li>Mr. Chen, Shiou-Chung has rich expertise and experience in administrative practices. He is capable of strategic management, leadership and academic capabilities. He leads the board of directors in a harmonious manner with abundant experience in corporate governance, and has the international market perspective and decision-making power. He has not violated any clause of Article 30 of the Company Act.</li> </ol>	<ol style="list-style-type: none"> <li>A second-degree or closer relative of Mr. Chen, Hsiu-Chou</li> </ol>	2
Chen, Chien-Choan	<ol style="list-style-type: none"> <li>Mr. Chen, Chien-Choan is the Director and President of the Company, also serves as the Chairman of the Company's subsidiary.</li> <li>Mr. Chen, Chien-Choan has rich expertise, corporate governance insights and operation and management capacities, provides diversified business judgments in business and marketing timely, and has not violated any clause of Article 30 of the Company Act.</li> </ol>	<ol style="list-style-type: none"> <li>A second-degree or closer relative of Mr. Chen, Shiou-Chung</li> </ol>	0
Huang, Yung-Chang	<ol style="list-style-type: none"> <li>Mr. Huang, Yung-Chang is the representative of a corporate director, while serving as an independent director of other listed companies.</li> <li>Mr. Huang, Yung-Chang has practical experience in corporate governance in the financial and banking industry. He is professionally capable of finance management, operation management and expertise. He is able to provide advice and guidance regarding operation and management to the Company's Board, and has not violated any clause of Article 30 of the Company Act.</li> </ol>	<ol style="list-style-type: none"> <li>The corporate director, Ever Glory Investment Co., Ltd appointed the representative.</li> <li>Not a spouse or second-degree or closer relative of any other director.</li> </ol>	1
Wu, Li-Wen	<ol style="list-style-type: none"> <li>Ms. Wu, Li-Wen is the representative of a corporate director.</li> <li>Ms. Wu, Li-Wen has more than 30 years of rich experience in the textile industry. She is capable of operation and management, as well as leadership and decision-making. She is able to provide advice and guidance regarding operation and management to the Company's Board, and has not violated any clause of Article 30 of the Company Act.</li> </ol>	<ol style="list-style-type: none"> <li>The corporate director, FOUNDATION TAICHUNG CITY PRIVATE EVER GLORY EDUCATION FOUNDATION, appointed the representative.</li> <li>Not a spouse or second-degree or closer relative of any other director.</li> </ol>	0
Sun, Chin-Feng	<ol style="list-style-type: none"> <li>Sun, Chin-Feng is a director of the Company, while serving as an independent director of other listed companies.</li> <li>Mr. Sun, Chin-Feng has practical experience in legal, commerce, finance and accounting. He is professionally capable of finance management, operation management, and expertise. He is able to provide advice and guidance regarding operation and management to the Company's Board to enhance the Company's corporate governance quality and supervisory function via his expertise, and has not violated any clause of Article 30 of the Company Act.</li> </ol>	<p>The three directors at the left are :</p> <ol style="list-style-type: none"> <li>Qualified for the independence as Independent directors</li> <li>Fully compliant with the independence requirements : <ol style="list-style-type: none"> <li>No independent director or his or her spouse or any second-degree or closer relative serve as a director, supervisor, or employee of the Company or any of its affiliates;</li> <li>No shares are held by the independent director, spouse or any second-degree or closer relative;</li> <li>Not a director, supervisor, or employee of any company having a specified relationship with the</li> </ol> </li> </ol>	3
Lin, Win-Jon	<ol style="list-style-type: none"> <li>Lin, Win-Jon is a director of the Company, while serving as an independent director of other listed companies.</li> <li>Mr. Lin, Win-Jon has practical experience in corporate governance in textile companies. He is professionally capable of finance management, operation management, and expertise. He is able to provide advice and guidance regarding operation and management to the Company's Board to enhance the Company's corporate governance quality and</li> </ol>	<ol style="list-style-type: none"> <li>No independent director or his or her spouse or any second-degree or closer relative serve as a director, supervisor, or employee of the Company or any of its affiliates;</li> <li>No shares are held by the independent director, spouse or any second-degree or closer relative;</li> <li>Not a director, supervisor, or employee of any company having a specified relationship with the</li> </ol>	2

	supervisory function via his expertise, and has not violated any clause of Article 30 of the Company Act.	Company (see Article 6, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies)	
Lin, Chien-Ping	<p>1. Lin, Chien-Ping is a director of the Company, while serving as an independent director of other listed companies.</p> <p>2. Mr. Lin, Chien-Ping has practical experience in corporate governance in finance and banking, electronics, and technologies, with rich experience in legal, commerce, finance and accounting. He is professionally capable of finance management, operation management, and expertise. He is able to provide advice and guidance regarding operation and management to the Company's Board to enhance the Company's corporate governance quality and supervisory function via his expertise, and has not violated any clause of Article 30 of the Company Act.</p>	(4) Not received any payment for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years	2

Note : Description of the board diversity and independence :

- (1) Diversification of the board of directors : Composition of the board of directors : The Company's Board has diverse policies. In addition to the expertise and skills required for the position, the Board also has different professional backgrounds and experiences in industries (the professional backgrounds of the directors cover : operation and management, international market analysis, energy, environmental protection, textile, risk management, marketing, accounting, finance and law), many of the Company's directors serve as directors or independent directors of other listed companies. The rich knowledge, personal insight and business operation judgment of the directors, as well as their rich leadership and decision-making ability, are deeply relied on by the Company. In addition, the Company also emphasizes gender equality in terms of the composition of the Board. Among the directors, there is one female director.
- (2) The Board as a whole should have the following abilities :
  - ◎Ability to make operational judgments.
  - ◎Ability to perform accounting and financial analysis.
  - ◎Ability to operate and manage (the Company and subsidiaries)
  - ◎Ability to deal with any crisis.
  - ◎Industry expertise.
  - ◎International market.
  - ◎Leadership.
  - ◎Ability to make policy decisions.
- (3) Specific management objectives : The Company's Board guides the Company's strategy, supervises the management, and is responsible to the Company and shareholders. The operations and arrangements of the corporate governance system should ensure that the Board exercises its authority by law, the Company's Articles of Incorporation, or resolutions of the shareholders' meetings. The directors listen to the report of the management team in the board meetings, give instruction and advices, maintain good communication with the management team, and create the maximum benefit for shareholders together.
- (4) Meetings : For the holding of meetings and the attendance of such meetings, see Corporate Governance Report/IV. Corporate Governance/(I) Board of directors.
- (5) Independence : The Company currently has seven directors, and their expertise and independence are summarized in the table below. As of the end of 2023, all independent directors are qualified under the regulations regarding independent directors by the Securities and Futures Bureau of Financial Supervisory Commission, and none of the director and independent directors has such relationship with each other as set out in subparagraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act. For information on the independence, education background, gender and work experience of the directors, see [Three. Corporate Governance Report/II.Directors, President, Vice Presidents, Assistant Vice Presidents, and Heads of Divisions and Branches/(I) Information on directors and independent directors; and (II) Disclosure of the expertise and independence of directors and independent directors].

Name \ Criteria	At least 5 years of work experience and the following professional qualifications or not			Independence consistency (Note 2)											
	An instructor or higher up in a department of commerce, law, finance, accounting, or other academic department related to company business in a public or private junior college, college, or university.	A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialist who has passed a national examination and has been awarded a certificate in a professional capacity that is necessary for company business.	Having work experience in the area of commerce, law, finance or accounting, or otherwise necessary for company business.	1	2	3	4	5	6	7	8	9	10	11	12
Chen, Shiou-Chung	No	No	Yes	-	-	-	-	-	✓	-	-	✓	-	✓	✓
Chen, Chien-Choan	No	No	Yes	-	-	-	-	-	✓	-	✓	✓	-	✓	✓
Sun, Chin-Feng	No	No	Yes	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Lin, Win-Jon	No	No	Yes	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Lin, Chien-Ping	No	No	Yes	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Yung Huang Investment Co., Ltd. Representative : Chuang Chin-Ming/Wu, Li-Wen	No	No	Yes	-	-	✓	✓	-	✓	✓	✓	✓	✓	✓	-
FOUNDATION EVER GLORY EDUCATION FOUNDATION Representative : Huang, Yung-Chang	No	No	Yes	-	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	-

Note 1: On January 18, 2022, the corporate director EVER GLORY INVESTMENT COM, LTD. appointed a new representative Ms. Wu, Li-Wen; the previous representative Chuang, Chin-Ming was removed.

Note 2: Tick “✓” in the space below each code if any of the following circumstances is met by any director or supervisors for the most recent two years prior to election.

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a director or supervisor of the Company or any of its affiliates (except for an independent director engaged concurrently by the Company, its parent company, any of its subsidiaries, or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).
- (3) Not a director, spouse, minor child thereof, or another natural person shareholder who holds more than 1% of the total issued shares of the Company by nominee arrangement or with top ten ownership.
- (4) Not the spouse, second-degree or closer relative, or direct third-degree or closer relative of a managerial officer referred to in (1) or a person referred to in (2) or (3).
- (5) Not a director, supervisor, or employee of an institutional shareholder who directly holds more than 5% of the Company's total issued shares, who is among the top five shareholders, or who designates its representative to serve as a director or supervisor of the Company in accordance with paragraph 1 or 2, Article 27 of the Company Act (except for an independent director engaged concurrently by the Company, its parent company, any of its subsidiaries or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).
- (6) Not a director, supervisor, or employee of another company where a majority of the Company's director seats or voting shares and those of such another company are controlled by the same person (except for an independent director engaged concurrently by the Company, its parent company, any of its subsidiaries or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).
- (7) Not a director, supervisor, or employee of another company or institution where the Chairman,

President, or person holding an equivalent position of the Company and a person in an equivalent position at another company or institution are the same person or are spouses (except for an independent director engaged concurrently by the Company, its parent company, any of its subsidiaries or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).

- (8) Not a director, supervisor, managerial officer, or shareholder holding 5% or more of the shares of a company or institution which has financial or business contacts with the Company (except for a specific company or institution holding more than 20% and no more than 50% of the total issued shares of the Company and for an independent director engaged concurrently by the Company, its parent company, any of its subsidiaries or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).
- (9) Not a professional individual who, or an owner, partner, director, supervisor, or managerial officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past two years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Security and Exchanges Act or to the Business Mergers and Acquisitions Act or relevant laws or regulations.
- (10) Not a spouse or second-degree or closer relative of another director.
- (11) Not in any of the circumstances under any paragraphs of Article 30 of the Company Act.
- (12) Not a government, juridical person, or representative thereof elected as per Article 27 of the Companies Act.

## (III) Information on President, Vice Presidents, Assistant Vice Presidents, and Heads of Divisions and Branches

March 24, 2023

Title	Nationality	Name	Gender	Date of election / appointment to current term	Shareholding		Shareholding of spouse or minor children		Shares held through nominees		Major education and experience	Current employment with other companies	Spouse or second-degree or closer relative who is another managerial officer of the Company			Remarks
					No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio			Title	Name	Relationship	
President	Republic of China	Chen, Chien-Choan	Male	July 1, 2010	4,107,262	3.61%	-	-	-	-	MBA, University of Michigan, the U.S	Chairman, InnoPeak Advanced Materials Co., Ltd. Chairman, ROSEGATE HOLDING CORP. TAH TONG TEXTILE (VIETNAM) CO., LTD Chairman	-	-	-	-
Vice President, Yarn Business Division	Republic of China	LEE, I-MIN	Male	July 1, 2021	-	-	-	-	-	-	Department of Textile, Hsin-Pu Junior College of Industry	-	-	-	-	-
Accounting Officer/Finance Officer	Republic of China	Ying, Yang-Chun	Male	November 15, 2021	-	-	-	-	-	-	Master, Business School, New York City University	Supervisor, InnoPeak Advanced Materials Co., Ltd.	-	-	-	-
Accounting Officer	Republic of China	Guo, Shun-Yi	Male	112.02.24	-	-	-	-	-	-	MBA, University of North Alabama	-	-	-	-	-
Assistant Vice President of President's Office	Republic of China	Wu, Li-Wen	Female	July 1, 2021	50	-	-	-	-	-	Chin Chwang Vocational School of Commerce	-	-	-	-	-

Note : Ying, Yang-Chun, Accounting Officer/Finance Officer of the Company, resigned in March 2023.

### III. Remuneration Paid to Directors, Supervisors, President, and Vice Presidents in the Most Recent Year

#### (I) Remuneration to non-independent and independent directors

Unit : NT\$ thousands; As of December 31, 2022

Title	Name	Remuneration of Directors								Sum of A+B+C+D and ratio to net income		Remuneration received for serving as an employee concurrently								Sum of A+B+C+D+E+F+G and ratio to net income		Remuneration from investees other than subsidiaries or from the parent company	
		Base remuneration (A)		Severance and pension (B)		Remuneration to directors (C)		Expenses and perquisites (D)				Salary, rewards, and special disbursements (E)		Retirement pay and pension (F)		Employee profit-sharing compensation (G)							
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company		All consolidated entities -		The Company	All consolidated entities		
Chairman	Chen, Shiou-Chung	1,040	1,040	-	-	-	-	18	18	1,058 (0.40%)	1,058 (0.40%)	2,665	2,665	-	-	-	-	-	-	3,723 (1.42%)	3,723 (1.42%)	120	
Director	Chen, Chien-Choan	280	280	-	-	-	-	18	18	298 (0.11%)	298 (0.11%)	1,671	2,834	108	108	-	-	-	-	2,077 (0.79%)	3,240 (1.24%)	-	
Director	Yung Huang Investment Co., Ltd. Representative : Wu, Li-Wen	280	280	-	-	-	-	15	15	295 (0.11%)	295 (0.11%)	1,204	1,204	64	64	-	-	-	-	1,564 (0.60%)	1,564 (0.60%)	-	
Director	EVER GLORY EDUCATION FOUNDATION Representative : Huang, Yung-Chang	280	280	-	-	-	-	18	18	298 (0.11%)	298 (0.11%)	976	976	54	54	-	-	-	-	1,328 (0.51%)	1,328 (0.51%)	-	
Independent Director	Sun, Chin-Feng	520	520	-	-	-	-	28	28	548 (0.21%)	548 (0.21%)	-	-	-	-	-	-	-	-	548 (0.21%)	548 (0.21%)	-	
Independent Director	Lin, Win-Jon	520	520	-	-	-	-	28	28	548 (0.21%)	548 (0.21%)	-	-	-	-	-	-	-	-	548 (0.21%)	548 (0.21%)	-	
Independent Director	Lin, Chien-Ping	520	520	-	-	-	-	28	28	548 (0.21%)	548 (0.21%)	-	-	-	-	-	-	-	-	548 (0.21%)	548 (0.21%)	-	

Note : The independent director, Lin, Chien-Ping, and the corporate director, Ever Glory Education Foundation took the offices upon the re-election on July 6, 2021; the



corporate director, Ever Glory Investment appointed a new representative on January 18, 2022.

The remuneration and business execution expense include both the service in the Audit and Remuneration Committee.

- (1) Please describe the policy, system, rates and structure of remuneration to independent directors, and describe the relevance to the amount of remuneration based on factors such as duties, risks, and time :

The remunerations the Company pays to the independent directors comply with the Articles of Incorporation. The remuneration committee propose the remuneration, and the remuneration system is reviewed timely depending on the Company's overall operating conditions in practice and relevant laws and regulations, to seek the balance between the Company's sustainable operation and risk control, and approved by the Board after the discussion and resolution for implementation.

- (2) Remuneration received by directors for services in the most recent year other than disclosed in the above table (e.g. for serving as a non-employee consultant of the parent company/companies/investees included in the consolidated financial statements) : None.

(II) Remuneration to supervisors : not applicable.

(III) Remuneration to President and Vice Presidents

Unit : NT\$ thousands; As of December 31, 2022

Title	Name	Salary (A)		Severance and pension (B)		Rewards and special disbursements (C)		Employee profit-sharing compensation (D)				Sum of A+B+C+D and ratio to net income (%)		Remuneration from investees other than subsidiaries or from the parent company
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company		All consolidated entities		The Company	All consolidated entities	
								Cash amount	Share amount	Cash amount	Share amount			
President	Chen, Chien-Choan	1,671	2,834	108	108	-	-	-	-	-	-	1,779 (0.68%)	2,942 (1.12%)	-
Vice President	Chuang, Chin-Ming	313	313	178	178	-	-	-	-	-	-	491 (0.19%)	491 (0.19%)	-
Vice President	LEE, I-MIN	1,722	2,335	108	108	-	-	-	-	-	-	1,830 (0.70%)	2,443 (0.93%)	-

Note : Chuang Chin-Ming resigned in January 2022.

## (IV) Remuneration to top 5 best remunerated officers

Unit : NT\$ thousands; As of December 31, 2022

Title	Name	Salary (A)		Severance and pension (B)		Rewards and special disbursements (C)		Employee profit-sharing compensation (D)				Sum of A+B+C+D and ratio to net income (%)		Remuneration from investees other than subsidiaries or from the parent company
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company		All consolidated entities		The Company	All consolidated entities	
								Cash amount	Share amount	Cash amount	Share amount			
President	Chen, Chien-Choan	1,671	2,834	108	108	-	-	-	-	-	-	1,779 (0.68%)	2,942 (1.12%)	-
Vice President	LEE, I-MIN	1,722	2,335	108	108	-	-	-	-	-	-	1,830 (0.70%)	2,443 (0.93%)	-
Accounting Officer/Finance Officer	Ying, Yang-Chun	1,693	1,693	99	99	-	-	-	-	-	-	1,792 (0.68%)	1,792 (0.68%)	-
Manager	Wang, Yin-Pin	1,424	1,424	63	63	-	-	-	-	-	-	1,487 (0.57%)	1,487 (0.57%)	-
Associate Vice President	Wu, Li-Wen	1,204	1,204	64	64	-	-	-	-	-	-	1,269 (0.48%)	1,269 (0.48%)	-

## (V) Names of managerial officers who distribute compensation to employees

As of December 31, 2022

	Title (Note)	Name (Note)	Amount in stock	Amount in cash	Total	As a % of net profit
Managerial officers	President	Chen, Chien-Choan	0	0	0	0%
	Vice President	LEE, I-MIN				
	Associate Vice President	Chen, Ke-Shao				
	Associate Vice President	Hsu, Chia-Yuan				
	Associate Vice President	Wu, Li-Wen				
	Special Assistant	Huang, Yung-Chang				
	Accounting Officer/Finance Officer	Ying, Yang-Chun				
	Accounting Officer	Guo, Shun-Yi				
	Vice President	Chuang, Chin-Ming				

Note : Chuang Chin-Ming resigned in January 2022; Ying, Yang-Chun resigned in March 2023; Guo, Shun-Yi was appointed in February 2023.

## (VI) Separately compare and analyze the proportion of the total remuneration paid to the Company's directors, supervisors, President, and Vice Presidents during the most recent two years by the Company and all companies included in the consolidated financial statements to the after-tax net profit, and describe the policy, rates and package of remuneration paid, the process for determining remuneration and its relation to operating performance.

Unit : NT\$ thousand

Item \ Year	Total remuneration as a percentage of the net income after tax			
	2021		2022	
	The Company	All consolidated entities	The Company	All consolidated entities
Net income (loss) after tax	(76,055)	(76,055)	(262,231)	(262,231)
Director	(12.52%)	(13.85%)	(3.95%)	(4.40%)
Supervisors	(0.44%)	(0.44%)	-	-
President and Vice President	(7.13)%	(9.12%)	(1.57)%	(2.24%)
The remuneration of the Company's directors and supervisors is fixed amount, based on the resolutions of the shareholders' and board meetings, regardless of profit or loss. The appropriate remunerations are paid to the president and vice presidents based on the "Procedures of Wage Payment to Employees" established by the Company by referring the level of the wage among peers, while considering the position's duties, performance, and contribution to operations for the Company.				

Note : The Company replaced the supervisors with the Audit Committee since July 5, 2021.

#### IV. Corporate Governance

##### (I) Board of directors :

Information on the operation of the board of directors :

The Board of Directors held 15 (A) meetings during the most recent year and as of the date of the annual report. The attendance of directors is presented as follows :

Title	Name	Attendance in person B	Attendance by proxy	Attendance (%) [B/A]	Remarks
Chairman	Chen, Shiou-Chung	15	0	100%	
Director	Chen, Chien-Choan	15	0	100%	
Director	EVER GLORY INVESTMENT COM, LTD. Representative : Wu, Li-Wen	8	0	89%	Newly elected as the representative on January 18, 2022 (present at 8 of the 9 meetings expected to be attended)
Director	FOUNDATION TAICHUNG CITY PRIVATE EVER GLORY EDUCATION FOUNDATION Representative : Huang, Yung-Chang	15	0	100%	
Independent Director	Sun, Chin-Feng	15	0	100%	
Independent Director	Lin, Win-Jon	15	0	100%	
Independent Director	Lin, Chien-Ping	15	0	100%	

Additional information to be recorded :

- (1) If the operations of the Board of Directors is under any of the circumstances below, the date of the board meeting, the session, the content of the proposal, independent directors' opinions, and the Company's response to said opinions shall be specified :
  1. Any matter under Article 14-3 of the Securities and Exchange Act : approved by all independent directors without dissent.
  2. Except for the above matters, other matters resolved by the Board of Directors with objection or reservation made by any independent directors, with records or a written statement : None.
- (2) In the event of directors' recusal from proposals, the name of director, the content of proposal, the reasons for recusal, and the participation in voting shall be specified :

Term and meeting of the Board	Director recused	Proposal description	Reason of recusal	Participation in voting
32th Board 07th Meeting	Chen, Chien-Choan Chuang,	Proposal for distributing 2021 year-end	Persons interested to the proposal, which involves	The proposal was unanimously approved, without dissent, by all attending directors other than the

Term and meeting of the Board	Director recused	Proposal description	Reason of recusal	Participation in voting
	Chin-Ming	bonus to managerial officers	their own interests.	interested persons.
32th Board 08th Meeting	Chen, Shiou-Chung Chen, Chien-Choan Huang, Yung-Chang	Proposal for adjusting meal allowances for directors who are also employees and their senior officers	Persons interested to the proposal, which involves their own interests.	The proposal was unanimously approved, without dissent, by all attending directors other than the interested persons upon discussion as organized by the acting chairman.
32th Board 10th Meeting	Chen, Shiou-Chung	Proposal for adjusting the Chairman's remuneration	Persons interested to the proposal, which involves their own interests.	The proposal was unanimously approved, without dissent, by all attending directors other than the interested persons upon discussion as organized by the acting chairman.
32th Board 11th Meeting	Wu, Li-Wen	Proposal for adjusting managerial officers' remuneration	Persons interested to the proposal, which involves their own interests.	The proposal was unanimously approved, without dissent, by all attending directors other than the interested persons.
32th Board 13th Meeting	Chen, Chien-Choan Wu, Li-Wen	Proposal for distributing year-end bonus to managerial officers	Persons interested to the proposal, which involves their own interests.	The proposal was unanimously approved, without dissent, by all attending directors other than the interested persons.
32th Board 15th Meeting	Chen, Chien-Choan	Proposal for planning to dispose of the Company's investment in KTD	Persons interested to the proposal, which involves their own interests.	The proposal was unanimously approved, without dissent, by all attending directors other than the interested persons.
	Chen, Shiou-Chung Wu, Li-Wen Huang, Yung-Chang	Proposal for planning to dispose of the Company's investment in Great Bell	Persons interested to the proposal, which involves their own interests.	The proposal was unanimously approved, without dissent, by all attending directors other than the interested persons upon discussion as organized by the acting chairman.
	Chen, Shiou-Chung Huang, Yung-Chang	Proposal for planning to pledge the Company's equity interests in Great Bell as collateral	Persons interested to the proposal, which involves their own interests.	The proposal was unanimously approved, without dissent, by all attending directors other than the interested persons upon discussion as organized by the acting chairman.

- (3) Disclosure by listed/OTC companies of the evaluation cycle, evaluation period, evaluation scope, method, and evaluation content of the self-evaluation (or peer evaluation) of the Board of Directors.

Evaluation cycle	Evaluation period	Scope of evaluation	Method of evaluation	Evaluation content
Once a year	October 1, 2021 to September 30, 2022	Individual board member	The "Self-evaluation Questionnaire for Board Member's Appraisal" is conducted in a self-evaluation manner, and the evaluation results were submitted to the board meeting on February 24, 2023, as a basis for review and improvement.	<ol style="list-style-type: none"> <li>1. Understanding of the Company's goals and mission</li> <li>2. Awareness of the duties of a director</li> <li>3. Participation in the Company's operations</li> <li>4. Management of internal relationship and communication</li> <li>5. Professionalism and continuing education of directors</li> <li>6. Internal control</li> </ol>
		Board of directors	The "Self-evaluation Questionnaire for Board's Performance Appraisal" is conducted in a self-evaluation manner, and the evaluation results were submitted to the board meeting on February 24, 2023, as a basis for review and improvement.	<ol style="list-style-type: none"> <li>1. Participation in the Company's operations</li> <li>2. Improvement of the quality of decisions made by the board of directors</li> <li>3. Composition and structure of the board of directors</li> <li>4. Election and continuing education of directors</li> <li>5. Internal control</li> </ol>
		Functional Committees (Audit Committee and Remuneration Committee)	The "Self-Evaluation Questionnaire on the Performance of Functional Committees" is conducted by self-evaluation method, and the result will be submitted to the board of directors' report on February 24, 2023 as the basis for review and improvement.	<ol style="list-style-type: none"> <li>1. Participation in the Company's operations</li> <li>2. Awareness of the duties of a functional committee</li> <li>3. Improvement of the quality of decisions made by a functional committee</li> <li>4. Composition of a functional committee</li> <li>5. Election of members and internal control</li> </ol>

(4) The goals of enhancing the Board's functions in the current and the most recent years (e.g. establishing the Audit Committee, or improving information transparency) and the assessment of implementation.

1. In support of the authority's corporate governance policy, the Company has established the Audit Committee to assist the Board in fulfilling its supervisory duties.
2. The Company's governance-related rules have been disclosed on MOPS and the Company's website as required, to enhance the transparency of the Company's operational information.
3. The Company has purchased "Director, Supervisor, and Managerial Officers' Liability Insurance" to spread the risk of directors' legal liability and enhance corporate governance. This was reported in the BOD dated August 12, 2022.

- (5) Succession planning for directors and key officers : In accordance with the Company's development direction and goals, the Company is making the succession. The successors must not only have expertise, but also possess integrity and the values that are consistent with those of the Company.

1. Succession planning for directors

The Company currently has seven directors (including three independent directors) in total, all of whom have the capabilities required for commerce, finance and accounting, or the Company's business. In the future, the composition structure and experience background of the Board of the Company will continue the current structure. Regarding the succession planning of the Board, the good communication with professionals is maintained from time to time to discuss the selection of successors. In terms of independent directors, the work experience in commerce, legal, finance, accounting or the Company's business are required by laws, so they will be selected from the professionals in the domestic academic and industrial fields.

2. Succession planning for management

The Company regularly reviews and screens potential talent lists at all levels, establishes a talent pool, and conducts training programs. The talent development program includes professional and management capabilities.

- 1) Participate in internal and external training based on personal development needs, to cultivate decision-making and judgment capabilities.
- 2) Keep complete training records and review the talent development plan regularly to adjust the development plan according to the needs of organizational operations.
- 3) Arrange job rotations and participate in senior officer meetings, so that successors can improve their management capabilities and mindset.

- (II) Operation of the Audit Committee : The Audit Committee was established after the re-election of directors in the 2021 Annual General Shareholders' Meeting.

(1) Audit Committee

The Audit Committee held 15 (A) meetings during the most recent year and as of the date of the annual report. The attendance of independent directors is presented as follows :

Title	Name	Meetings actually attended (B)	Attendance by proxy	Actual attendance B/A (%)	Remarks
Independent Director	Sun, Chin-Feng	15	0	100%	
Independent Director	Lin, Win-Jon	15	0	100%	
Independent Director	Lin, Chien-Ping	15	0	100%	

Note : The Audit Committee was formed by all independent directors on July 6, 2021.

Additional information to be recorded :

1. If the operations of the Audit Committee fall under any of the circumstances below,

the date of the Audit Committee meeting, the session, the content of the proposal, any objection, reservation, or major suggestion made by independent directors, the results of resolutions by the Audit Committee, and the Company's response to the committee's opinions shall be specified.

2) Matters set out in Article 14-5 of the Securities and Exchange Act.

Meeting date	Proposal description	Resolutions adopted by the Audit Committee and the Company's treatment to the opinions of the Audit Committee
1/19/2022 (7th Meeting of the 1st Committee)	<ol style="list-style-type: none"> <li>1. Proposal for distributing 2021 remuneration to directors.</li> <li>2. Proposal for distributing 2021 year-end bonus to managerial officers.</li> <li>3. Proposal for the Company participating in the capital increase of the subsidiary InnoPeak Advanced Materials Co., Ltd.</li> <li>4. Proposal for the Company participating in the capital increase of the investee KOREA TEXTILE &amp; DYEING SUPPORT SERVICES JOINT STOCK COMPANY indirectly through a third place.</li> <li>5. Proposal for authorizing the Chairman to approve endorsements and guarantees to the extent of the Company's SOP for Endorsements and Guarantees, and ratify it in the next meeting of the board of directors.</li> <li>6. Proposal for appointing the Company's CFO.</li> </ol>	Approved by all attending members and reported to the Board; approved by all attending directors without dissent.
March 25, 2022 (8th Meeting of the 1st Committee)	<ol style="list-style-type: none"> <li>1. Proposal for adjusting meal allowances for directors who are also employees and their senior officers.</li> <li>2. Proposal for the Company's 2021 Declaration of Internal Control System.</li> <li>3. Proposal for the Company's 2021 Business Report and Financial Statements.</li> <li>4. Proposal for drafting the Company's 2021 loss appropriation.</li> <li>5. Proposal for the Company issuing ordinary shares through private placement.</li> <li>6. Proposal for revising some articles of the SOP for Acquisition and Disposal of Assets.</li> <li>7. Proposal for revising some articles of the SOP for Lending Capital to Others.</li> <li>8. Proposal for revising some articles of the SOP for Endorsements and Guarantees.</li> <li>9. Proposal for regularly evaluating the independence of CPAs and the appointment of CPAs and the verification of audit fees in 2022.</li> <li>10. Proposal for the Company increasing capital in its wholly owned subsidiary Tah Tong (Vietnam) Textile Co., Ltd. through a investment company located in a third place.</li> <li>11. Proposal for transferring the receivables for machinery and equipment due to the subsidiary Tah Tong (Vietnam) Textile Co., Ltd. beyond the credit period to a capital loan and changing the nature.</li> <li>12. Proposal for the Company lending US\$1 million to Tah Tong (Vietnam) Textile Co., Ltd..</li> <li>13. Proposal for improving the Company's capital loan to</li> </ol>	Approved by all attending members and reported to the Board; approved by all attending directors without dissent.



Meeting date	Proposal description	Resolutions adopted by the Audit Committee and the Company' s treatment to the opinions of the Audit Committee
	<p>Tah Tong (Vietnam) Textile Co., Ltd. beyond credit limits.</p> <p>14. Proposal for GLOUCESTER CO., LTD., ROSEGATE HOLDING CORP, and DAYSTAR LIMITED developing and revising the SOP for Lending Capital to Others.</p> <p>15. Proposal for Gloucester CO., LTD. lending US\$2 million to Tah Tong (Vietnam) Textile Co., Ltd.</p> <p>16. Proposal for ROSEGATE HOLDING CORP lending US\$16 million to Tah Tong (Vietnam) Textile Co., Ltd.</p> <p>17. Proposal for ratifying the renewal by Tah Tong (Vietnam) Textile Co., Ltd. of the financing limits provided by SCB Dong Nai Branch and the Company's endorsement/guarantee.</p> <p>18. Cancellation of the proposal for GLOUCESTER CO., LTD. applying to Chailease Finance Co., Ltd. for a short-term financing and the Company providing an endorsement/guarantee.</p> <p>19. Proposal for ratifying the application by GLOUCESTER CO., LTD. to Chailease International Financial Services (Singapore) Pte, Ltd. for credit financing and the provision by the Company of an endorsement/guarantee.</p> <p>20. Cancellation of the proposal for GLOUCESTER CO., LTD. applying to Zhongtai Leasing Co., Ltd. for a short-term financing and the Company providing an endorsement/guarantee.</p> <p>21. Proposal for ratifying the application by GLOUCESTER CO., LTD. to ROBINA VENTURES INCORPORATION for credit financing and the provision by the Company of an endorsement/guarantee.</p>	
May 10, 2022 (9th Meeting of the 1st Committee)	<p>1. Proposal for lending US\$1 million to Tah Tong (Vietnam) Textile Co., Ltd.</p> <p>2. Proposal for ratifying the renewal by Tah Tong (Vietnam) Textile Co., Ltd. of the financing limits provided by Mega Bank Ho Chi Minh Branch and the Company's endorsement/guarantee.</p>	All of the said proposals, except for Proposal 1, which was rejected by the Audit Committee and not submitted to the Board, were approved by all attending members and reported to the Board; approved by all attending directors without dissent.
August 12, 2021 (10th Meeting of the 1st Committee)	<p>1. Proposal for consolidated financial statements for Q2 2022.</p> <p>2. Proposal for adjusting the Chairman's remuneration.</p> <p>3. Proposal for revising the Company's Measures for the Preparation of Financial Statements and evaluating the Company's ability to prepare financial statements.</p> <p>4. Proposal for ratifying the renewal by Tah Tong (Vietnam) Textile Co., Ltd. of the financing limits provided by Mega Bank Ho Chi Minh Branch and the Company's endorsement/guarantee.</p> <p>5. Proposal for GLOUCESTER CO., LTD., ROSEGATE HOLDING CORP, and DAYSTAR LIMITED revising the SOP for Lending Capital to Others.</p>	Approved by all attending members and reported to the Board; approved by all attending directors without dissent.

Meeting date	Proposal description	Resolutions adopted by the Audit Committee and the Company' s treatment to the opinions of the Audit Committee
	6. Proposal for revising the Company's Guidelines for the Application of the Internal Control System.	
September 13, 2022 (11th Meeting of the 1st Committee)	<ol style="list-style-type: none"> <li>1. Proposal for adjusting managerial officers' remuneration.</li> <li>2. Proposal for determining the price of the Company's ordinary shares issued through private placement in 2022 and other related matters.</li> <li>3. Proposal for the Company lending NT\$20 million to InnoPeak Advanced Materials Co., Ltd.</li> <li>4. Proposal for the Company opting out purchasing the second cash capital increase of InnoPeak Advanced Materials Co., Ltd. in 2022.</li> </ol>	Approved by all attending members and reported to the Board; approved by all attending directors without dissent.
September 14, 2021 (12th Meeting of the 1st Committee)	<ol style="list-style-type: none"> <li>1. Proposal for consolidated financial statements for Q3 2022.</li> <li>2. Proposal for appointing the Company's CAO.</li> <li>3. Proposal for the Company lending US\$1 million to Tah Tong (Vietnam) Textile Co., Ltd..</li> <li>4. Proposal for further revising the Company's SOP for Revising the Internal Control System.</li> <li>5. Proposal for further revising the Company's Control of Information Security Inspection and Operations Related to Public Information Reporting.</li> <li>6. Proposal for 2023 Internal Audit Review Plan.</li> </ol>	Approved by all attending members and reported to the Board; approved by all attending directors without dissent.
January 12, 2023 (13th Meeting of the 1st Committee)	<ol style="list-style-type: none"> <li>1. Proposal for distributing remuneration to directors and independent directors for 2022.</li> <li>2. Proposal for distributing 2022 year-end bonus to managerial officers.</li> <li>3. Proposal for Gloucester CO., LTD. lending US\$500,000 to Tah Tong (Vietnam) Textile Co., Ltd.</li> </ol>	Approved by all attending members and reported to the Board; approved by all attending directors without dissent.
February 13, 2022 (14th Meeting of the 1st Committee)	<ol style="list-style-type: none"> <li>1. Proposal for ratifying the renewal by Tah Tong (Vietnam) Textile Co., Ltd. of the financing limits provided by INDOVINA BANK LTD. Dong Nai Branch and the Company's endorsement/guarantee.</li> <li>2. Proposal for the Company lending US\$1 million to Tah Tong (Vietnam) Textile Co., Ltd..</li> <li>3. Proposal for revising some articles of the Company's Articles of Incorporation.</li> <li>4. Proposal for appointing the Company's CAO.</li> </ol>	Approved by all attending members and reported to the Board; approved by all attending directors without dissent.
March 24, 2022 (15th Meeting of the 1st Committee)	<ol style="list-style-type: none"> <li>1. Proposal for the Company's 2022 Business Report, parent only financial statements and consolidated financial statements.</li> <li>2. Proposal for the Company's 2022 loss appropriation.</li> <li>3. Proposal for the Company's 2022 Declaration of Internal Control System.</li> <li>4. Proposal for revising the Company's SOP for Self-Evaluation of the Internal Control System.</li> <li>5. Proposal for regularly evaluating the independence of CPAs and the appointment of CPAs and the verification of audit fees in 2023.</li> <li>6. Proposal for pre-approving the provision of non-assurance services by a CPA firm and affiliates to the Company and subsidiaries.</li> <li>7. Proposal for the Company reducing capital to make up</li> </ol>	Approved by all attending members and reported to the Board; approved by all attending directors without dissent.

Meeting date	Proposal description	Resolutions adopted by the Audit Committee and the Company' s treatment to the opinions of the Audit Committee
	<p>losses, so as to improve its financial structure.</p> <p>8. Proposal for disposing of the Company's investment in KOREA TEXTILE &amp; DYEING SERVICES JOINT STOCK COMPANY.</p> <p>9. Proposal for disposing of the Company's investment in Great Bell Printing &amp; Dyeing Co., Ltd.</p> <p>10. Proposal for the Company issuing ordinary shares through private placement.</p> <p>11. Proposal for ratifying the renewal by Tah Tong (Vietnam) Textile Co., Ltd. of the financing limits provided by SCB Dong Nai Branch and the Company's endorsement/guarantee.</p> <p>12. Proposal for pledging the shares of Great Bell Printing &amp; Dyeing Co., Ltd. as collateral.</p>	

3) Any matters, other than those mentioned above, not approved by the Audit Committee but approved by more than two-thirds of all directors : None.

2. Any circumstance where, in the event of any independent director's recusal from an interested proposal, the name of independent director, the content of proposal, the reasons for recusal, and the participation in voting shall be stated : None.

3. Communication between independent directors and internal/external CPAs (on the Company's financial and business affairs, methods, and results).

1) Communication between independent directors and CPAs

Date	Communication content	Result of implementation
111.03.25 Financial report meeting	Communicate and discuss the audit results of the 2021 parent-only and consolidated financial report.	No inconsistent opinion
111.05.10 Audit Committee	Audit findings on the consolidated financial statements for Q1 2022.	No inconsistent opinion
111.08.12 Audit Committee	Audit findings on the consolidated financial statements for Q2 2022.	No inconsistent opinion
111.11.14 Audit Committee	Audit findings on the consolidated financial statements for Q3 2022.	No inconsistent opinion
111.02.24 Audit Committee	<p>1. Interpretation of the newly revised sections of the IESBA Code on the Policy on Pre-approval of Non-assurance Services and Disclosure of Audit Fees</p> <p>2. Audit Quality Index (AQI).</p>	Followed up by the Audit Committee
111.03.23 Financial report meeting	Communicate and discuss the audit results of the 2022 parent-only and consolidated financial report.	No inconsistent opinion

2) Communication between independent directors and internal auditors

Date	Communication content	Communication and results	The Company's treatment results to independent directors' opinions
111.01.19 Board of directors	<ul style="list-style-type: none"> <li>● Audit of R&amp;D, procurement and payment, supervision and management of subsidiaries, management of the process for preparing financial statements, management of assets acquired and disposed of, compliance with acts and regulations, and tracking of improvement of internal control deficiencies and unusual circumstances.</li> </ul>	<ul style="list-style-type: none"> <li>● No dissent from all independent directors upon full communication upon full communication.</li> </ul>	<ul style="list-style-type: none"> <li>● Followed up by the Board of Directors</li> </ul>
111.03.25 Board of directors	<ul style="list-style-type: none"> <li>● Endorsement/guarantee, loans to others, and derivatives traded.</li> <li>● Proposal for the Company's 2021 Declaration of Internal Control System.</li> </ul>	<ul style="list-style-type: none"> <li>● No dissent from all independent directors upon full communication upon full communication.</li> <li>● No objection from all independent directors to the report.</li> </ul>	<ul style="list-style-type: none"> <li>● Followed up by the Board of Directors</li> <li>● Passed by the board of directors as proposed</li> </ul>
111.05.10 Board of directors	<ul style="list-style-type: none"> <li>● Endorsements and guarantees, loans to others, derivatives traded, tracking of improvement of internal control deficiencies and unusual circumstances, and management of the process for preparing financial statements.</li> </ul>	<ul style="list-style-type: none"> <li>● No dissent from all independent directors upon full communication upon full communication.</li> </ul>	<ul style="list-style-type: none"> <li>● Followed up by the Board of Directors</li> </ul>
111.08.12 Board of directors	<ul style="list-style-type: none"> <li>● Supervision and management of the subsidiary's payroll and personnel cycle, derivatives traded, use of computerized information processing, tracking of internal control deficiencies and unusual circumstances, management of loans to others, management of endorsements or guarantees to others.</li> <li>● Proposal for revising the Company's Guidelines for the Application of the Internal Control System.</li> </ul>	<ul style="list-style-type: none"> <li>● No dissent from all independent directors upon full communication upon full communication.</li> <li>● No objection from all independent directors to revising the report.</li> </ul>	<ul style="list-style-type: none"> <li>● Followed up by the Board of Directors</li> <li>● Passed by the board of directors as proposed</li> </ul>
111.09.13 Board of directors	<ul style="list-style-type: none"> <li>● Review of derivatives traded, management of meetings of the Audit Committee, and management of seals.</li> </ul>	<ul style="list-style-type: none"> <li>● No dissent from all independent directors upon full communication upon full communication.</li> </ul>	<ul style="list-style-type: none"> <li>● Followed up by the Board of Directors</li> </ul>
11.14.2022 Board of Directors	<ul style="list-style-type: none"> <li>● Management of the rules of procedure, management of derivatives traded, tracking of improvement of internal control deficiencies</li> </ul>	<ul style="list-style-type: none"> <li>● No dissent from all independent directors upon</li> </ul>	<ul style="list-style-type: none"> <li>● Followed up by the Board of Directors</li> </ul>

Date	Communication content	Communication and results	The Company's treatment results to independent directors' opinions
	<p>and unusual circumstances, management of loans to others, management of endorsements and guarantees for others, management of the process for preparing financial statements.</p> <ul style="list-style-type: none"> <li>● Proposal for further revising the Company's SOP for Revising the Internal Control System</li> <li>● Proposal for the Company's 2023 Internal Audit Review Plan</li> </ul>	<p>full communication upon full communication.</p> <ul style="list-style-type: none"> <li>● No objection from all independent directors to revising the report.</li> <li>● No objection from all independent directors to the plan.</li> </ul>	<ul style="list-style-type: none"> <li>● Passed by the board of directors as proposed</li> <li>● Passed by the board of directors as proposed</li> </ul>
112.01.12 Board of directors	<ul style="list-style-type: none"> <li>● Prevention and management of insider trading, management of derivatives traded, management of the functioning of the Remuneration Committee, management of related party transactions, R&amp;D cycle, sales and collection cycle, procurement and payment cycle, management of assets acquired or disposed of, supervision and management of subsidiaries, audit of legal compliance matters, and tracking of improvement of internal control deficiencies and unusual circumstances.</li> </ul>	<ul style="list-style-type: none"> <li>● No dissent from all independent directors upon full communication upon full communication.</li> </ul>	<ul style="list-style-type: none"> <li>● Followed up by the Board of Directors</li> </ul>
112.02.24 Audit Committee	<ul style="list-style-type: none"> <li>● Supervision and management of subsidiaries.</li> </ul>	<ul style="list-style-type: none"> <li>● No dissent from all independent directors upon full communication upon full communication.</li> </ul>	<ul style="list-style-type: none"> <li>● Followed up by the Board of Directors</li> </ul>
112.03.23 Audit Committee	<ul style="list-style-type: none"> <li>● Endorsement/guarantee, loans to others, and derivatives traded.</li> <li>● Proposal for the Company's 2022 Declaration of Internal Control System.</li> <li>● Proposal for revising the SOP for Self-Evaluation of Internal Control System.</li> </ul>	<ul style="list-style-type: none"> <li>● No dissent from all independent directors upon full communication upon full communication.</li> </ul>	<ul style="list-style-type: none"> <li>● Followed up by the Board of Directors</li> </ul>

(III) The operation of corporate governance and deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and cause of deviation

Evaluation item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and cause of deviation
	Yes	No	Summary	
I. Has the Company formulated and disclosed the Corporate Governance Best Practice Principles in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?	V		The Corporate Governance Best Practice Principles have been approved by the Board on November 11, 2020.	No major deviation
II. The Company's shareholding structure and shareholders' equity		V		
(I) Has the Company formulated internal operating procedures for handling shareholders' suggestions or questions or disputes and litigation with them and complied with the procedures?	V		(I) The Company has not yet prescribed relevant operating procedures. Currently, a shareholder service agency is engaged to handle shareholders' affairs, and the spokesperson, deputy spokesperson, and dedicate finance unit are responsible for handling shareholder-related issues.	No major deviation
(II) Does the Company have a list of the major shareholders with ultimate control over the Company and a list of the ultimate controllers of the major shareholders?	V		(II) The Company grasps the shareholding of directors, supervisors, managerial officers, and major shareholders holding more than 10% stake and ultimate controller, while reporting relevant information as required.	No major deviation
(III) Has the Company established and implemented a risk control and a firewall mechanism between itself and affiliates?			(III) The risk control mechanism and firewall between the Company and its affiliates were established in accordance with the "Regulations Governing Operations among Affiliated Enterprises" and "Management of related party transactions", according to which related party transactions that meet certain conditions shall be approved by the Audit Committee and the Board of Directors.	No major deviation
(IV) Has the Company formulated internal regulations to prohibit insiders from using information undisclosed in the market to buy and sell securities?			(IV) The Company has developed the SOP for Processing Material Internal Information, to regulate the insider trading control measures, strictly prohibiting insiders from using market information not made public to trade securities.	No major deviation
III. Composition and responsibilities of the Board of Directors	V			
(I) Have a diversity policy and specific management objectives been adopted for the board and		V	(I) The Company's directors have extensive experience or professional qualifications in operation, finance and accounting; see	No major deviation

Evaluation item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and cause of deviation
	Yes	No	Summary	
have they been fully implemented?	V		[Three. Corporate Governance Report/II. Directors, President, Vice Presidents, Assistant Vice Presidents, and Heads of Divisions and Branches/(I) Information on directors and independent directors, and (II) Disclosure of the expertise and independence of directors and independent directors.]	
(II) Has the Company voluntarily established other functional committees in addition to the remuneration and the audit committees established in accordance with the law?	V		(II) The Company has set up the Remuneration Committee and the Audit Committee by law. In the future, other functional committees will be added depending on the actual situation and needs of the Company.	Under planning
(III) Has the Company formulated board performance evaluation regulations and evaluation methods, conducted performance evaluations annually and regularly, reported the results of performance evaluations to the board of directors, and adopted such results as a reference for deciding the remuneration of and nominating candidates for individual directors?			(III) The Company has established the Rules for Performance Evaluation of Board of Directors, and designed the self-evaluation questionnaires. The performance evaluation of the Board is conducted and reported to the Board every year, and the performance evaluation results are completed and filed before the end of the first quarter of the following year. See [Three. Corporate Governance Report/IV. Corporate Governance/(I) Board of Directors/(3) Disclosure by listed/OTC companies of the evaluation cycle, evaluation period, evaluation scope, method, and evaluation content of the self-evaluation (or peer evaluation) of the Board of Directors.].	No major deviation
(IV) Does the Company regularly assess the independence of the CPAs?			(IV) Pursuant to Article 29 of the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies,” the Company evaluates the independence of attesting CPAs regularly (at least annually), which is approved by the Board. (Note 1)	No major deviation

Evaluation item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and cause of deviation
	Yes	No	Summary	
IV. Has the Company has appointed an appropriate number of competent corporate governance personnel and designated a corporate governance officer to be responsible for corporate governance affairs (including but not limited to providing directors and supervisors with the materials required for performance of their duties, assisting directors and supervisors with compliance, handling matters related to board meetings and the shareholders' meetings, and preparing minutes of board meetings and shareholders' meetings)?		V	Appropriate personnel will be appointed by law.	Under planning
V. Has the Company has established communication channels with stakeholders (including but not limited to shareholders, employees, clients, and suppliers) and set up a section dedicated to stakeholders on the Company's website to properly respond to stakeholders' major CSR issues of concern?	V		Each functions of the Company execute the business on behalf of the Company internally or externally and maintain the relationships. The Company has established good communication channels with stakeholders and set up a section dedicated to stakeholders on the Company's website to properly respond to stakeholders' major CSR issues of concern. See [Three. Corporate Governance Report/IV. Corporate Governance/(VIII) Other significant information that helps better understand the operation of the Company's corporate governance/(7) Stakeholders].	No major deviation
VI. Does the Company appoint a professional stock affairs agency to handle the affairs related to shareholders' meetings?	V		The Company appoints a professional stock affairs agency to handle the affairs related to shareholders' meetings, to ensure the shareholders' meetings are convened legally and effectively.	No major deviation
VII. Information disclosures (I) Has the Company set up a website to disclose information on financial business and corporate governance? (II) Does the Company adopt other methods to disclose information (such as setting up an English website, designating personnel to collect and disclose company	V V V		(I) The Company has set up a website; for the related financial business and corporate governance information, please visit the "Market Observation Posting System." (II) The Company's spokesperson system is handled pursuant to the management regulations, the "SOP for Speaking and Deputy Spokespersons," and the dedicated personnel are appointed to take charge of	No major deviation No major deviation



Evaluation item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and cause of deviation
	Yes	No	Summary	
<p>information, implementing a spokesperson system, or placing the proceeding of investor conferences on the Company website)?</p> <p>(III) Does the Company announce and submit an annual financial report to the competent authority within two months after the end of each fiscal year and announce and submit the financial reports for the first, second, and third quarters and the operations of each month to the competent authority before a specified deadline?</p>			<p>collecting and disclosing the Company's information; the information required to be disclosed by TWSE, such as "investors' conference are disclosed regularly or from time to time at the Company's website or the "Market Observation Posting System."</p> <p>(III) The Company has announced and reported the annual and quarterly financial reports and monthly operating conditions within the time limit as required.</p>	No major deviation
<p>VIII. Does the Company have other important information that facilitates the understanding of the operations of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' rights, directors' and supervisors' continuing education, the implementation of risk management policies and risk measurement standards, the implementation of client policies, and the Company's purchase of directors and supervisors liability insurance)?</p>	V		<p>(I) Employee rights : All are developed and implemented in accordance with the Labor Standards Act and other relevant laws and regulations. See [Five. Business Overview/V. Labor Relations/(I) The Company's various employee benefit measures, continuing education, training, retirement system, and implementation thereof, as well as labor-management agreements and various employee rights protection measures] herein.</p> <p>(II) Employee care : The employee benefits committee is established to provide care for employees. See [Five. Business Overview/V. Labor Relations/(I) The Company's various employee benefit measures, continuing education, training, retirement system, and implementation thereof, as well as labor-management agreements and various employee rights protection measures] herein.</p> <p>(III) Investor relations and stakeholders : The Company has established channels for communications with its stakeholders. See [Three. Corporate Governance Report/IV. Corporate Governance/(VIII) Other significant information that helps better understand the operation of the Company's corporate governance/(7) Stakeholders].</p> <p>(IV) Supplier relations : The Company maintains</p>	No major deviation

Evaluation item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and cause of deviation
	Yes	No	Summary	
			channels for good communications with suppliers and customers. (V) Continuing education of directors and independent directors : See the table below. (VI) The attendance of directors and independent directors at meetings of the board of directors : See [Three. Corporate Governance Report/IV. Corporate Governance/(I) Board of directors]. (VII) Recusal of directors and independent directors from interest-related proposals : The Company's Rules of Procedure for Meetings of the Board of Directors apply; (VIII) Insurance against directors' and independent directors' liabilities : Yes. (IX) The Company emphasizes the labor relations, cooperates on the government's environmental protection policies, and fulfills its social responsibilities.	
IX. Please specify any improvements made as per the results of the corporate governance evaluation announced by the Corporate Governance Center, Taiwan Stock Exchange Corporation, in the most recent year and put forth prioritized measures to improve those that have not yet improved. Improvement : The Company' s website has disclosed the related information including finance, business, and corporate governance. To be improved : the corporate governance related matters in the Company' s website and the annual reports are being enhanced.				

Note 1 : Assessment for the independence of the attesting CPAs

	Assessment indicators		Yes	Description
I. Independence	1.	Have the CPAs provided audit service to the Company for less than 7 consecutive years?		The CPAs, Lin, Ya-Hui and Hsu, Yung-Chien have not provided the audit service consecutively for seven years since Q1, 2019.
	2.	Does the nature and degree of the non-audit services provided by the CPAs not compromised independence?		The Company does not have any other CPAs.
	3.	Is the audit and attesting fee reasonable? Is there none of the "contingent service fee" agreement?		The audit and attesting fee is reasonably adjusted every year by considering factors such as manpower input and business volume, and there is no contingent agreement of service fees.
	4.	Is there no joint investment or profit sharing relationship among the CPAs, the Company, and related parties?		The Company has assessed that the two attesting CPAs have no circumstances specified in Article 47 of the Certified Public Accountant Act, such as being employed by the Company, second-degree or closer relative of any officer, or related parties of the Company, lending or borrowing funds to or

	Assessment indicators	Yes	Description
			from the Company, or other relationship involving financial gains.
	5. Are the attesting CPAs free from the circumstances specified in the "Bulletin No. 10 of the Norm of Professional Ethics" that may affect the independence?		The attesting CPAs presented the statement to represent no circumstances specified in the "Bulletin No. 10 of the Norm of Professional Ethics" that may affect the independence.
	6. Are the attesting CPAs free from the circumstances specified in Article 47 of the Certified Public Accountant Act prohibited from contracting to perform attestation on financial reports?		The Company has assessed that the two attesting CPAs have no circumstances specified in Article 47 of the Certified Public Accountant Act, such as being employed by the Company, second-degree or closer relative of any officer of the Company, lending or borrowing funds to or from the Company, or other relationship involving financial gains.
II. Competency	1. Does the accounting firm have good reputation and certain scale?		PwC is a global professional consulting service organization with good reputation. PwC Taiwan is the member firm of PwC in Taiwan a large presence : eight service bases in Taiwan currently, 106 partner CPAs and more than 2,500 employees.
	2. Are the attesting CPAs free from the disciplinary actions take by the CPA Disciplinary Rehearing Committee?		By inquiring the "Disciplines and Sanctions - Supervision of CPA" under the Securities and Futures Bureau, the attesting CPAs have no records of disciplines and sanctions.
	3. Is the quality of audit services provided by CPAs and key management personnel good?		The Company's evaluation of PwC's audit quality index (AQI) shows that PwC is one of the industry leaders in terms of "professionalism," "quality control," "independence," "supervision," and "innovation", shows that PwC can be trusted and relied on for its overall audit quality. Based on the service records of CPAs and key management personnel over the years, they have planned appropriate audit procedures in advance, communicated with the Company's corporate governance units beforehand and completed audit tasks on schedule as required.
	Professionalism ----- Quality control ----- Independence ----- Supervision ----- Innovation	Audit experience Training hours Staff turnover Professional support CPA load Audit input EQCR Quality control support Non-audit service fees Customer familiarity Lack of external inspection and penalties Notice from competent authorities requiring improvement Innovative planning or initiatives	
	4. Do CPAs communicate properly with the Company's governance unit and document such communications?		
			The CPAs and the governance unit of the Company communicate properly before and after the audit, with records left.

Continuing education of the directors, independent director and members of the Audit Committee

This term of office for the directors : July 6, 2021 to July 5, 2024

Title	Name	Date of Appointment	Date of course	Organizer	Course title	Hours of continuing education	Total hours of continuing education in the current year
Chairman	Chen, Shiou-Chung	July 6, 2021	September 1, 2021	Document No. of the Attestation Approved by the Financial Supervisory Commission :	The 13th Taipei Corporate Governance Forum	3	6
			September 8, 2021	Taiwan Academy of Banking and Finance	Corporate Governance Lecture - Digital Transformation	3	
			October 7, 2022	Corporate Operating and Sustainable Development Association of the Republic of China	Best practices for disputes over invalidity and revocation of shareholder resolutions	3	9
			October 14, 2022	Securities and Futures Institute	2022 promotional seminar of compliance for insider stake transactions	3	
			October 25, 2022	Corporate Operating and Sustainable Development Association of the Republic of China	Difficulties and Challenges of the Independent Director System	3	
Director	Chen, Chien-Chon	July 6, 2021	October 14, 2022	Securities and Futures Institute	2022 promotional seminar of compliance for insider stake transactions	3	3
Independent Director	Sun, Chin-Feng	July 6, 2021	September 1, 2021	Document No. of the Attestation Approved by the Financial Supervisory Commission :	The 13th Taipei Corporate Governance Forum	6	6
			June 29, 2022	Taiwan Corporate Governance Association	Responding to CFC - Part 1 : Know yourself and competitors	3	6
			October 19, 2022	Securities and Futures Institute	2022 promotional seminar of compliance	3	

Title	Name	Date of Appointment	Date of course	Organizer	Course title	Hours of continuing education	Total hours of continuing education in the current year
					for insider stake transactions		
Independent Director	Lin, Win-Jon	July 6, 2021	June 22, 2021	Securities and Futures Institute	Advanced Seminar for Directors and Supervisors (including independent directors) and Corporate Governance Officers - Corporate Governance and Securities Laws	3	6
			September 1, 2021	Document No. of the Attestation Approved by the Financial Supervisory Commission :	The 13th Taipei Corporate Governance Forum	3	
			August 26, 2022	Corporate Operating and Sustainable Development Association of the Republic of China	Corporate governance and securities laws and regulations - perception of directors and senior management of the listed companies on the supervision by the competent authorities at present	3	6
			August 26, 2022	Corporate Operating and Sustainable Development Association of the Republic of China	A Discussion of Taiwan's Operation and M&A Strategies from the Global Political and Economic Situation	3	
Independent Director	Lin, Chien-Ping	July 6, 2021	January 13, 2021	Securities and Futures Institute	Directors and Supervisors (including independent directors) and Corporate Governance	3	6

Title	Name	Date of Appointment	Date of course	Organizer	Course title	Hours of continuing education	Total hours of continuing education in the current year
					Officers - Seminar on Employee and Director remuneration - starting from the amendment to Article 14 of the Securities and Exchange Act		
			September 29, 2021	Taiwan Corporate Governance Association	Operational Practice of High-Efficiency Board of Directors and Functional Committees	3	
			January 18, 2022	Taiwan Corporate Governance Association	Precautions - The importance of enterprise risk management	3	6
			June 30, 2022	Taiwan Corporate Governance Association	Trends in ESG reporting and the commercial implications of information disclosure	3	
Representative of the corporate director	Chuang, Chin-Ming	July 6, 2021	March 24, 2021	Chinese National Association of Industry and Commerce, Taiwan	Notes to the Board of Directors and General Meeting of Shareholders in 2021 and Discussion of Frequently Asked Questions	3	6
			May 28, 2021	Taiwan Investor Relations Institute	Media Communication and Crisis Management Strategies	3	
Representative of the corporate director	Wu, Li-Wen	January 18, 2022	April 18, 2022	Accounting Research and Development Foundation	Supervision of the Company's ESG by directors, supervisors and senior officers	3	14
			May 3, 2022	Accounting Research and Development	Analysis of the Latest Corporate	3	

Title	Name	Date of Appointment	Date of course	Organizer	Course title	Hours of continuing education	Total hours of continuing education in the current year
				Foundation	Governance Policies and Evaluation of Corporate Governance Practices		
			July 13, 2022	Taiwan Stock Exchange Corporation	Sustainable Development Roadmap Industry Conference	2	
			October 11, 2022	Taiwan Stock Exchange Corporation	Conference of Director and Supervisor Advocates on the Issuance of Reference guidance for the Exercise of Powers by Independent Directors and the Audit Committee	3	
			October 12, 2022	Securities and Futures Institute	2022 promotional seminar of compliance for insider stake transactions	3	
Representative of the corporate director	Huang, Yung-Chang	July 2021 6,	September 30, 2021	Taiwan Corporate Governance Association	The path of Taiwanese enterprises toward IPO	3	18
			October 5, 2022	Taiwan Academy of Banking and Finance	Functions of Corporate Governance and the Audit Committee	3	
			November 26, 2021	Securities and Futures Institute	Advanced Seminar on Best Practices for Directors, Supervisors (including independent directors) and Corporate Governance Officers - Interpretation and decision-making application of corporate financial	3	

Title	Name	Date of Appointment	Date of course	Organizer	Course title	Hours of continuing education	Total hours of continuing education in the current year
					information		
			November 30, 2021	Taiwan Corporate Governance Association	Interpretation of the Key Messages and Responsibilities of the Annual Report : Perspectives of Directors and Supervisors	3	
			December 3, 2022	Taiwan Development & Research Academia of Economics and Technology	Analysis of the Interrelationships between Financial Statement Analysis and Business Management	6	
			May 5, 2022	Taiwan Corporate Governance Association	Corporate Governance and Securities Laws and Regulations	3	9
			October 28, 2022	Securities and Futures Institute	Advanced Seminar on Best Practices for Directors, Supervisors (including independent directors) and Corporate Governance Officers - Interpretation and decision-making application of corporate financial information	3	
			November 10, 2022	Taiwan Corporate Governance Association	IFRS 15 "Revenue from Contracts with Customers"	3	

Note : The Audit Committee was formed by all independent directors on July 6, 2021.

Note 2 : The corporate director, EVER GLORY INVESTMENT COM, LTD. appointed the new representative, Ms. Wu, Li-Wen on January 18, 2022; the previous representative, Chuang, Chin-Ming was discharged.

- (IV) Disclosure of the composition and operation of the Remuneration Committee or Nomination Committee, if applicable :



(1) Remuneration Committee

1. Information on members of the Remuneration Committee

March 24, 2023

Criteria Status \ Name		Professional qualifications and experience	Independence	Number of other public companies where the individual serves as a member of the remuneration committee concurrently
Independent Director	Sun, Chin-Feng	MBA, University of Michigan, the U.S President, Kuo-Chuang Venture Capital Management Co., Ltd.	The members of the Remuneration Committee are the independent directors of the Company. For their independence, See "Three. II. (I) Information on directors and independent directors and (II) Disclosure of the expertise and independence of directors and independent directors."	3
Independent Director	Lin, Win-Jon	Automation and Management Institute, National Taipei University of Technology President, Libao Investment Co., Ltd.		2
Independent director/Convener	Lin, Chien-Ping	Department of Finance, Tamkang University Independent director, Fore Shot Industrial Corporation		2

2. Information on the operation of the Remuneration Committee

There are three members in the Remuneration Committee.

The term of office for the members : the term of office for the members of the 5th term is from July 6, 2021 to July 5, 2024; in the most recent year, the Remuneration Committee held four (A) meetings. The qualifications and attendance of the members are as below :

Title	Name	Attendance in person (B)	Attendance by proxy	Attendance (%) (B/A) (Note)	Remarks
Committee member	Sun, Chin-Feng	5	0	5/5=100%	Meetings expected to be attended : 5
Convener	Lin, Chien-Ping	5	0	5/5=100%	Meetings expected to be attended : 5
Committee member	Lin, Win-Jon	5	0	5/5=100%	Meetings expected to be attended : 5

Additional information to be recorded :

- I. If the Board of Directors did not adopt or amend the Remuneration Committee's suggestions, the date of the board meeting, the session, the content of the proposal, the results of the resolutions by the Board of Directors, and the Company's response to said opinions shall be specified (if the remuneration approved by the Board of Directors is better than the Remuneration Committee's suggestions, the difference and the reasons therefor shall be specified) : None.
- II. For proposals resolved by the Remuneration Committee, if any members expressed objection or reservation with a record or written statement, the date of the Remuneration Committee meeting, the session, the content of the proposal, all members' opinions, and the response to the members' opinions shall be specified : None.

III. Resolutions adopted by the Remuneration Committee

Term of the meeting	Meeting date	Resolution	Resolution results
5th Committee 3rd meeting in 2022	111.01.19	(1) Proposal for distributing 2021 remuneration to directors and supervisors. (2) Proposal for distributing 2021 year-end bonus to managerial officers.	(1) Approved (2) Approved
5th Committee 4th meeting in 2022	111.03.25	(1) Proposal for adjusting meal allowances for directors who are also employees and their senior officers.	(1) Approved
5th Committee 5th meeting in 2022	111.08.12	(1) Proposal for adjusting the Chairman's remuneration.	(1) Approved
5th Committee 6th meeting in 2022	111.09.13	(1) Proposal for adjusting managerial officers' remuneration.	(1) Approved
5th Committee 7th meeting in 2022	111.11.14	(1) Proposal for appointing the Company's CAO.	(1) Approved
5th Committee 8th meeting in 2023	112.01.12	(1) Proposal for distributing remuneration to directors and independent directors for 2022. (2) Proposal for distributing 2022 year-end bonus to managerial officers. (3) Proposal for adjusting the 2023 remuneration policy.	Approved

(2) Other committees : None.

(V) Implementation of sustainable development, and deviation from the Sustainable Development Best-Practice Principles for TWSE/listed Companies and cause of deviation; disclosure of climate-related information by companies that meet certain criteria. :

Evaluation item	Operations			Deviation from the Sustainable Development Best Practice Principles for TWSE/listed Companies and cause of deviation
	Yes	No	Summary	
I. Has the Company established a governance structure for the promotion of sustainable development, and established a full-time (or part-time) unit to promote sustainable development that is implemented by the senior management as authorized by the Board of Directors, and how is it supervised by the Board of Directors	V		Approved at the 09th meeting of the 32nd Board on May 10, 2021. A full-time (or part-time) unit, the number of full-time (part-time) employees and the scope of their duties expected to be determined on December 31, 2022; inventory planning to be finalized on December 30, 2024, and verification planning to be finalized on December 31, 2025. The Company established a unit to promote sustainable development as reported at the 13th meeting of the 32nd Board of Directors held on January 12, 2023.	Consistent
II. Does the Company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?		V	The Company assesses environmental, social, and corporate governance issues related to its operations based on the principle of materiality, drafts and evaluates the risk management policy or strategy for these issues in line with the Company's sustainable development plan. The Company is currently identifying and assessing such potential risks and will have the risk management policy or strategy developed and reported to the Board for review.	In progress
III. Environmental issues (I) Has the Company established an appropriate environmental management system based on its industrial characteristics?	V		I. The Company has established appropriate environmental management mechanisms as per its sustainable development plan and in view of its industrial characteristics. These include : disposing of wastes in accordance with applicable laws and regulations, recycling all wastes that can be recycled, and reporting and tracking waste flows. II. The Company implements the recycling and reuse	Consistent

Evaluation item	Operations			Deviation from the Sustainable Development Best Practice Principles for TWSE/listed Companies and cause of deviation
	Yes	No	Summary	
(II) Does the Company endeavor to improve energy efficiency and to use renewable materials with low environmental impact?	V	V	of raw materials in each section of the production process or sells materials to related manufacturers for use to improve the utilization efficiency. For the use of recycled materials, efforts will be made to find applicable efficiency.	Consistent
(III) Has the Company assessed the potential risks and opportunities from climate change for its business now and in the future, and adopted relevant countermeasures?			III. The Company has already begun to assess the potential risks and opportunities from climate change to the Company now and in the future, and will continue to follow up and develop appropriate countermeasures in the future.	In progress
(IV) Does the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?	V		IV. The Company has implemented the sustainable development plan in accordance with this section, including : (1) identifying the sources of carbon emissions (Note 1). (2) implementing any energy-saving plan (such as installing energy-saving devices in equipment to reduce unnecessary electricity consumption; promoting energy-saving and carbon-reduction policies and supervising factories to implement them thoroughly) to achieve the Company's goal of sustainable development.	Consistent
IV. Social issues (I) Has the Company established related management policies and procedures in accordance with applicable laws and the International Bill of Human Rights?	V		(I) Relevant systems such as employee rights are established and implemented pursuant to the Labor Standards Act and other applicable regulations. See [Three. Corporate Governance Report/IV. Corporate Governance/(VIII) Other significant information that helps better understand the operation of the Company's corporate governance/(6) The Company abides by applicable laws and regulations of the	Consistent

Evaluation item	Operations			Deviation from the Sustainable Development Best Practice Principles for TWSE/listed Companies and cause of deviation
	Yes	No	Summary	
(II) Has the Company developed and implemented reasonable employee benefits measures (including compensation, leave of absence, and other benefits), and appropriately reflected operating performance or results in the employee's compensation?	V		<p>Republic of China, supports and respects applicable international conventions on labor and human rights, and has formulated policies that comply with business ethics, sustainable environment, social issues, human rights, and other public policies, and implement and disclose these policies in the Annual Report or on the Company's website].</p> <p>(II) The Company has developed salary management measures and performance appraisal measures; salary, promotion, and bonuses are all reflected in employee compensation depending on the operating performance and results. The Company has set up an employee benefits committee to take care of employee benefits.</p>	Consistent
(III) Does the Company provide employees with a safe and healthy work environment and offer safety and health education to employees regularly?	V		<p>(III) The Company has established an mechanism for communication with employees through regular meetings, for informing them of possible major impacts on employees resulting from operating changes.</p>	Consistent
(IV) Has the Company offered effective career development training for employees?	V		<p>(IV) The Company has established criteria for the promotion of titles in the employees' careers, and established training plans for new recruits, professionals, and management personnel based on this standards.</p> <p>For the above three items, See [Five. Business Overview/V. Labor Relations/(I) The Company's various employee benefit measures, continuing education, training, retirement system, and implementation thereof, as well as labor-management agreements and various employee rights protection measures] herein.</p>	Consistent

Evaluation item	Operations			Deviation from the Sustainable Development Best Practice Principles for TWSE/listed Companies and cause of deviation
	Yes	No	Summary	
(V) Does the Company comply with applicable laws and international standards with respect to customer health and safety, customer privacy, marketing, and labeling of products and services and implement consumer protection policies and complaint procedures?	V		(V) The Company has complied with applicable laws and regulations and international standards. And the customer complaint service process has been established to protect the interests of customers.	Consistent
(VI) Has the company formulated a supplier management policy requiring suppliers to comply with applicable regulations on issues such as environmental protection, occupational safety and health, or labor rights, and how is it implemented?		V	(VI) This evaluation system has not been established so far, and relevant rules and systems will be added depending on actual operation.	
V. Does the Company prepare its corporate social responsibility report or other reports disclosing non-financial information by referring to international standards or guidance for preparing reports? Does the company obtain third party assurance or certification for the reports above?		V	The Company currently is not within the extent of preparing the corporate social responsibility report required by laws.	Not applicable.
VI. If the Company has adopted its own corporate social responsibility best practice principles based on the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviation from the principles in the Company's operations : Not applicable.				
VII. Other important information that helps better understand the Company's promotion of corporate social responsibility : None.				

# Note 1 : Statistical data on the Company's carbon emissions in recent years

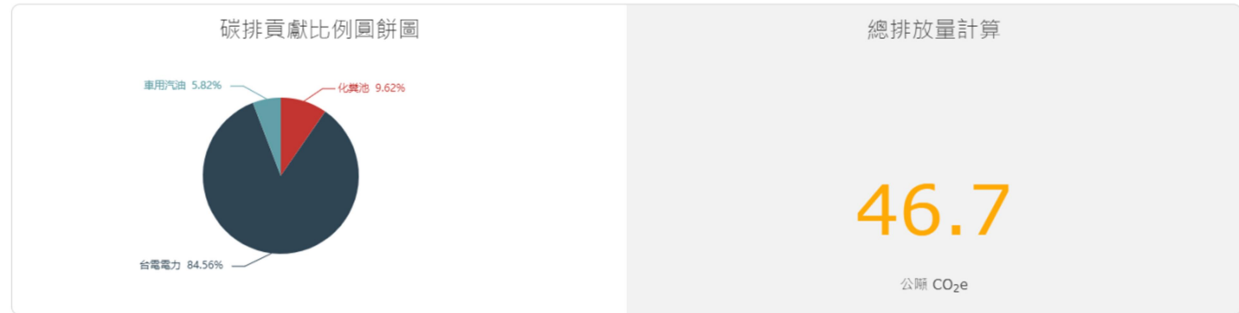
## 碳排放量估算工具

[回專案清單](#)

單位名稱: 大東紡織股份有限公司

填寫資料 計算結果

匯出結果



填寫資料 計算結果

公噸 CO<sub>2</sub>e

排放源別	能源類別	單位	範疇別	活動數據	CO <sub>2</sub> (GWP = 1)		CH <sub>4</sub> (GWP = 25)		N <sub>2</sub> O (GWP = 298)		總排放量計算 (公噸 CO <sub>2</sub> e)
					排放係數	單位	排放係數	單位	排放係數	單位	
固定排放	燃料煤	公噸	範疇一	0	2408.113	KgCO <sub>2</sub> /公噸	0.025456	KgCH <sub>4</sub> /公噸	0.038184	KgN <sub>2</sub> O/公噸	0.000
固定排放	燃料油	公升	範疇一	0	3.110960	KgCO <sub>2</sub> /L	0.000121	KgCH <sub>4</sub> /L	0.000024	KgN <sub>2</sub> O/L	0.000
固定排放	天然氣 (NG)	立方公尺	範疇一	0	1.879036	KgCO <sub>2</sub> /M3	0.000033	KgCH <sub>4</sub> /M3	0.000003	KgN <sub>2</sub> O/M3	0.000
固定排放	液化石油氣 (LPG)	公升	範疇一	0	1.752881	KgCO <sub>2</sub> /L	0.000028	KgCH <sub>4</sub> /L	0.000003	KgN <sub>2</sub> O/L	0.000
固定排放	汽油	公升	範疇一	0	2.263133	KgCO <sub>2</sub> /L	0.000098	KgCH <sub>4</sub> /L	0.000020	KgN <sub>2</sub> O/L	0.000
固定排放	柴油	公升	範疇一	0	2.606032	KgCO <sub>2</sub> /L	0.000106	KgCH <sub>4</sub> /L	0.000021	KgN <sub>2</sub> O/L	0.000
移動排放	車用汽油	公升	範疇一	1152	2.263133	KgCO <sub>2</sub> /L	0.000816	KgCH <sub>4</sub> /L	0.000261	KgN <sub>2</sub> O/L	2.720
移動排放	車用柴油	公升	範疇一	0	2.606032	KgCO <sub>2</sub> /L	0.000137	KgCH <sub>4</sub> /L	0.000137	KgN <sub>2</sub> O/L	0.000
逸散排放	化糞池	人-年	範疇一	47	0.000000		0.003825	公噸/人-年	0.000000		4.494
能源間接排放	台電電力	度	範疇二	77604	0.509000	KgCO <sub>2</sub> /度	0.000000		0.000000		39.500
能源間接排放	外購蒸汽	公噸	範疇二	0	0.000000	KgCO <sub>2</sub> /公噸	0.000000		0.000000		0.000

(VI) Performance of integrity management and deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and cause of deviation :

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary	
I. Establishment of ethical corporate management policies and programs				
(I) Does the company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?	V		(I) The Company's Ethical Corporate Management Best Practice Principles were approved by the Board on December 18, 2020. The ethics and morality are among the Company's core values. The directors and management team of the Company also value the ethical management with the high self-disciplines.	No major deviation
(II) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies?		V	(II) The Company will add related regulations or programs depending on the actual operation	Under planning
(III) Does the company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?	V		(III) The Company has formulated the Employee Code of Conduct, and implemented related education, training, and advocacy, and incorporated such code of conduct into the Company's performance evaluation system. See [Three. Corporate Governance Report/IV. Corporate Governance/(VIII) Other significant information that helps better understand the operation of the Company's corporate governance/(5)	No material deviation



			Employee Code of Conduct, its content and spirit].	
<b>II. Ethical Management Practice</b>				
(I) Does the company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?		V	(I) The Company will add related regulations or programs depending on the actual operation	Under planning
(II) Has the company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?		V	(II) The Company will add the related units depending on the actual operations.	Under planning
(III) Has the company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies?		V	(III) The Company will add related regulations or programs depending on the actual operation	Under planning
(IV) Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?	V		(IV) The Company has established an effective accounting system and internal control system; the internal auditors regularly audit the compliance with the preceding systems.	No major deviation
(V) Does the company provide internal and external ethical corporate management training programs on a regular basis?	V		(V) Ethics and morality are one of the Company's core values. In addition to regular internal promotion, the management team also organizes external training courses from time to time to enhance the core value.	No major deviation
<b>III. Implementation of Complaint Procedures</b>				
(I) Has the company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistle-blowers?	V		(I) The Company has dedicated channels for reporting and complaining, and has designated personnel to accept reported matters. In the most recent year and as of the date of the Annual Report, no such incidents occurred.	No major deviation
(II) Has the Company established any SOP for accepting reported misconducts, any tracking measures or confidentiality measures to be taken after an investigation is completed?	V		(II) After accepting a reported case, the Company's acceptance window shall immediately set up an investigation team to investigate the suspected illegal or inappropriate conduct	No major deviation

(III) Has the company adopted proper measures to protect whistle- blowers from retaliation for filing complaints?	V		<p>described in the report.</p> <p>(III) The Company will keep the identity of the whistle blower and the content of the report confidential, and promise to protect the whistleblower from being improperly dealt with that may result from such report. The Company will reply on the investigation results by email.</p> <p>For details, see [Five. Business Overview/V. Labor Relations/(I) The Company's various employee benefit measures, continuing education, training, retirement system, and implementation thereof, as well as labor-management agreements and various employee rights protection measures/(7) Complaining system].</p>	No major deviation
<p>IV. Strengthening Information Disclosure</p> <p>Does the company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)?</p>	V		<p>(I) The Company discloses the ethical corporate management policies at the official website.</p>	No major deviation
V. If the company has adopted its own ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviations between the principles and their implementation :				
<p>VI. Other important information to facilitate a better understanding of the status of operation of the company' s ethical corporate management policies (e.g., the company' s reviewing and amending of its ethical corporate management best practice principles) : establishing the four major cultural values of the Company : “ethical and respecting promises,” “exceeding ourselves,” “teamwork build the achievement,” and “co-victory of partners,” while promoting such with the continuous education and trainings.</p>				

(VII) Reference to Corporate Governance Best-Practice Principles and related regulations : on the Company's website [www.tahtong.com.tw](http://www.tahtong.com.tw)

(VIII) Other significant information that helps better understand the operation of the Company's corporate governance

(1) Continuing education of directors and independent directors on corporate governance during the year :

Title	Name	Date of course	Organizer	Course title	Hours of continuing education
Chairman	Chen, Shiou-Chung	October 7, 2022	Corporate Operating and Sustainable Development Association of the Republic of China	Best practices for disputes over invalidity and revocation of shareholder resolutions	3
		October 14, 2022	Securities and Futures Institute	2022 promotional seminar of compliance for insider stake transactions	3
		October 25, 2022	Corporate Operating and Sustainable Development Association of the Republic of China	Difficulties and Challenges of the Independent Director System	3
Director	Chen, Chien-Choan	October 14, 2022	Securities and Futures Institute	2022 promotional seminar of compliance for insider stake transactions	3
Independent director	Sun, Chin-Feng	June 29, 2022	Taiwan Corporate Governance Association	Responding to CFC - Part 1 : Know yourself and competitors	3
		October 19, 2022	Securities and Futures Institute	2022 promotional seminar of compliance for insider stake transactions	3
Independent Director	Lin, Win-Jon	August 26, 2022	Corporate Operating and Sustainable Development Association of the Republic of China	Corporate governance and securities laws and regulations - perception of directors and senior management of the listed companies on the supervision by the competent authorities at present	3
		August 26, 2022	Corporate Operating and Sustainable Development Association of the Republic of China	A Discussion of Taiwan's Operation and M&A Strategies from the Global Political and Economic Situation	3
Independent Director	Lin, Chien-Ping	January 18, 2022	Taiwan Corporate Governance Association	Precautions - The importance of enterprise risk management	3
		June 30, 2022	Taiwan Corporate Governance Association	Trends in ESG reporting and the commercial implications of	3

				information disclosure	
Representative of the corporate director	Wu, Li-Wen	April 18, 2022	Accounting Research and Development Foundation	Supervision of the Company's ESG by directors, supervisors and senior officers	3
		May 3, 2022	Accounting Research and Development Foundation	Analysis of the Latest Corporate Governance Policies and Evaluation of Corporate Governance Practices	3
		July 13, 2022	Taiwan Stock Exchange Corporation	Sustainable Development Roadmap Industry Conference	2
		October 11, 2022	Taiwan Stock Exchange Corporation	Conference of Director and Supervisor Advocates on the Issuance of Reference guidance for the Exercise of Powers by Independent Directors and the Audit Committee	3
		October 12, 2022	Securities and Futures Institute	2022 promotional seminar of compliance for insider stake transactions	3
Representative of the corporate director	Huang, Yung-Chang	May 5, 2022	Taiwan Corporate Governance Association	Corporate Governance and Securities Laws and Regulations	3
		October 28, 2022	Securities and Futures Institute	Advanced Seminar on Best Practices for Directors, Supervisors (including independent directors) and Corporate Governance Officers - Interpretation and decision-making application of corporate financial information	3
		November 10, 2022	Taiwan Corporate Governance Association	IFRS 15 "Revenue from Contracts with Customers"	3

(2) Continuing education of managerial officers on corporate governance :

Title	Name	Date of course	Organizer	Course title	Hours of continuing education :
President	Chen, Chien-Choan	2022.10.14	Securities and Futures Institute	2022 promotional seminar of compliance for insider stake transactions	3
Associate Vice President	Wu, Li-Wen	2022.04.18	Accounting Research and Development Foundation	Supervision of the Company's ESG by directors, supervisors and senior officers	3
		2022.05.03	Accounting Research and Development Foundation	Analysis of the Latest Corporate Governance Policies and Evaluation of Corporate Governance	3

Title	Name	Date of course	Organizer	Course title	Hours of continuing education :
				Practices	
		2022.07.13	Taiwan Stock Exchange Corporation	Sustainable Development Roadmap Industry Conference	2
		2022.10.11	Taiwan Stock Exchange Corporation	Conference of Director and Supervisor Advocates on the Issuance of Reference guidance for the Exercise of Powers by Independent Directors and the Audit Committee	3
		2022.10.12	Securities and Futures Institute	2022 promotional seminar of compliance for insider stake transactions	3
Special Assistant	Huang, Yung-Chang	2022.05.05	Taiwan Corporate Governance Association	Corporate Governance and Securities Laws and Regulations	3
		2022.10.28	Securities and Futures Institute	Advanced Seminar on Best Practices for Directors, Supervisors (including independent directors) and Corporate Governance Officers - Interpretation and decision-making application of corporate financial information	3
		2022.11.10	Taiwan Corporate Governance Association	IFRS 15 "Revenue from Contracts with Customers"	3

(3) Continuing education and training of employees :

Item	Total attendees	Total hours	Total expense (NT\$)
Continuing education of internal audits	5	30	16,500
Continuing ducation of Heads of Accounting of Issuers, Securities Firms, Stock Exchanges	1	12	8,000

(4) Licenses obtained by the Company's personnel related to financial information transparency from competent authorities : None

(5) Employee Code of Conduct, its content and spirit : In order to establish a culture of ethical corporate management and improve the organizational development, under the business philosophy of integrity and transparency, all employees shall abide by the Company's systems, rules, and various provisions related to their duties.

For the development of the Company and the wellbeing of all employees, the employees of the Company should observe the following principles :

1. Comply with all the Company's regulations and work procedures, and have the

obligation to faithfully observe the Company's dispatch, command, and supervision of superior managerial officers.

2. In terms of the confidential business and technical matters of each unit of the Company, regardless of whether the unit is in charge, it is obliged to strictly keep these confidential, and not disclose them externally.
  3. It is not allowed to use the name of the Company to deceive people, compromise the name of the Company, or engage in business activities.
  4. It is require to behave properly, help and cooperate with each other, and must not have any quarrel, instigation, or other behaviors disrupting order and hindering public benefits.
  5. It is not allowed to concurrently operate or serve any business with the same nature as the Company's business, affecting the performance of the employment contract; except for those approved by the Company's president.
  6. The daily conduct shall be honest and integral, without debauchery, extravagance, gambling, visiting prostitutes, and other behaviors that may compromise the Company's reputation.
  7. Value and not waste all public properties.
  8. The performance of duties should be practical, without being afraid of difficulties, avoidance, or delaying without reasons.
  9. Attention should be paid to clothing and appearance to be neat and dignified.
  10. Pay attention to etiquette when engaging with people, and comply with ethics of the workplace for all behaviors.
- (6) The Company abides by applicable laws and regulations of the Republic of China, supports and respects applicable international conventions on labor and human rights, and has formulated policies that comply with business ethics, sustainable environment, social issues, human rights, and other public policies, and implement and disclose these policies in the Annual Report or on the Company's website.
1. In accordance with the Labor Standards Act and other applicable laws and regulations, the Company attaches great importance to a balance of employees' health, work, family, and leisure; meanwhile it manages working hours, and prohibit child labor, all forms of forced labor and discrimination.
  2. In order to create a gender-equal workplace, the Company implements the unpaid parental leave system, and provides employees with family leave, menstrual leave, maternity leave, paternity leave and a breastfeeding room.
  3. The Company attaches great importance to the health of its employees, and arranges for them to have physical exams regularly while maintaining a safe and healthy workplace.
  4. The Company has grievance channels in place to provide effective communication and response mechanisms for different stakeholders, and has assigned special

personnel to assist in handling matters.

(7) Stakeholders :

The Company maintains good and open communications with stakeholders including shareholders, employees, customers, suppliers, financial institutions and creditors, and manufacturers and residents around; discloses issues such as integrity, environmental protection and energy conservation, product features, product quality, supplier policy, and employee benefits in the Company's annual report and on the official website. In addition, the Company also has different professional communication channels for issues of concern to different stakeholders , so as to maintain good interaction with all stakeholders. Furthermore, the Company duly discloses information on the acquisition and disposal of assets, and endorsements/guarantees on the Market Observation Post System so that stakeholders can make informed judgments and protect their rights and interests.

5. Stakeholders may report in the following ways :

- 1) Employee feedback and reporting on illegal incidentsTel. :  
+886-2-2752-2244  
Email : audit@tahtong.com.tw
- 2) Customer feedbackTel : +886-2-2752-2244  
Email : sales@tahtong.com.tw
- 3) Investor and other stakeholdersTel : +886-2-2752-2244  
Email : spokesperson@tahtong.com.tw

(IX) Matters to be disclosed for the implementation of the Company's internal control system :

(1) Internal Control Statement

Tah Tong Textile Co., Ltd.  
Statement of the Internal Control System

Date : March 23, 2023

The Company's internal control system for 2022 as per the results of our self-assessment is hereby declared as follows :

1. The Company is clearly aware that the establishment, implementation, and maintenance of an internal control system are the responsibility of the Company's Board of Directors and managerial officers, and the Company has established such a system. It aims to provide reasonable assurance for the achievement of the objectives, namely the effectiveness and efficiency of operations (including profitability, performance, and asset security protection), the reliability, timeliness, and transparency of financial reporting, and compliance with applicable laws and regulations.
2. Some limitations are inherent in all internal control systems. No matter how perfect the design is, an effective internal control system can only provide a reasonable assurance regarding the achievement of the above three intended objectives; moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may change accordingly. However, the Company's internal control system is equipped with a self-monitoring mechanism. Once a defect is identified, the Company will take action to rectify it.
3. The Company judges whether the design and implementation of the internal control system is effective based on the criteria for judging the effectiveness of the internal control system set out in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations"). Said criteria under the Regulations are divided into five constituent elements as per the management and control process : 1. control environment, 2. risk assessment, 3. control activities, 4. information and communication, and 5. monitoring activities. Each constituent element includes several items. For said items, see the Regulations.
4. The Company has adopted the aforesaid judgment criteria for the internal control system to determine whether the design and implementation of the internal control system are effective.
5. Based on the results of the assessment in the preceding paragraph, the Company is of the opinion that, as of December 31, 2022, the internal control system (including the supervision and management of its subsidiaries), including the understanding the effectiveness of operations and the extent to which efficiency targets are achieved, reliable, timely, and transparent reporting, and compliance with applicable rules and applicable laws and regulations, is effective and can reasonably assure the achievement of the foregoing objectives.
6. This statement will form the main content of the Company's annual report and prospectus and will be made public. If the disclosed content above is false or there is material information concealed deliberately or otherwise, the Company will be legally liable pursuant to Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This statement has been approved by the Company's Board of Directors on March 23, 2023. Among the 7 directors present, none of them expressed objections. All the others agreed with the content of this statement. Therefore, this statement is hereby declared.

Tah Tong Textile Co., Ltd.

Chairman : Chen, Shiou-Chung Signature/Seal

President : Chen, Chien-Choan Signature/Seal



(2) Internal Control Auditor's Report : None.

(X) Penalties imposed against the Company and insiders, or penalties imposed by the Company against insiders for violation of the internal control system, deficiencies and improvements in the current year and as of the date of this annual report : None.

(XI) Important resolutions made at shareholders' meetings and meetings of the board of directors in the most recent year as of the date of this annual report

(1) Shareholders' meetings

Meeting year	Meeting date	Resolution	Resolutions and implementation
2022	June 14, 2022	<ol style="list-style-type: none"> <li>1. Ratified the proposal for the 2021 Business Report and financial statements.</li> <li>2. Ratified the 2021 loss appropriation proposal.</li> <li>3. Approved the proposal for private placement of ordinary shares.</li> <li>4. Approved the proposal for revising the Company's Guidelines for the Acquisition and Disposal of Assets.</li> <li>5. Approved the proposal for revising the Company's SOP for Lending Capital to Others.</li> <li>6. Approved the proposal for revising the Company's SOP for Endorsements/Guarantees.</li> </ol>	<ol style="list-style-type: none"> <li>1. Passed the resolution</li> <li>2. Resolved not to distribute dividends</li> <li>3. The resolution was passed and ordinary shares have been issued through private placement and announced</li> <li>4. The resolution was passed and announced.</li> <li>5. The resolution was passed and announced.</li> <li>6. The resolution was passed and announced.</li> </ol>

(2) Board of directors

Term of the meeting	Meeting date	Key matters to be resolved	Opinions of independent directors	The Company's response to the opinions of independent directors	Independent Director Participants
32th Board 07th Meeting	1/19/2022	<ol style="list-style-type: none"> <li>1. Proposal for distributing 2021 year-end bonus to managerial officers.</li> <li>2. Proposal for distributing 2021 remuneration to directors.</li> <li>3. Proposal for the Company participating in the capital increase of the subsidiary InnoPeak Advanced Materials Co., Ltd.</li> <li>4. Proposal for the Company participating in the capital increase of the investee KOREA TEXTILE &amp; DYEING SUPPORT SERVICES JOINT STOCK COMPANY indirectly through a third place.</li> <li>5. Proposal for authorizing the Chairman to approve endorsements and guarantees to the extent of the Company's SOP for Endorsements and Guarantees, and ratify it in the next meeting of the board of directors.</li> </ol>	Passed without objection	Implemented and completed as per the proposal	Sun, Chin-Feng Lin, Win-Jon Lin, Chien-Ping

Term of the meeting	Meeting date	Key matters to be resolved	Opinions of independent directors	The Company's response to the opinions of independent directors	Independent Director Participants
		6. The Company's 2022 Business Plan. 7. Proposal for applying to applying to International Commercial Bank of China for the renewal of the line of commercial papers. 8. Proposal for appointing the Company's CFO.			
32th Board 08th Meeting	March 25, 2022	1. Proposal for adjusting meal allowances for directors who are also employees and their senior officers. 2. Proposal for the Company's 2021 Declaration of Internal Control System. 3. Proposal for the Company's 2021 Business Report and Financial Statements. 4. Proposal for the Company's 2021 loss appropriation. 5. Proposal for the Company issuing ordinary shares through private placement. 6. Proposal for revising some articles of the SOP for Acquisition and Disposal of Assets. 7. Proposal for revising some articles of the SOP for Lending Capital to Others. 8. Proposal for revising some articles of the SOP for Endorsements and Guarantees. 9. Proposal for determining when, where, how and why the 2022 Annual General Shareholders' Meeting would be held. 10. Proposal for accepting shareholders' proposals. 11. Proposal for regularly evaluating the independence of CPAs and the appointment of CPAs and the verification of audit fees in 2022. 12. Proposal for the Company increasing capital in its wholly owned subsidiary Tah Tong (Vietnam) Textile Co., Ltd. through a investment company located in a third place. 13. Proposal for transferring the receivables for machinery and equipment due to the subsidiary Tah Tong (Vietnam) Textile Co., Ltd. beyond the credit period to a capital loan and changing the nature. 14. Proposal for the Company lending US\$1 million to Tah Tong (Vietnam) Textile Co., Ltd.. 15. Proposal for improving the Company's capital loan to Tah Tong (Vietnam) Textile Co., Ltd. beyond credit limits. 16. Proposal for GLOUCESTER CO., LTD., ROSEGATE HOLDING CORP, and DAYSTAR LIMITED developing and revising the SOP for Lending Capital to Others. 17. Proposal for Gloucester CO., LTD. lending US\$2 million to Tah Tong (Vietnam) Textile Co., Ltd.	Passed without objection	Implemented and completed as per the proposal	Sun, Chin-Feng Lin, Win-Jon Lin, Chien-Ping

Term of the meeting	Meeting date	Key matters to be resolved	Opinions of independent directors	The Company's response to the opinions of independent directors	Independent Director Participants
		18. Proposal for ROSEGATE HOLDING CORP lending US\$16 million to Tah Tong (Vietnam) Textile Co., Ltd. 19. Proposal for ratifying the renewal by Tah Tong (Vietnam) Textile Co., Ltd. of the financing limits provided by SCB Dong Nai Branch and the Company's endorsement/guarantee.			
32th Board 9th Meeting	May 10, 2022	1. Proposal for lending US\$1 million to Tah Tong (Vietnam) Textile Co., Ltd. 2. Proposal for ratifying the renewal by Tah Tong (Vietnam) Textile Co., Ltd. of the financing limits provided by Mega Bank Ho Chi Minh Branch and the Company's endorsement/guarantee. 3. Designated a custodian of the special seal for endorsements and guarantees in accordance with the Company's SOP for Endorsements and Guarantees. 4. Proposal for applying to Hua Nan Commercial Bank for financing. 5. Proposal for applying to Mega International Commercial Bank for renewal of financing and a loan increase. 6. Proposal for applying to Chang Hwa Commercial Bank for renewal of financing. 7. Submitted the greenhouse gas inventory and verification plan according to the Roadmap for the Sustainable Development of Listed Companies published by the Financial Supervisory Commission in March 2022.	Passed without objection	Implemented and completed as per the proposal	Sun, Chin-Feng Lin, Win-Jon Lin, Chien-Ping
32th Board 10th Meeting	August 12, 2022	1. Proposal for the Company's consolidated financial statements for Q2 2022. 2. Proposal for adjusting the Chairman's remuneration. 3. Proposal for revising the Company's Measures for the Preparation of Financial Statements and evaluating the Company's ability to prepare financial statements. 4. Proposal for ratifying the renewal by Tah Tong (Vietnam) Textile Co., Ltd. of the financing limits provided by Mega Bank Ho Chi Minh Branch and the Company's endorsement/guarantee. 5. Proposal for GLOUCESTER CO., LTD., ROSEGATE HOLDING CORP, and DAYSTAR LIMITED revising the SOP for Lending Capital to Others. 6. Proposal for revising the Company's Guidelines for the Application of the Internal Control System. 7. Proposal for applying to First Commercial Bank for renewal of financing. 8. Proposal for applying to Jianxing branch of the Bank of Taiwan for renewal of financing. 9. Proposal for applying to the Bank of Taiwan for renewal of financing.	Passed without objection	Implemented and completed as per the proposal	Sun, Chin-Feng Lin, Win-Jon Lin, Chien-Ping

Term of the meeting	Meeting date	Key matters to be resolved	Opinions of independent directors	The Company's response to the opinions of independent directors	Independent Director Participants
		10. Proposal for applying to Taichung Commercial Bank for renewal of financing.			
32th Board 11th Meeting	September 13, 2022	1. Proposal for adjusting managerial officers' remuneration. 2. Determined the price of the Company's ordinary shares issued through private placement in 2022 and other related matters. 3. Proposal for the Company lending NT\$20 million to InnoPeak Advanced Materials Co., Ltd. 4. Proposal for the Company opting out purchasing the second cash capital increase of InnoPeak Advanced Materials Co., Ltd. in 2022. 5. Proposal for applying to Taishin Commercial Bank for renewal of financing and a loan increase.	Passed without objection	Implemented and completed as per the proposal	Sun, Chin-Feng Lin, Win-Jon Lin, Chien-Ping
32th Board 12th Meeting	September 14, 2021	1. Proposal for the Company's consolidated financial statements for Q3 2022. 2. Proposal for appointing the Company's CAO. 3. Proposal for the Company lending US\$1 million to Tah Tong (Vietnam) Textile Co., Ltd.. 4. Proposal for further revising the Company's SOP for Revising the Internal Control System. 5. Proposal for further revising the Company's Control of Information Security Inspection and Operations Related to Public Information Reporting. 6. Proposal for the Company's 2022 Internal Audit Review Plan. 7. Proposal for revising some articles of the Company's Measures for the Management of Seals. 8. Proposal for revising some articles of the Company's SOP for Processing Material Internal Information. 9. Proposal for revising some articles of the Company's Rules of Procedure for Meetings of the Board of Directors. 10. Proposal for drafting the Company's Measures for the Management of Stock Operations. 11. Proposal for applying to Taiwan Cooperative Bank for renewal of financing. 12. Proposal for applying to Far Eastern International Bank for renewal of financing.	Passed without objection	Implemented and completed as per the proposal	Sun, Chin-Feng Lin, Win-Jon Lin, Chien-Ping
32th Board 13th Meeting	January 12, 2023	1. Proposal for distributing remuneration to directors and independent directors for 2022. 2. Proposal for distributing 2022 year-end bonus to managerial officers. 3. Proposal for Gloucester CO., LTD. lending US\$500,000 to Tah Tong (Vietnam) Textile Co., Ltd.	Passed without objection	Implemented and completed as per the proposal	Sun, Chin-Feng Lin, Win-Jon Lin, Chien-Ping
32th	February	1. The proposal for ratifying the renewal by Tah Tong	Passed	Implemented	Sun,

Term of the meeting	Meeting date	Key matters to be resolved	Opinions of independent directors	The Company's response to the opinions of independent directors	Independent Director Participants
Board 14th Meeting	24, 2023	<p>(Vietnam) Textile Co., Ltd. of the financing limits provided by INDOVINA BANK LTD. Dong Nai Branch and the Company's endorsement/guarantee was submitted for discussion.</p> <ol style="list-style-type: none"> <li>2. Proposal for the Company lending US\$1 million to Tah Tong (Vietnam) Textile Co., Ltd..</li> <li>3. Proposal for revising some articles of the Company's Articles of Incorporation.</li> <li>4. The Company's 2023 Business Plan.</li> <li>5. Proposal for early election of the Company's directors.</li> <li>6. Proposal for lifting non-competition restrictions on the Company's new directors and their representatives.</li> <li>7. Proposal for accepting the nomination of directors.</li> <li>8. Proposal for accepting shareholders' proposals.</li> <li>9. Proposal for determining when, where, how and why the 2023 Annual General Shareholders' Meeting would be held.</li> <li>10. Proposal for adjusting the Company's strategy for investment in InnoPeak Advanced Materials Co., Ltd.</li> <li>11. Proposal for applying to applying to International Commercial Bank of China for the renewal of the line of commercial papers.</li> <li>12. Proposal for applying to Mega International Commercial Bank for renewal of financing and a loan increase.</li> <li>13. Proposal for appointing the Company's CAO.</li> </ol>	without objection	and completed as per the proposal	Chin-Feng Lin, Win-Jon Lin, Chien-Ping
32th Board 15th Meeting	March 23, 2023	<ol style="list-style-type: none"> <li>1. Proposal for the Company's 2022 Declaration of Internal Control System</li> <li>2. Proposal for revising the Company's SOP for Self-Evaluation of the Internal Control System</li> <li>3. Proposal for the Company's 2022 Business Report and Financial Statements</li> <li>4. Proposal for the Company's 2022 loss appropriation</li> <li>5. Proposal for regularly evaluating the independence of CPAs and the appointment of CPAs and the verification of audit fees in 2023</li> <li>6. Proposal for pre-approving the provision of non-assurance services by a CPA firm and affiliates to the Company and subsidiaries</li> <li>7. Proposal for the Company reducing capital to make up losses, so as to improve its financial structure</li> <li>8. Proposal for disposing of the Company's investment in KOREA TEXTILE &amp; DYEING SERVICES JOINT STOCK COMPANY</li> <li>9. Proposal for disposing of the Company's investment in Great Bell Printing &amp; Dyeing Co., Ltd.</li> <li>10. Proposal for the Company issuing ordinary shares</li> </ol>	Passed without objection	Implemented and completed as per the proposal	Sun, Chin-Feng Lin, Win-Jon Lin, Chien-Ping

Term of the meeting	Meeting date	Key matters to be resolved	Opinions of independent directors	The Company's response to the opinions of independent directors	Independent Director Participants
		<p>through private placement</p> <p>11. Proposal for ratifying the renewal by Tah Tong (Vietnam) Textile Co., Ltd. of the financing limits provided by SCB Dong Nai Branch and the Company's endorsement/guarantee</p> <p>12. Proposal for determining when, where, how and why the 2023 Annual General Shareholders' Meeting would be held</p> <p>13. Proposal for determining the Company's human rights management policy</p> <p>14. Proposal for the Company pledging the shares of Great Bell Printing &amp; Dyeing Co., Ltd. as collateral</p>			

(XII) Any dissents of any directors, independent directors or supervisors to important resolutions passed by the board of directors in the current year and as of the date of the annual report, as recorded or documented, to the effect that : None.

(XIII) A summary of resignation or removal of the Company's Chairperson, President, CFO, CAO, chief internal auditor, CDO, etc. in the current year and as of the date of the annual report :

Summary of Resignations and Dismissals of Key Personnel of the Company

March 24, 2023

Title	Name	Date of Appointment	Date of Termination	Reason for Resignation or Dismissal
Finance Officer	Chuang, Chin-Ming	February 1, 2017	January 25, 2022	Position adjustment
Accounting Officer	Ying, Yang-Chun	November 15, 2021	February 24, 2023	Position adjustment
Finance Officer	Ying, Yang-Chun	January 14, 2022	March 17, 2023	Career planning and resignation
Note : "Key personnel of the Company" means chairperson, general manager, chief accounting officer, chief financial officer, chief internal auditor, chief corporate governance officer, and chief research and development officer.				

V. Information on Audit Fees :

(IV) Where non-audit fees paid to CPAs, the CPA firm at which the CPAs work, and the CPA firm' s affiliates accounted for 25% or more of the audit fees : None.

(V) Replacement of the CPA firm and payment of less audit fees for the year of replacement than for the prior year : None.

(VI) Audit fees reduced by 15% from the previous year : None.

Information on CPA (External Auditor) Professional Fees

Unit : NT\$ thousand

Name of accounting firm	Names of CPAs	Period covered by the CPA audit	Audit fees	Non-audit fees	Total	Remarks
PwC Taiwan	Lin, Ya-Hui Hsu, Yung-Chien	January 1 to December 31, 2022	3,268	-	3,268	

- VI. Information on CPA replacement : to cope with the provisions regard the rotation of CPAs in the Statement of Auditing Standards, since Q1, 2019, the attesting CPAs were replaced by CPAs Lin, Ya-Hui and Hsu, Yung-Chien, and no change as of the date of the annual report.
- VII. Any of the Company's chairman, president, CFO or CAO who served the CPA firm or its affiliates in the most recent year : None.
- VIII. Any transfer or pledge of shares by any director, supervisor, managerial officer, and shareholder holding more than 10% of the Company's shares in the most recent year and as of the date of the annual report. Where the counterparty in any such transfer or pledge of shares is a related party, the name of the counterparty, the relationship with the Company, directors, supervisors, managers, and shareholders holding more than 10% of the shares, and the number of shares acquired or pledged shall be disclosed. :

(I) Changes in shareholdings

Title	Name	2022		for the current year ended March 24, 2023	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares	Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares
Chairman	Chen, Shiou-Chung	0	0	0	0
Chairman/President	Chen, Chien-Choan	0	0	0	0
Independent Director	Sun, Chin-Feng	0	0	0	0
Independent Director	Lin, Win-Jon	0	0	0	0
Independent Director	Lin, Chien-Ping	(219,376)	0	0	0
Director / Major Shareholders	EVER GLORY INVESTMENT COM, LTD.	(13,319,376)	0	0	0
	Representative : Wu, Li-Wen	0	0	0	0
Director	FOUNDATION TAICHUNG CITY EVER GLORY EDUCATION FOUNDATION	0	0	0	0
	Representative : Huang, Yung-Chang	0	0	0	0

Title	Name	2022		for the current year ended March 24, 2023	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares	Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares
Chief Finance/Accounting Officer	Ying, Yang-Chun	0	0	0	0
Accounting Officer	Guo, Shun-Yi	0	0	0	0
Vice President	LEE, I-MIN	0	0	0	0

Note 1: Note : None of the counterparty of transfer or pledge is a related party.

Note 2: The CAO Ying, Yang-Chun was removed in February 2023 due to internal reassignment.

Note 3: The CFO Ying, Yang-Chun resigned in March 2023.

(II) The counterparty of transfer or pledge is a related party : None.



IX. Disclosure of relationships between the top ten shareholders including spouses and second degree relatives or closer :

As of March 24, 2023

Name	Shareholding of the individual		Shareholding of spouse or minor children		Total shareholding by nominee arrangement		Information on the relationships between the top 10 shareholders if anyone is a related party, a spouse, or a second-degree or closer relative of another and their names		Remarks
	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	Name	Relationship	
EVER GLORY INVESTMENT COM, LTD. Representative : Yen, Li-Rong	24,972,025	21.93%	0	0 %	0	0 %	Chien Yi Investment Limited	The chairmen of both companies are a second-degree or closer relative of each other	-
							Great Bell Printing & Dyeing Co., Ltd.	The chairmen of both companies are a second-degree or closer relative of each other	-
							Hanbo Livestock and Farming Product Co., Ltd.	The chairmen of both companies are a second-degree or closer relative of each other	-
							Chen, Shiou-Chung	The spouse of the chairperson of the Company	-
							Chen, Chien-Choan	Second-degree or closer relative of the Chairman of that company	-
Representative of KINGTEX CORPORATION : Ya-Hui Chang	5,321,484	4.67 %	0	0 %	0	0 %	-	-	-
Chen, Shiou-Chung	5,276,711	4.63 %	2,358,587	2.07 %	0	0 %	EVER GLORY INVESTMENT COM, LTD.	The spouse of the chairperson of the Company	-
							Chen, Chien-Choan	SECOND-DEGREE OR CLOSER RELATIVE	-
							Great Bell Printing & Dyeing Co., Ltd.	SECOND-DEGREE or closer relative of the Chairman of that company	-
							Chien Yi Investment Limited	SECOND-DEGREE or closer relative of the Chairman of that company	-
							Hanbo Livestock and Farming Product Co., Ltd.	SECOND-DEGREE or closer relative of the Chairman of that company	-
Chien Yi Investment Limited Representative : Deng, Chu-Jen	4,275,675	3.75 %	0	0 %	0	0 %	EVER GLORY INVESTMENT COM, LTD.	The chairmen of both companies are a second-degree or closer relative of each other	-
							Chen, Shiou-Chung	Second-degree or closer relative of the Chairman	-
							Chen, Chien-Choan	Second-degree or closer relative of the Chairman	-

Name	Shareholding of the individual		Shareholding of spouse or minor children		Total shareholding by nominee arrangement		Information on the relationships between the top 10 shareholders if anyone is a related party, a spouse, or a second-degree or closer relative of another and their names		Remarks
	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	Name	Relationship	
Chen, Chien-Choan	4,107,262	3.61 %	0	0%	0	0%	EVER GLORY INVESTMENT COM, LTD.	Second-degree or closer relative of the Chairman	-
							Chien Yi Investment Limited	Second-degree or closer relative of the Chairman	-
							Chen, Shiou-Chung	Second-degree or closer relative	-
LICORP LTD. Representative : Jing-jing Lai	3,250,000	2.85 %	0	0%	0	0%	-	-	-
Great Bell Printing & Dyeing Co., Ltd. Representative : Chen, Hsiu-Hsiung	3,187,915	2.80 %	0	0%	0	0%	Chen, Shiou-Chung	Second-degree or closer relative of the chairman	-
							EVER GLORY INVESTMENT COM, LTD.	The chairmen of both companies are a Second-degree or closer relative of each other	-
							Hanbo Livestock and Farming Product Co., Ltd.	The chairmen are the same person	-
FOUNDATION TAICHUNG CITY PRIVATE EVER GLORY EDUCATION FOUNDATION Representative : Huang, Yung-Chang	3,103,550	2.73 %	0	0%	0	0%	-	-	-
Wu, Ru-Yu	3,000,803	2.64 %	0	0%	0	0%	-	-	-
Hanbo Livestock and Farming Product Co., Ltd. Representative : Chen, Hsiu-Hsiung	2,613,157	2.59 %	0	0%	0	0%	Chen, Shiou-Chung	SECOND-DEGREE or closer relative of the Chairman of that company	-
							EVER GLORY INVESTMENT COM, LTD.	The chairmen of both companies are a SECOND-DEGREE or closer relative of each other	-
							Great Bell Printing & Dyeing Co., Ltd.	The chairmen are the same person	-

- X. The number of shares held by the Company, its directors, supervisors, managerial officers, and entities directly or indirectly controlled by the Company in an investee and the consolidated shareholding ratio :

As of December 31, 2022

Reinvestee	Invested by the Company		Investment by directors, supervisors, managerial officers, or any companies controlled either directly or indirectly by the Company		Total investment	
	No. of shares	Shareholding (%)	No. of shares	Shareholding	No. of shares	Shareholding
Great Bell Printing & Dyeing Co., Ltd.	10,541,555	21.19	1,080,000	2.17	11,621,555	23.36
GLOUCESTER CO., LTD.	51,455,000	100.00	-	-	51,455,000	100.00
InnoPeak Advanced Materials Co., Ltd.	6,000,000	44.44	-	-	6,000,000	44.44
DAYSTAR LIMITED	-	-	3,000,000	100.00	3,000,000	100.00
ROSEGATE HOLDING CORP.	-	-	43,000,000	100.00	43,000,000	100.00
TAH TONG TEXTILE (VIETNAM) CO., LTD.	-	-	43,000,000	100.00	43,000,000	100.00
eNova TEXTILES LTD.	-	-	-	100.00	-	100.00
KOREA TEXTILE & DYEING SUPPORT SERVICES JOINT STOCK COMPANY	-	-	9,696,215	52.14	9,696,215	52.14

Note : It is a long-term investment made by the Company using the equity method.

## Four. Fundraising

### I. Capital and Shares

#### (I) Sources of capital :

##### (1) Formation of share capital

Month/ Year	Issued price (NT\$)	Authorized share capital		Paid-in capital		Remarks		
		No. of shares (shares)	Amount (NT\$)	No. of shares (shares)	Amount (NT\$)	Sources of capital	Capital paid in by assets other than cash	Others
77.10	10	98,280,000	982,800,000	98,280,000	982,800,000	Earnings and capital	None	(77)Tai-Cai-Zeng-(I) No.
78.08	10	112,000,000	1,120,000,000	112,000,000	1,120,000,000	Cash capital	None	(78)Tai-Cai-Zeng-(I) No.
79.03	10	134,400,000	1,344,000,000	134,400,000	1,344,000,000	Capitalization of	None	(79)Tai-Cai-Zeng-(I) No.
79.08	10	161,280,000	1,612,800,000	161,280,000	1,612,800,000	Earnings and capital	None	(79)Tai-Cai-Zeng-(I) No.
80.05	10	172,569,600	1,725,696,000	172,569,600	1,725,696,000	Earnings and capital	None	(80)Tai-Cai-Zeng-(I) No.
90.07	10	162,500,600	1,625,006,000	162,500,600	1,625,006,000	Buyback of treasury	None	Jin-(90)-Shang-Zhi
92.12	10	162,500,600	1,625,006,000	107,900,398	1,079,003,980	Capital decrease	None	Jing-Shou-Shang-Zhi
98.06	10	162,500,600	1,625,006,000	67,900,398	679,003,980	Capital decrease	None	Jing-Shou-Shang-Zhi No.
98.10	10	162,500,600	1,625,006,000	73,560,398	735,603,980	Cash capital	None	Jing-Shou-Shang-Zhi No.
98.11	10	162,500,600	1,625,006,000	78,900,398	789,003,980	Cash capital	None	Jing-Shou-Shang-Zhi No.
99.06	10	162,500,600	1,625,006,000	80,800,000	808,000,000	Cash capital	None	Jing-Shou-Shang-Zhi No.
99.08	10	162,500,600	1,625,006,000	65,800,000	658,000,000	Capital decrease	None	Jing-Shou-Shang-Zhi No.
100.10	10	162,500,600	1,625,006,000	85,800,000	858,000,000	Cash capital	None	Jing-Shou-Shang-Zhi No.
101.09	10	162,500,600	1,625,006,000	89,992,300	899,923,000	Capital reserve	None	Jing-Shou-Shang-Zhi No.
102.08	10	162,500,600	1,625,006,000	91,753,066	917,530,660	Earnings and capital	None	Jing-Shou-Shang-Zhi No.
104.02	10	162,500,600	1,625,006,000	89,799,066	897,990,660	Cancellation of	None	Jing-Shou-Shang-Zhi No.
106.03	10	162,500,600	1,625,006,000	62,112,408	621,124,080	Capital decrease	None	Jing-Shou-Shang-Zhi No.
106.08	10	162,500,600	1,625,006,000	68,112,408	681,124,080	Cash capital	None	Jing-Shou-Shang-Zhi No.
106.11	10	162,500,600	1,625,006,000	72,112,408	721,124,080	Cash capital	None	Jing-Shou-Shang-Zhi No.
107.01	10	162,500,600	1,625,006,000	78,112,408	781,124,080	Cash capital	None	Jing-Shou-Shang-Zhi No.
108.09	10	162,500,600	1,625,006,000	100,800,000	1,008,000,000	Capitalization of	None	Jing-Shou-Shang-Zhi No.
111.09	10	162,500,600	1,625,006,000	113,900,000	1,139,000,000	Cash capital	None	Jing-Shou-Shang-Zhi No.

(2) Types of issued shares

Share type	Authorized share capital			Remarks
	Number of outstanding shares	Unissued shares	Total	
Ordinary shares	113,900,000 shares	48,600,600 shares	162,500,600 shares	Private placement : 35,225,971 shares

(II) Composition of shareholders :

March 24, 2023

Shareholder Composition Quantity	Government agencies	Financial institutions	Other legal entities	Foreign institutions and foreign nationals	Individuals	Total
No. of shareholders	0	0	120	24	22,384	22,528
No. of shares held	0	0	48,074,979	1,485,091	64,339,930	113,900,000
Shareholding percentage	0%	0%	42.21%	1.30%	56.49%	100%

(III) Dispersion of shares : The Company issued ordinary shares only and dispersed the shares as follows :

March 24, 2023

Range of no. of shares held	No. of shareholders	Shareholding increase	Shareholding percentage
1 to 999	16,283	2,632,404	2.31%
1,000 to 5,000	4,882	10,069,552	8.84%
5,001 to 10,000	682	5,425,521	4.76%
10,001 to 15,000	192	2,441,619	2.14%
15,001 to 20,000	144	2,668,076	2.34%
20,001 to 30,000	118	2,970,148	2.62%
30,001 to 40,000	64	2,262,315	1.99%
40,001 to 50,000	37	1,701,662	1.49%
50,001 to 100,000	64	4,517,907	3.97%
100,001 to 200,000	26	3,542,808	3.11%
200,001 to 400,000	10	2,873,564	2.52%
400,001 to 600,000	7	3,610,414	3.17%
600,001 to 800,000	4	2,792,078	2.45%
800,001 to 1,000,000	1	850,000	0.75%
More than 1,000,000	14	65,541,932	57.54%
Total	22,528	113,900,000	100.00%

## (IV) List of major shareholders :

March 24, 2023

Names of major shareholders	Shares	Shareholding increase	Shareholding percentage
EVER GLORY INVESTMENT COM, LTD.		24,972,025	21.93%
KINGTEX CORPORATION		5,321,484	4.67%
Chen, Shiou-Chung		5,276,711	4.63%
Chien Yi Investment Limited		4,275,675	3.75%
Chen, Chien-Choan		4,107,262	3.61%
LICORP LTD.		3,250,000	2.85%
Great Bell Printing & Dyeing Co., Ltd.		3,187,915	2.73%
FOUNDATION TAICHUNG CITY PRIVATE EVER GLORY EDUCATION FOUNDATION		3,103,550	3.08%
Wu, Ru-Yu		3,000,803	2.64%
Hanbo Livestock and Farming Product Co., Ltd.		2,613,157	2.29%

## (V) Market price, net asset value, earnings and dividend per share in the most recent two years :

## Market Price, Net Worth, Earnings, and Dividends per Share

Unit : NT\$ / thousand shares

Item		Year	2021	2022	Current fiscal year as of ____ (date) March 24, 2023
Market price per share (Note 1)	Highest		16.10	9.50	8.37
	Lowest		6.97	7.71	7.81
	Average		9.71	8.36	8.07
Net worth per share (Note 2)	Before distribution		7.40	5.48	-
	After distribution		7.40	5.48	-
Earnings per Share (Note 3)	Weighted average shares		100,800	104,245	-
	Earnings (loss) per share		(0.75)	(2.52)	-
Dividends per share	Cash dividends		-	-	-
	Share dividends	Dividends from retained earnings	-	-	-
		Dividends from capital reserve	-	-	-
	Accumulated undistributed dividends (Note 4)		-	-	-
Return on investment analysis	Price/earnings ratio (Note 5)		-	-	-
	Price/dividend ratio (Note 6)		-	-	-
	Cash dividend yield (Note 7)		-	-	-

\* If shares are distributed in connection with a capital increase out of earnings or capital reserve, further disclose information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution.

Note 1: List the highest and lowest market price of ordinary shares in each fiscal year and calculate the

average market price by weighing transacted prices against transacted volumes in each respective fiscal year.

Note 2: See the number of outstanding shares at the end of the year and fill in the information according to the resolution of the Board of Directors or the Shareholders' Meeting of the following year.

Note 3: If retrospective adjustments are required because of issuance of stock dividends, the earnings per share should be disclosed in the amounts before and after the retrospective adjustments.

Note 4: If equity securities are issued with terms that allow undistributed dividends to be accrued and accumulated until the year the Company makes profit, the amount of cumulative undistributed dividends up until the current year should be disclosed separately.

Note 5: Price/Earnings ratio = Average closing price of the current year/Earnings per share.

Note 6: Price/dividend ratio = Average closing price per share for the year/Cash dividends per share.

Note 7: Cash dividend yield = Cash dividend per share/Average closing price per share for the year.

Note 8: Net worth per share and earnings per share are based on audited (auditor-reviewed) data as at the latest quarter before the publication date of the annual report. For all other fields, calculations are based on the data for the current year as of the date of publication of the annual report.

(VI) Dividend policy and implementation :

(1) Dividend policy of the Company :

The Company shall, before deducting the remunerations distributed to the employees and directors/supervisors, and reserving the amount to offset the cumulative loss from the profit before tax of the year, distribute the remaining balance as the remuneration to employees at a rate of not less than 3% and no more than 15%, and the remuneration to directors/supervisors at a rate of not more than 3% of such balance. The remunerations distributed to the employees and directors/supervisors shall be resolved by a majority vote at a board meeting attended by two-thirds of the total number of directors, and reported to the shareholders' meeting. The remunerations to the employees may be distributed in cash or shares, and the employees of subsidiaries meeting certain specific requirements are entitled to receive the employee remunerations.

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) Dividends proposed to be distributed in the shareholders' meeting : The Company has resolved in the board meeting on March 23, 2023 not to distribute the dividends.

(VII) The influence of the stock dividend proposed at the shareholders' meeting on the Company's operating performance and earnings per share

(VIII) Employee remuneration and directors' and supervisors' remuneration :

(1) The percentages or ranges with respect to employee, director, and supervisor remunerations, as set forth in the company's articles of incorporation : The Company

shall, before deducting the remunerations distributed to the employees and directors/supervisors, and reserving the amount to offset the retained cumulative loss from the profit before tax of the year, distribute the remaining balance as the remuneration to employees at a rate of not less than 3% and no more than 15%, and the remuneration to directors/supervisors at a rate of not more than 3% of such balance.

Remuneration to directors and supervisors is distributed according to the appropriate percentage of allocable earnings allocated for each year by the Company's Articles of Incorporation and resolutions of the shareholders' meetings and in consideration of the annual contribution ratio of each director. For employee compensation, see [Five. Business Overview/V. Labor Relations(5) Salary Policy] herein.

- (2) Basis for estimation of employee compensation and remuneration to directors and supervisors in this period, basis for the calculation of the number of shares for stock dividends to employees, and accounting treatment if the amount paid out is different from the estimated amount :
    1. No remuneration to employees and directors distributed at the shareholders' meeting.
    2. If the actual amount distributed is different from the estimated amount, it will be adjusted according to IFRSs.
  - (3) Distribution of remuneration approved by the board of directors : Any discrepancy between the amount of remuneration distributed in cash or stock to employees, directors, and supervisors and the estimated amount recognized for the year, the cause of such discrepancy, and solution to such discrepancy shall be disclosed :
    1. Not to distribute remuneration to employees, directors and supervisors as resolved by the Company's board of directors to make up losses for 2022 on March 23, 2023.
    2. The amount of any employee remuneration distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee remuneration : Not applicable as stated above.
  - (4) Actual distribution of remuneration to employees, directors, and supervisors in 2021 : Not applicable as stated above.
- (IX) Repurchase of the Company's shares in the most recent year and as of the date of the annual report : None.



II. Issuance of corporate bonds, preference shares, depository receipts, employee stock warrants, or new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies :

(I) Issuance of corporate bonds :

**Issuance of corporate bonds**

Type of corporate bonds		First privately placed unsecured ordinary corporate bonds for 2021
Issue (transaction) date		December 10, 2021
Face value		NT\$ One Million per bond
Place of issue and trading		Not applicable.
Issue price		Issue at full amount of the face value
Total amount		NT\$100,000,000
Annual interest rate		1.7% (fixed)
Term		Three-year; maturity date : December 10, 2024
Guarantor		None
Trustee		None
Underwriter		None
Attesting lawyer		None
Attesting CPA		None
Redemption method		Principal is repaid at the maturity; the interests are paid every six months based on the outstanding issue amount since the issue date
Unredeemed balance		NT\$100,000,000
Conditions for redemption or early redemption		All or part of the corporate bonds may be redeemed early based on the actual needs. When executing the redemption procedures, the owners of the corporate bonds are informed in writing or other means; the redemption price is calculated based on the face value of the corporate bonds, and the interests are accrued up to the date the Company makes the payment of redemption.
Restrictive covenants		None
Name of rating agency, date and result of rating		Not applicable.
Other rights attached	The monetary amount of ordinary shares, global depository receipts, or other securities already converted, exchanged, or subscribed up to the annual report publication date	Not applicable.
	Issuance and conversion (exchange or subscription) rules	Not applicable.
The possible dilution of shareholding and influence on shareholder equity caused by the issuance and conversion, exchange, or subscription rules and the terms of issuance.		Not applicable.
Name of the custodian institution of the		Not applicable.

- (II) Convertible corporate bonds : None.
- (III) Exchangeable corporate bonds : None.
- (IV) Issuance of corporate bonds under shelf registration : None.
- (V) Corporate bonds with warrants : None.
- (VI) Issuance of preference shares : None.
- (VII) Issuance of depository receipts : None.
- (VIII) Issuance of employee stock warrants : None.
- (IX) Issuance of restricted stock awards : None.
- (X) M&As (including mergers, acquisitions, and divisions), or transfer of new shares to other companies : None.

III. Implementation of the fund application plan :

(I) Description of the plan :

For the period as of the quarter preceding the date of publication of the annual report, with respect to each uncompleted public issue or private placement of securities, and to such issues and placements that were completed in the most recent 3 years but have not yet fully yielded the planned benefits : all plans have been fully implemented with all benefits yielded.

(II) Implementation :

With respect to funds usage under the plans referred to in the preceding subparagraph, the status of implementation and compare actual benefits with expected benefits : all plans have been fully implemented with all benefits yielded.

## Five. Business Overview :

### I. Description of Business :

#### (I) Scope of business :

##### (1) Major business activities :

1. C301010 Spinning of Yarn
2. C302010 Weaving of Textiles
3. C305010 Printing, Dyeing and Finishing.
4. C306010 Wearing Apparel
5. C399990 Other Textile and Products Manufacturing
6. C801120 Manufacture of Man-made Fibers
7. F104110 Wholesale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing Accessories
8. F113010 Wholesale of Machinery
9. F113020 Wholesale of Electrical Appliances
10. F113050 Wholesale of Computers and Clerical Machinery Equipment
11. F118010 Wholesale of Computer Software
12. F204110 Retail Sale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing Accessories
13. F213010 Retail Sale of Electrical Appliances
14. F213030 Retail Sale of Computers and Clerical Machinery Equipment
15. F213080 Retail Sale of Machinery and Tools
16. F218010 Retail Sale of Computer Software
17. F401010 International Trade
18. H701010 Housing and Building Development and Rental
19. Immovable property leasing
20. All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

##### (2) Proportion :

Unit : NT\$ thousand

Item \ Year	2021		2022	
	Total operating revenue (NT\$ thousand)	Operation weight (%)	Total operating revenue (NT\$ thousand)	Operation weight (%)
Yarn	926,415	59.90%	842,779	53.06%
Fabric	620,075	40.10%	745,533	46.94%
Total	1,546,490	100.00%	1,588,312	100.00%

##### (3) Current products :

Yarns : pure-cotton yarns, rayon yarns, various functional blended yarns, core-spun yarns, and slub yarns

Finished fabrics : woven fabrics, knitted fabrics and various functional fabrics, among other things.

##### (4) New products planned for development

The new products developed with the new materials in the staple fiber field will be developed in cooperation with Japan's New Functional Fibers and eco-friendly yarn according to the needs of specific downstream customers. New materials in the field of long fibers : the new products planned to be developed this year will integrating the variable processed fabrics, seeking to bring benefits in the future.

Due to the abnormal climate around the world and the lower consumption power against the backdrop of economic slowdown, the R&D of finished fabrics will be shifted to the functional yarns and changed organization from the current specs of high count of yarns and high density, to develop the market of the garments made with functional fabrics, and to integrate the fabrics with various process via the new materials in the long fiber area :

1. Various long-fiber, high-performance, waterproof, and moisture-permeable fabrics, including two categories, namely coating and lamination; the major claims are the high-functional outdoor coats or windbreakers, while adding camouflage printing to promote hunting clothing.
2. Due to the global warming, clothing tends to be light, thin, short, and small. The Company will develop a series of ultra-lightweight fabrics based on this trend, to be applied in windbreakers, tops, and T-shirts.
3. In the field of knitted fabrics, Japan's new functional fibers are used to develop functional yarn and fabrics. The use of chemicals is also in line with the global environmental protection and carbon reduction plan. The chemicals that meet environmental protection requirements are selected and certified.
4. Cooperate with well-known yoga clothing brands to customize and produce high-quality Tencel series products that emphasize softness, comfort and convenience of wearing. Meanwhile, products have been expanded to knitting and woven fabrics.

(II) Overview of the industry :

The Group's main business scope include two major categories, namely yarn spinning and fabrics, and conducts OEM/ODM product design, R&D, manufacturing, sales and trading. The Yarn Business Division supplies general yarn products with price advantage and stable quality and differentiated products with high added values to domestic and foreign customers; the main customers of fabric products are world-renowned fashion and sports brands, and the products include cotton-based popular garment materials, and new synthetic fabrics emphasizing functional performance. In 2018, the Group strived more toward the horizontal integration and investment in dyeing and finishing plants in Vietnam. The Group is a textile group with complete spinning production, fabric design and development, and dyeing and finishing capabilities. The following is an explanation of the current situation of the global textile industry and textile industry in Taiwan.

(1) Current status of the industry

1. Global textile industry

The textile industry involves the sections from fiber, spinning, weaving, dyeing and finishing to final products. The liberalization of textile trade in 2005

resulted in a shift of production locations to emerging low-cost countries, such as China, India, Vietnam, Bangladesh, and Pakistan, and textile and garment trade grew faster than in the era of quota restrictions. The main factors affecting the global textile industry are described below :

- 1) With outbreaks of the COVID-19 pandemic, the world is facing an imbalance between supply and demand in manpower, material resources, energy, and shipping, and unprecedented challenges, such as soaring raw material prices, shutdown of overseas production bases, shortage of cabinets, and high shipping costs. Supply chain interruptions due to the pandemic are still the main factor affecting consumption and production. However, as the US, the EU, Japan and other major economies have fully vaccinated more than 70% of their population, the lifestyle of "coexisting with viruses" will mitigate the impact of the COVID-19 pandemic.
- 2) The International Monetary Fund (IMF) has a rather pessimistic outlook on the global economy in 2023, with global economic growth falling from 6.0% in 2021 to 3.4% in 2022 and to 2.9% in 2023. IMF Chief Economist Pierre-Olivier Gourinchas said that India and China will contribute to half of global economic growth by 2023, while the US and the Eurozone combined will account for only one-tenth of the global economic growth. While the COVID-19 pandemic severely hindered economic activities in China, the recent reopening has paved the way for a stronger-than-expected recovery. However, compared with the forecast growth in 2022 (3.4%), the global economic growth in 2023 will continue to slow down to 2.9%, but the situation is turning for the better.
- 3) The shrinking demand in developed markets around the world has made the market more uncertain, causing customers to be more conservative in their ordering. Taiwan's textile industry is dominated by chemical fiber materials, including two major chemical fiber textile materials polyester and nylon. Although Taiwan can supply upstream and downstream polyester materials by itself, the Russian-Ukrainian war has little impact on the overall polyester textile supply chain. However, Taiwan is only about 50~60% self-sufficient in caprolactam (CPL), a key upstream material in the nylon supply chain (produced by CPDC only), and imports the remaining 40~50%. Given that Russia is the largest CPL supplier of Taiwan, the stalemate over the war with Ukraine continues have an impact on the domestic nylon supply chain in the long run.
- 4) Major brands in the global textile industry are gradually subverting the previous business model on the issue of environmental protection and sustainability. They not only seek to use recyclable and renewable materials, but also begin to try environmental protection and sustainability as the main brand management model. Environmental protection and sustainability is a major concern not only for brand owners, but also for manufacturers in receiving production orders in the future. In terms of the textile industry, according to a study on pollution presented by TAIEX, more than 90% of clothing pollutant emissions come from four activities in the manufacturing

process : dyeing and finishing, fabric preparation, yarn preparation, and fiber production. However, the current digitization of manufacturing has demonstrated the emphasis on sustainability and the long-term goal of reducing pollution during the processing of textiles and clothing. For example, new digital and automated laser and ozone technologies are helping to reduce the use of water, chemicals, and energy in the dyeing and finishing process. In other respects, the development of turbine technology that can evaporate the wastewater and sludge from dyeing and finishing is in progress to replace chemical solution treatment or chemical discharge. In addition, low-energy automation has proven to be an essential investment for companies that make sustainability their top priority. Although these technologies still cannot be practically used in the production process in the short term, they show that the R&D of Industry 4.0 is gradually moving towards sustainable production, which is crucial for the realization of circular manufacturing in the future.

## 2. Textile industry in Taiwan

In 2022, the total production value of the textile industry decreased from NT\$358,736 million in 2021 to NT\$356,708 million, with an annual decline rate of 0.56%. Based on the statistical data of international trading from Taiwan's customs, in terms of textile trade in 2022, the total value of Taiwanese textile exports from January to December 2022 was USD8.85 billion, down 2.02% from 2021; the total import value was USD3.94 billion, up 2.45% from 2021.

Table of foreign exchange creation and production value of textile industry in Taiwan

Year	Export value (USD hundred million)	Import amount (USD hundred million)	Foreign exchange earning (USD hundred million)	Production value (NT\$ million)
2022	88.5	39.4	49.1	356,708
2021	90.3	38.5	51.8	358,736
2020	75.4	33.7	41.7	299,552
2019	91.8	35.5	56.3	374,030
2018	100.7	36.8	63.9	405,084

Source : Taiwan Textile Research Institute , Statistics Department, MOEA, and Customs Import and Export Trade Statistics

### 1) Analysis of main export items

Fabrics are still the bulk of Taiwan's textile exports, with an export value reaching US\$6.350 billion, accounting for 71.88% of the total export value, with a growth of 1.53% compared to the same period last year; the export volume was 652,900 tons, a decrease of 6.32%, and the unit export price increased by 8.38%.

### Analysis of Taiwan's major textile products exported

Item	Export value (US\$100 million)	Proportion %	Comparison over the same period %	Export volume (10,000 tonnes)	Comparison over the same period %	Unit Price (USD/kg)	Comparison over the same period %
1 Fiber	4.4	4.95	-13.75	32.45	-16.35	1.35	3.11
2 Yarn	11.6	13.14	-9.00	36.53	-14.83	3.18	6.84
3 Fabric	63.5	71.88	1.53	65.29	-6.32	9.73	8.38
4 Garments and accessories	4.3	4.86	-8.83	1.89	-14.03	22.76	6.04
5 Miscellaneous textiles	4.6	5.17	-10.26	7.61	7.13	6.00	-16.23
Total	88.4	100.00	-2.02	143.77	-10.52	6.15	9.5

Source : Website of National Textile and Apparel Institute

### 2) Analysis of major export markets

Based on the analysis of export destinations, the largest export market of Taiwan's textiles in 2022 was Vietnam, with an export value of USD2.36 billion, accounting for 26.69% of the textile export value, a YOY increase of 1.94% ; which is followed by mainland China, the United States, Indonesia and Cambodia. The sum of these areas is accounted for 67.74% of exports.

#### Analysis of major export markets for Taiwan's textile products

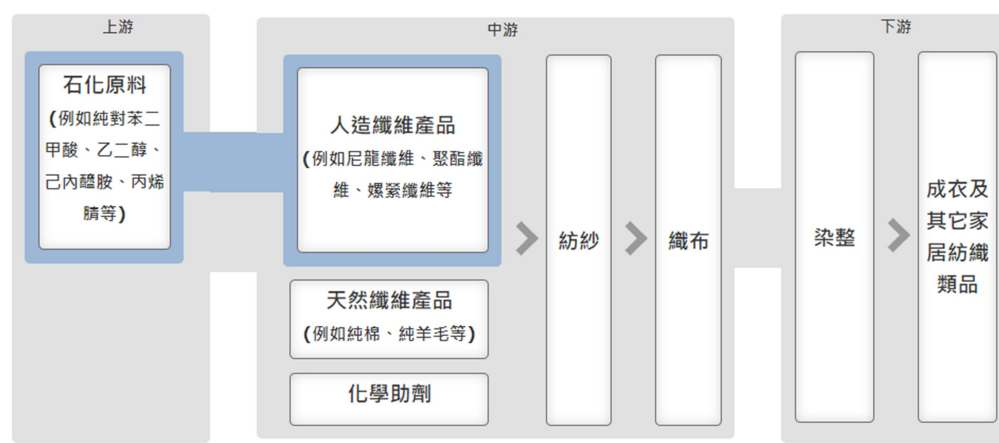
	Export value (US\$100 million)	Export proportion (%)	Comparison over the same period %
Vietnam	23.60	26.69	1.94
Mainland China	12.57	14.23	-15.12
North America	9.76	11.04	1.56
Indonesia	5.40	6.11	17.90
Cambodia	4.31	4.87	-2.71
Europe	4.24	4.80	-8.03
Others	28.51	32.26	-1.79

Source : Website of National Textile and Apparel Institute

### 3. The relations between the up-, mid-, and downstream industries

The upstream of the textile industry chain is petrochemical raw materials, which are manufactured into nylon fiber, polyester fiber, rayon fiber, carbon fiber and other synthetic fiber products, being spun into yarns, being woven into fabrics, and then going through the dyeing and finishing procedures including bleached, dyed, printed, coated, finished, being tailoring into ready-to-wear products or other related textile products. The textile manufacturing process may be divided into four major stages : fiber, textile, dyeing, and ready-to-wear/home textiles. Among them, textile may be further divided into two steps : spinning and weaving : spinning is converted from roving to spun yarns; once yarns are sent to the plant, the yarns are inserted into the operating axis of the weaving machine, and the weaving machine pulls the yarn upwards and sends it to the weaving machine; the next step is the weaving step, at this stage, the shuttles in the weaving machine go

back and forth without stopping, and finally weave the yarns into a piece of fabric. The fabrics (including cotton, wool, synthetic fiber) may be sent to downstream vendors for post-processing after being sorted into boxes.



### Upstream

In addition to natural cotton, animal hair, silk, and linen, the upstream raw materials of the textile industry also include plastic and chemical raw materials, such as ethylene glycol (EG) for the production of polyester products; pure terephthalic acid (PTA) and caprolactam (CPL) required for the production of nylon products, and acrylonitrile (AN) required for the production of acrylic cotton; in the production chain of synthetic fibers, the upstream petrochemical raw material of PTA is Xylene (p-Xylene, PX), the upstream petrochemical raw material of EG is ethylene, and the upstream of ethylene is naphtha.

### Midstream

The midstream of the textile industry include synthetic fiber products, natural fiber products, chemical additives, and yarns and fabrics spun from the above materials. Natural fibers are divided into plant-based fibers and animal-based fibers. The plant-based fibers include cotton, linen, jute, ramie, among other plants; while animal-based fibers include wool, rabbit hair, silk, camel hair, and other hair of animals. Due to the limited production of natural fibers in Taiwan, and the production sources of natural fibers are unstable, the artificial methods are applied to manufacture materials with stable sources, low prices and properties similar to natural fibers, such as rayon and acetate fibers. By blending the synthetic fibers and natural fibers with some special processing and finishing, the fabrics made are featured the characteristics of no shrinkage, no wrinkle, easy washing, and quick drying, increasing the comfort of wearing.

### Downstream

Dyeing and finishing, apparel industry and other home textile industries are downstream of the textile industry. Dyeing and finishing is the most energy-consuming and water-consuming part of the textile industry. However, dyeing and finishing also provides an important link for the differentiation and value-addition of textile products. To respond to international environmental protection requirements, the dyeing and finishing industry has recently focused on improving dyeing and finishing technologies, developing low-carbon or



environmentally friendly green products, to achieve energy saving and carbon reduction, and produce products compliant with the international environmental protection regulations.

#### 4. Product development trend

Looking at 2023, many countries have gradually moved towards a lifestyle of "coexisting with viruses". The uncertainty in respect of the impact of COVID-19 on the global apparel consumer market is gradually diminishing. Consumers desire to regain control of their freedom and health, and are more aware of the beauty of nature, and the pursuit of interacting with the outside world in a safe way. Under the demand of the [New Normal], the global apparel market will develop towards the three major trends : [health and comfort], [recycling and sustainability], and [digital transformation], as described below :

##### 1) Health and comfort

The COVID-19 pandemic has changed the lifestyles of consumers, and they are expected to return to normal as usual in 2023. However, according to the NPD market survey, 70% of consumers plan to maintain the current clothing style, or choose more comfortable clothes compared to before the outbreaks of COVID-19.

In addition, the COVID-19 pandemic has created [new] health awareness in consumers. Therefore, they hope that pollutants will not remain on clothes when going out through crowded outdoor spaces, taking the subway or taxi, on board planes, in restaurants. To this end, the demand for anti-viral, antibacterial and other functional clothing will continue to grow.

##### 2) Recycling and sustainability

In the post-pandemic era, sustainable marketing will still be the direction of development, especially given the issues of a large amount of waste clothes, marine microplastics, and greenhouse gas (CO<sub>2</sub>) emissions. Continuing to invest in green production processes (conservation of water and energy, and low-carbon emissions) will continue to be the focus of the industry.

##### 3) Digital transformation

The demand for zero-contact with COVID-19 helps brands accelerate their digital transformation, which in turn requires Taiwan's suppliers to highly simulate digital samples, reduce sample production times, and produce in small, diverse quantities and quick response. Digital transformation is inevitable, especially through the application of innovative technologies such as big data, Internet of Things, AI, and RFID.

#### 5. Competition

##### 1) The unique cyclical demand of the industry

Due to the labor-intensive nature, most of the textile industry chains are located in developing countries with relatively low wages. After the finished products are manufactured, the finished products are shipped to major global consumer markets such as the United States, France, Germany, and China.

The global sentiment affects the operation of the entire industry. In the

post-pandemic era, due to inflation in Europe and the US and the pessimistic subsequent economic outlook, the overall market is becoming increasingly uncertain. Fortunately, the textile industry is a hard demand for the overall people's livelihood economy. In view of the expectations of the global clothing consumer market, the demand for outdoor functional clothing is still expected to strengthen; subject to little impact. Therefore, the research and development of high-level technology for improving functionality will become an issue and challenge that the textile industry must face to deal with the current fluctuations, and will also be helpful to the growth and development of the entire textile industry .

## 2) The impact of alternative products

In recent years, Taiwan's textile industry has moved towards refinement and differentiation positioning due to the transformation of the industry, and has also expanded a new path. Benefiting from the rise of fitness trend, the importance of functional textiles has become higher and higher. The textile industry value chain has become one of the important supply chains of world-renowned apparel brands. The products have developed comprehensive functions such as windproof and breathable, waterproof and breathable, quick-drying, anti-pilling, elastic for fit, lightweight but heat preservation, waterproof and breathable, among other functions. In addition, the current combination of high-tech industry and textile industry with the development of wearable products and smart clothing, demonstrates the competitive advantages of Taiwanese manufacturers. Currently, Taiwan has provided 70% of the functional fabrics to the world-renowned international brands; and the world-renowned outdoor or sports brands are the customer of textile industry in Taiwan, including well-known sports brands such as Nike, Under Armour, and Adidas; all of which are OEM by Taiwanese manufacturers. Taiwan has become a major supplier of synthetic fibers in the world, among which the functional and high-quality fabrics are the features of Taiwanese textiles. In addition, high-end markets in Europe have high requirements for environmental protection, so eco-friendly fabrics are another new trend. The sources of raw materials and the entire manufacturing process must meet the environmental protection standards. At this stage, Taiwanese manufacturers are striving to obtain environmental certification from international organizations, and dyes are also changed to the natural plant dyeing as the active differentiation of environmental protection clothing from the Chinese market. However, the yarn and fabric products developed and produced by different manufacturer have their own strengths, and the products are substitutable, so there is the possibility of competition and substitution exist among products in the same industry.

## (III) Technology and R&D Overview

### (1) Technological capabilities and R&D :

The R&D department of the Group belongs to the Plant Affair Research and

Development Team under the Fabric Business Division, in charge of research and development of new products, improvement of new production technologies, and fabric quality control inspections. The current product research and development are mainly the development and post-processing technology of woven fabrics, and the development and post-processing technology of circular/warp knitted fabrics. In light of the abnormal global climate, environmental protection awareness has increased in recent years. In addition to actively cooperating with downstream customers to develop eco-friendly multi-functional fabrics, the dyeing and finishing chemicals are also screened to meet environmental protection requirements. Efforts are made to upgrade product quality and improve production technologies, and develop various products meeting market demands.

(2) R&D expenditures for each of the past two years

Unit : NT\$ thousand

Year/ Amount	2021	2022
R&D expenditures	9,814	10,233
Net operating revenue	1,546,490	1,588,312
Ratio to the net operating income	0.63%	0.64%

(3) Technologies and/or products successfully developed

Regarding the yarns, as the costs of cotton yarns have been increasing, the survival space will disappear gradually if the conventional approaches to the market and production. Therefore, for R&D, the following development direction shall be shifted to gradually in the future :

13. Integrating functional new fibers from Japan, to develop functional or differentiated products continuously, with planned promotions for the ultimate goal of quantification.
14. Continuously revising the SAP standardized operation process, as well as the standardized operation of raw materials and processes, enabling the product quantification to demonstrate its reproducibility and generate true profit.
15. Utilizing the differences in production patterns, to transfer technology and production bases for the quantified differentiated products, to maintain market advantages and the competitiveness with better manufacturing costs and stable quality.
16. Start the development of compound yarn to explore new markets.

The R&D of finished fabrics will be shifted to the differentiated yarns, changed organization, and material compound of new materials from the current specs of high count of yarns and high density, to develop the fabrics accepted by the public with variations and affordable prices.

(4) Long-term and short-term business development plans :

1. Yarn Business Division
  - 1) Short-term business development plans :
    - (a) Adjust product mix and seek to enhance profitability.

- (b) Raise production efficiency and reduce production costs.
- (c) Develop international markets and increase customers for niche products.
- 2) Long-term business development plans :
  - (a) Explore new markets for special yarn.
  - (b) Improve production efficiency and product quality.
  - (c) Reinforce the productive effect in Vietnam and explore international sales channels.

## 2. Fabrics Business Division

- 1) Short-term business development plans :
  - (a) Combining yarn spinning to develop functional and differentiated fabric products of new materials, and using existing product development capabilities, the global brand customers are provided with high-quality product selections, to increase the proportion of direct customer orders.
  - (b) Develop new products required by target customers.
  - (c) Build the foundation for cross-border outsourcing and supply of products.
  - (d) Continue to explore new brand customers and expand market share.
- 2) Long-term business development plans :
  - (a) Cultivate strategic customers.
  - (b) Build bases for multinational operations based on the characteristics of different regions.
  - (c) Vertical integrate products and services.
  - (d) In response to global trade trends, build overseas production supply chains to activate and strengthen product competitiveness.

## II. Overview of the market and production and sales :

### (I) Market analysis

#### (1) Sales territories for major products and services

Unit : NT\$ thousand

Year		2021		2022	
Geographic areas		Sales amount	Ratio (%)	Sales amount	Ratio (%)
Taiwan		338,038	21.86	137,230	8.64
Export	China	584,130	37.77	518,656	32.65
	Southeast Asia	498,156	32.21	800,418	50.39
	Others	126,166	8.16	132,008	8.31
Total		1,546,490	100.00	1,588,312	100.00

#### (2) Supply and demand and growth potential of the market in the future :

The major products of the Company include the 100% combed cotton yarn, CVC, T/C blended yarns, rayon yarns, other customized yarn types developed in cooperation with customers, cotton gray cloth, blended gray cloth, finished fabrics and knitted fabrics. With the development trends of textile products towards refinement and functional demands, the Yarn Business Division will continue to expand new markets and develop functional and special yarn types; the Fabric Business Division will

develop customized products and services based on the needs of brand customers to develop the functional woven and knitted fabrics.

(3) Competitive edges, and favorable and unfavorable factors for future development and countermeasures :

1. Competitive edges :

- 1) Develop and manufacture functional and differentiated products.
- 2) An one-stop production system from spinning, weaving, to printing and dyeing processing, with the advantages of quick response, short delivery time, low cost, and quality control.

2. Favorable factors :

- 1) Higher human quality, R&D capabilities, and technology level.
- 2) Better quality image.
- 3) Production bases established overseas.
- 4) Some popularity and recognition in the market.

3. Unfavorable factors :

- 1) India and Southeast Asia continue to introduce the new production capacity with high-volume equipment, and the competition in price and quantity in the market is becoming increasingly fierce.
- 2) Taiwan's raw material pricing formula is un-pegged to the international raw material market, and there is no longer the cost advantage of petrochemical and chemical fiber raw materials.
- 3) Elevated energy costs and labor costs.

4. Countermeasures :

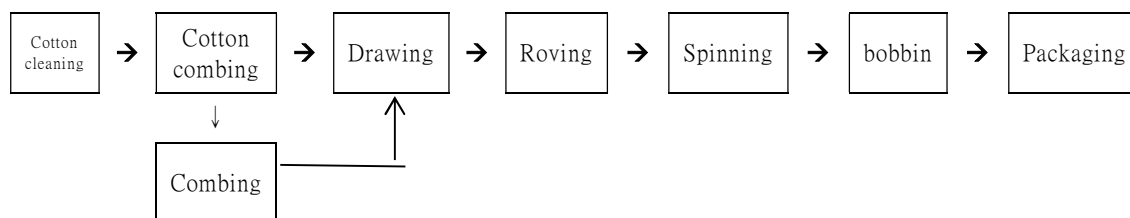
- 1) Since Taiwan does not have the conditions for production and supply of cotton as the main raw material on its own, the spinning mill industry needs to monitor the international cotton prices and decide the best time to purchase to grasp the cost advantage. In addition, due to the emphasis on credibility, Taiwanese spinning companies have established a solid foundation of trust in the process of partnership with customers for many years. In the future, the excellent cotton formula technology and management shall be continuously applied to meet the requirements of stable quality, so that even facing order fighting with low prices from emerging countries, Taiwan's spinning mill industry is able to also solidify orders in a disadvantageous environment.
- 2) Actively expand the global business landscape and increase the direct export ratio.
- 3) In addition, as emerging countries also begin to increase the production proportion of differentiated products, with the continuous innovation R&D energy, combined with the upstream chemical fiber raw material development advantage of Taiwan, increase the development proportion of functional composite yarn and other characteristic products to meet the development requirements of international brands of performance products demand.

(II) Important functions and production processes of main products

- (1) The major products of the Company include the 100% combed cotton yarn, CVC, T/C blended yarns, rayon yarns, other customized yarn types developed in cooperation with

customers, cotton gray cloth, blended gray cloth, finished fabrics and knitted fabrics. Its main use is that in terms of yarns, it is a high-end yarn after combing treatment, used to produce fabrics for high-end casual clothing; in terms of fabric, it is used in high-end shirts, sports and leisure series and high-end women's apparel.

(2) Product process :



(III) Supply of main raw materials :

The main raw materials are raw cotton, synthetic fibers and elastic fibers. Raw cotton is mainly imported from abroad, mainly from North America and South America, and the rest is from Australia. While the global raw cotton price fluctuates sharply, the Company will monitor the price changes and trends of raw materials, while purchasing at the right time, to adjust the inventory of raw materials flexibly to maintain the competitive advantage of raw material cost. Synthetic fibers are mainly purchased from domestic suppliers. Due to the continuous fluctuation of global oil prices, the prices of such synthetic fiber products also fluctuate. However, in terms of quantity, there is no supply issue, while the foreign supply sources have been sought to maintain the stability of quantity and price. Elastic fibers are supplied from North America and South Korea. Because the good partnership with distributors and have a certain percentage of inventory, there should be no risk of material shortage. As for the staple yarns needed for weaving, in addition to the products produced by the Company, it will also be purchased from China or other Asian countries to facilitate price competition.

(IV) Suppliers and clients accounting for 10 percent or more of the company's total procurement (sales) amount in either of the 2 most recent fiscal years, the amounts bought from (sold to) each, the percentage of total procurement (sales) accounted for by each, and an explanation of the reason for increases or decreases

(1) Information on major suppliers for the most recent 2 years

Unit : NT\$ thousand

	2021				2022				As of Q1 2023			
Item	Name	Amount (NT\$ thousand)	As a percent age of the annual net purcha se (%)	Rela tio ns wit h the issu er	Name	Amount (NT\$ thousand)	As a percent age of the annual net purcha se (%)	Rela tio ns wit h the issu er	Name	Amount (NT\$ thousand)	Percenta ge of net purcha se up to the precedin g quarter of the current fiscal year (%)	Rela tions with the issu er
1	1000221	135,044	11	Non e	1000221	209,024	15	Non e	—	—	—	—

	2021				2022				As of Q1 2023			
Item	Name	Amount (NT\$ thousand)	As a percent age of the annual net purchase (%)	Rela tions with the issu er	Name	Amount (NT\$ thousand)	As a percent age of the annual net purchase (%)	Rela tions with the issu er	Name	Amount (NT\$ thousand)	Percenta ge of net purchase s up to the precedin g quarter of the current fiscal year (%)	Rela tions with the issu er
2	1000024	109,265	9	None	S200038	189,462	13	None	—	—	—	—
3					1000024	99,825	7	None	—	—	—	—
	Others	955,834	80	None	Others	909,576	65	None	Others	—	—	—
	Net purchase	1,200,143	100		Net purchase	1,407,887	100		Net purchase	—	—	—

(2) Information on major customers for the most recent 2 years

Unit : NT\$ thousand

	2021				2022				As of Q1 2023			
Item	Name	Amount (NT\$ thousand)	As a percent age of the annual net sale (%)	Rela tions with the issu er	Name	Amount (NT\$ thousand)	As a percent age of the annual net sale (%)	Rela tions with the issu er	Name	Amount (NT\$ thousand)	Percenta ge of net sales up to the preceding quarter of the current fiscal year (%)	Rela tions with the issu er
1	200006	116,059	8	None	C100014	166,044	10	None	—	—	—	—
2	201024	106,563	7	None	200006	80,031	5	None	—	—	—	—
3									—	—	—	—
4	Others	1,323,868	85	None	Others	1,342,237	85	None	Others	—	—	—
	Net sale	1,546,490	100		Net sale	1,588,312	100		Net sale	—	—	—

(V) Production volume and value in the most recent two years

Unit : ton; NT\$ thousand

Year Production volume and value  Major products	2021			2022		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Yarns (ton)	10,800	8,620	755,323	10,800	7,788	948,039

## (VI) Sales volume and value in the most recent two years

Unit : ton/thousand yards; NT\$ thousand

Sales volume and value  Major products	Year		2021				2022			
			Domestic sales		Export		Domestic sales		Export	
			Volume	Value	Volume	Value	Volume	Value	Volume	Value
Yarns (ton)			2,271	245,694	8,748	720,950	654	88,005	7,655	700,391
Fabrics (thousand yards)			879	86,124	3,386	344,670	821	43,315	6,807	643,853
Others				6,220		142,832		5,910		675,858
Total				338,038		1,208,452		137,230		2,020,102

## III. Information on employees for the most recent two years and as of the date of the annual report :

Unit : Persons; %

Year		2021	2022	for the current year ended March 24, 2023
Number of employees	Staff	123	125	124
	Worker	466	434	395
	Total	589	559	519
Average age		38.8 years old	39.11 years old	39.16 years old
Average years of service		6.01 years	5.83 years	6.00 years
Distribution of education attainment	Doctoral Degree	0.17	-	-
	Master	1.36	1.07	0.77
	College/University	33.28	24.69	27.36
	Senior high school	0.85	9.66	10.02
	Under senior high school	64.34	64.58	61.85

## IV. Information on environmental protection expenditures :

- (I) According to laws and regulations if it is required to apply for a permit for installing anti-pollution facilities, or permit of pollution drainage, or to pay anti-pollution fees, or to organize and set up an exclusively responsible unit/office for environmental issues, the description of the status of such applications, payment or establishment



shall be made :

(1) Pollution facility installation or pollution emission permit :

By Plant	Item applied	Permit number
Tah Tong Vietnam Plant	Report of the Impact Assessment for Environment and Health	1822/QĐ-UBND
Tah Tong Vietnam Plant	Emission Registration No. of Stationary Pollution Sources	QLCTNH :77.000800.T
KOREA TEXTILE & DYEING SUPPORT SERVICES JOINT STOCK COMPANY	Report of the Impact Assessment for Environment and Health	171/QĐ-KCNĐN
KOREA TEXTILE & DYEING SUPPORT SERVICES JOINT STOCK COMPANY	Emission Registration No. of Stationary Pollution Sources	QLCTNH :75.002656.T
InnoPeak Advanced	Qualification certificate of boilers	No. 212111B0017
InnoPeak Advanced	Qualification certificate of the special equipment for high-pressure	No. 212111S0052

(2) Pollution prevention and control expenses payable : Apart from engaging a professional waste removal company to dispose of wastes, the Company has no material expenditures for pollution prevention and control.

(3) Pursuant to laws, the establishment of dedicated units and personnel is not required; currently, the operation is outsourced to a professional unit and inspected regularly.

(II) List the Company's investments in major equipment for prevention and control, the intended use, and possible benefits : None.

(III) Describe the process undertaken by the company on environmental pollution improvement for the most recent 2 years and as of the date of the annual report. If there were any pollution disputes, how they were dealt with : None.

(IV) For the most recent two years and as of the date of the annual report, the Company's losses due to environmental pollution (including compensation for violations of environmental laws and regulations as a result of environmental audits), specify the date of punishment, the reference number of the punishment, the provisions of the violation, the details of the violation, the punishment if it is impossible to estimate reasonably, state the fact of the occurrence : None.

(V) The current condition of pollution and the impact of its improvement to the profits, competitive position and capital expenditures of the company, as well as the projected major environment-related capital expenses to be made for the coming 2

years : None.

- (1) Status quo of pollution and the impact of its improvement on the Company's earnings, competitive position, and capital expenditure : All of the Group's production plants comply with the environmental pollution regulations enacted by the local governments.
- (2) The expected major environment-related capital expenses to be made for the coming two years : All production plants of the Group comply with the environmental pollution regulations of the local government, so there is no major environment-related capital expenditure expected for the time being. In the future, the Group will continue to track relevant environmental pollution laws and regulations, and propose environmental protection expenditure budgets according to actual needs.

V. Labor Relations :

- (I) The Company's various employee benefit measures, continuing education, training, retirement system, and implementation thereof, as well as labor-management agreements and various employee rights protection measures :

- (1) Employee benefits measures

The Company has established an employee benefits committee to appropriate the employee benefits fund and deal with the following benefits-related matters in accordance with the Regulation on Employee Benefits :

1. Flexible half-hour time in working days.
2. Leave : Two days off per week, maternity leave, paternity leave, menstrual leave, family care leave, etc.
3. Insurance : Labor Insurance, National Health Insurance, and Overseas Travel Insurance.
4. Bonus : Year-end bonus, employee bonus (remuneration to employees).
5. Leisure : Employee travel allowance, company or department-level meals, gift vouchers, etc.
6. Education and training : Internal and external training courses.
7. Health checkup : Free employee health checkups are provided on a regular basis.
8. Others : Year-end dinner, lucky draw, birth/birthday/wedding gifts, sickness/funeral payments, Spring Festival, Dragon Boat Festival and Mid-Autumn Festival gifts, and lunch reservation.
9. Appointed stores.

- (2) Continuing education and training system :

To develop human resources, enrich employees' knowledge and working skills, and enhance human resource planning, the Company has prescribed the "Education and Training Implementation Regulations," arranging internal and external training according to the training needs of each unit, and evaluating and recording the training benefits.

- (3) Retirement system :

1. Pursuant to the Labor Standards Act, the Company has a defined benefit plan and contributes 14% of the total salaries every month to the pension fund, which is deposited to the dedicated account with the Bank of Taiwan under the name of Labor Pension Reserve Supervisory Committee. The regulations are summarized as below :

- 1) Self-retirement : An employee of the Company may choose to retire on his own account if he or she falls under any of the following circumstances :
  - (a) Aged 55 or above with at least 15 years of service.
  - (b) Having served for at least 25 years.
  - (c) Aged 60 or above at least 10 years of service.
- 2) Forced retirement : The Company shall not force the Company's employees to retire except under any of the following circumstances :
  - (a) Aged 65 or above.
  - (b) Unable to perform his/ her duties due to mental or physical disability.

The Company may request the central competent authority to adjust the age prescribed in Subparagraph 1 of the preceding paragraph if the specific job entails risk, requires substantial physical strength or otherwise of a special nature; provided, however, that the age shall not be reduced below fifty-five.
2. Pursuant to the Labor Pension Act, the Company has made a determined contribution plan, which is applicable to local employees. The labor pension of 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.
- (4) Employer-employee agreements and various employee rights protection measures :
  1. The Company has clearly stated its work rules that outline employees' rights, obligations, and benefits measures to protect their interests.
  2. The Company complies with the Labor Standards Act and applicable labor laws and regulations for the matters related to employee interests.
- (5) Salary policy
  1. The Company's salary system is a system based on internal fairness and external competitiveness, while maintaining a stable life for employees and taking into account individual work performance.
  2. Once a year, the Company decides whether to make adjustments for the current year by referring to the economic environment, operating profit for the current year, adjustments to the salaries of soldiers, civil servants and teachers, inflation, and adjustments to the salaries of the industry or the market. The results of individual performance appraisals are also considered.
  3. For year-end bonus, the base number is determined based on the Company's business performance results in the previous year and prior to bonus payment, and the amounts payable are determined with reference to the performance evaluation results of units and individuals in the current period.
  4. Other bonuses will be granted according to other rules and timing.
  5. The Company's employee bonus (employee remuneration) payable is determined annually in accordance with the Articles of Incorporation and the percentage of the allocable earnings, and by reference to the assessment results.
- (6) Protective measures for the work environment and personal safety of employees and their implementation
  1. Occupational safety and health policy :
 

Tah Tong Textile Co., Ltd. operates with the philosophy of developing

towards an "Outstanding Company", continues to fulfill its corporate social responsibilities, and fully complies with all applicable government occupational safety and health laws and regulations. By establishing a complete occupational safety and health system, the Company tries to create a good working environment, prevent occupational hazards, promote health, and ensure worker safety in order to achieve the Company's mission of sustainable development.

2. Occupational safety and health program :
  - 1) Identify, evaluate and improve the work environment and operational hazards.
  - 2) Appoint occupational safety and health personnel by law.
  - 3) Follow the occupational safety and health rules.
  - 4) Identify occupational safety and health regulations on a monthly basis.
  - 5) Classify, label, communicate, and manage hazardous chemicals.
  - 6) Offer occupational safety and health training.
  - 7) Investigate occupational accidents, and take corrective and preventive measures.
  - 8) Automatically inspect occupational safety and health.
  - 9) Monitor the operating environment.
  - 10) Manage contractors.
  - 11) Emergency response.
  - 12) Health promotion, health risk assessment and health checkup plan.
3. Implementation of the occupational safety and health program
  - 1) Access control : Those who are not the Company's employees will obtain gate pass before entry, so as to prevent outsiders from coming in without authorization and keep the Company safe.
  - 2) Computer room control : Prevent unauthorized personnel from entering and causing damage to the computer system, resulting in fire, electric shock, and other hazards.
  - 3) Maintain and inspect elevators and other equipment on a yearly basis, and regularly maintain service vehicles.
  - 4) Pursuant to the Fire Protection Act, the Company outsources fire-fighting equipment inspection, maintenance, and declaration to a qualified fire-fighting manufacturer every six months.
  - 5) Environmental health : Regularly clean and disinfect facilities in the workplace to ensure a healthy, comfortable working environment.
  - 6) Test the operating environment regularly every year.
  - 7) Drinking water facilities : maintain and inspect employees' drinking water facilities on a regular basis to ensure their drinking water safety.
  - 8) Disaster preparedness and emergency response : Provide an emergency response plan, emergency response personnel, accident response procedures, and escape route maps.
  - 9) Health checkup : According to the Employee Health Protection Rules, require new employees to receive physical checkups; provide current employees with regular checkups.
- (7) Complaining system
  1. The Company's internal personnel who make false reports or malicious accusations

shall be subject to disciplinary action, and shall be removed from their positions. Upon substantiation, the Company will provide appropriate incentives to the whistleblower.

2. Complaining channels are presented as follows :

- 1) Acceptance window : A dedicated unit of the Company
- 2) Email : [audit@tahtong.com.tw](mailto:audit@tahtong.com.tw)
- 3) Acceptance procedures : After receiving a report, the call center of the Company shall immediately establish an investigation team to investigate the suspected illegal or inappropriate conduct described in the report.
- 4) Response : The Company will keep the identity of the whistleblower and the content of the report confidential, and promise to protect the whistleblower from reporting misconducts that may result in undue treatment, and will reply the investigation result by email.

- (II) Describe any losses suffered by the Company due to labor disputes in the most recent two years and as of the date of the annual report (including violations of the Labor Standards Act found in labor inspections, the disposition date, disposition number, violation of laws and regulations, details of violation, and punishment) , and disclose the estimated amounts that may occur currently and in the future, and countermeasures. If it is impossible to make reasonable estimates, please specify the fact that it cannot be reasonably estimated : The Company suffered no losses due to labor disputes in the most recent two years and as of the date of annual report.

VI. Information security management :

- (I) Describe the information security risk management framework, the information security policy, the specific management plan, and resources input in information security management.
- (1) Information security risk management framework : The Company's information security risk management team is composed of the Assistant Vice President of the President's Office, IT personnel, and internal auditors, and reports to the Board of Directors on a regular basis.
  - (2) Information security policy : To ensure sustainable operation and maintain information security, the Company has established an information security organization and provided related management measures and rules, supervise and monitor the implementation of related operations and equipment, detect exceptions in advance, avoid and control any damage.
  - (3) Specific management plan and resources input in information security management : Join information security information sharing platforms including ISAC and TWCERT, in addition to regular information security inspections, cooperate with internal and external auditors to include information security inspections in the annual audit plan.

Internet control	Data access control	Backup recovery mechanism
<ol style="list-style-type: none"> <li>1. Install a firewall</li> <li>2. Install SPAM, a mail filtering protection platform, to effectively reduce the risk of various mail attacks.</li> </ol>	<ol style="list-style-type: none"> <li>1. Designate specified persons to keep computer equipment, and set user names and passwords.</li> <li>2. Grant different access</li> </ol>	<ol style="list-style-type: none"> <li>1. Establish system backup mechanisms for all important systems, and implement remote backup.</li> </ol>

Internet control	Data access control	Backup recovery mechanism
3. Install anti-virus software in computer equipment, and regularly scan computer systems and data storage media for viruses. 4. Use various network services pursuant to the information security policy.	authorities based on functions 3. Revoke the authorities of any person rotated to another position. 4. Duly approve remote access to an information system.	2. Conduct system recovery drills regularly every year 3. Regularly review computer network security control measures 4. Make the Information System Emergency Recovery Plan

The Company does not yet need to obtain any international certification for any information security policy and any specific management plan. Currently, based on the appetite for information security risks identified by the Company's risk management team, insurance is not needed yet for information security risks. However, insisting the information security management, the Company has continuously been enhancing the information security protection, and holds disaster recovery drills regularly every year. Moreover, the team members continue to improve the latest knowledge related to the information security management all the time to enhance professional functions and master the issues related to the information security.

- (II) List the losses suffered as a result of major information security incidents in the most recent year and as of the date of the annual report, possible impact thereof, and countermeasures. If it is impossible to estimate reasonably, specify the facts : None.

VII. Important Contracts :

Nature of contracts	Parties	Beginning and end dates of contract	Major content	Restrictive covenants
Long-term prepayments of rents	Tah Tong (Vietnam) Textile Liability Limited Tien Hung Co.,Ltd. Branch of Tien Hung Co., Ltd. My Xuan B1-Tien Hung Industrial Park	May 22, 2013 to May 18, 2056	Lot I-1, I-2, I-3 My Xuan B1- Tien Hung Industrial Zone, My Xuan ward, Phu My Town, Ba Ria - Vung Tau Province, Vietnam. Long-term lease of industrial land, 59,540.8 square meters in total	Before the lease expires, if the lessee wishes to transfer the rights and obligations of this lease, it must obtain the consent of the owner of the industrial zone before transferring.
Med- and long-term overseas investment loans	The Export-Import Bank of the Republic of China	July 25, 2019 to July 25, 2024	Overseas investment for NT\$100 million The Company re-invests Korea Textile & Dyeing Support Services Joint Stock Company in Vietnam.	1. Five years from the date of first drawdown. 2. Calculated from the date of first drawdown, the first installment will be the day when the full 18 months pass, and

## Six. Overview of Financial Status

I. Condensed balance sheet and statement of comprehensive income for the most recent five years

(I) Condensed balance sheet and statement of comprehensive income :

### 1-1 Condensed consolidated balance sheet

Unit : NT\$ thousand

Item \ Year		Financial data in the most recent five years (Note 1)					Financial data for the current year ended March 31, 2023
		2018	2019	2020	2021	2022	
Current assets		846,944	987,394	751,343	862,515	1,018,219	-
Property, plant and equipment		1,043,748	1,248,942	1,106,775	897,818	940,694	-
Intangible assets		6,162	3,951	2,546	5,915	5,222	-
Other assets		687,131	611,764	528,104	607,817	561,962	-
Total assets		2,583,985	2,916,573	2,388,768	2,374,065	2,526,097	-
Current liabilities	Before distribution	1,037,270	1,357,614	1,247,351	1,256,626	1,573,889	-
	After distribution	1,037,270	1,357,614	1,247,351	1,256,626	Not distributed yet	-
Non-current liabilities		121,508	299,138	176,628	296,934	260,788	-
Total liabilities	Before distribution	1,158,778	1,656,752	1,423,979	1,553,560	1,834,677	-
	After distribution	1,158,778	1,656,752	1,423,979	1,553,560	Not distributed yet	-
Equity attributable to owners of parent company		1,425,207	1,102,795	823,076	746,013	624,356	-
Share capital		781,124	1,008,000	1,008,000	1,008,000	1,139,000	-
Capital reserve		-	4,871	3,988	3,988	11,181	-
Retained earnings	Before distribution	511,549	106,876	(140,481)	(212,993)	(506,048)	-
	After distribution	511,549	106,876	(140,481)	(212,993)	Not distributed yet	-
Other equity		132,534	(16,952)	(48,431)	(52,982)	(19,777)	-
Treasury shares		-	-	-	-	-	-
Non-controlling interests		-	157,026	141,713	74,492	67,064	-
Total equity	Distributed	1,425,207	1,259,821	964,789	820,505	691,420	-
	After distribution	1,425,207	1,259,821	964,789	820,505	Not distributed yet	-

Note 1 : The aforesaid financial data of each year have been audited by CPAs, and the IFRSs have been applied since 2013.

Note 2 : The proposal for loss appropriation was approved by the Board on March 24, 2023.

## 1-2. Condensed consolidated statement of comprehensive income

Unit : NT\$ thousand

Item \ Year	Financial information for the most recent 5 years (Note)					Current fiscal year as of (date) Financial data as of March 31, 2023
	2018	2019	2020	2021	2022	
Operating revenue	1,624,251	1,466,872	1,509,851	1,546,490	1,588,312	-
Gross profit	(44,266)	(73,074)	(75,029)	72,622	(108,200)	-
Operating income or loss	(264,580)	(287,480)	(250,055)	(114,449)	(315,437)	-
Non-operating income and expenses	1,250,688	(40,506)	(47,090)	(66,362)	(5,904)	-
Profit before tax	986,108	(327,986)	(297,145)	(180,811)	(321,341)	-
Net income for continuing operations for the year	904,683	(332,243)	(292,272)	(162,356)	(319,852)	-
Loss on discontinued operations	-	-	-	-	-	-
Net income (loss) for this period	904,683	(332,243)	(292,272)	(162,356)	(319,852)	-
Other comprehensive income for this period (net of tax)	(69,955)	9,884	(37,703)	(1,928)	47,306	-
Total comprehensive income for this period	834,728	(322,359)	(329,975)	(164,284)	(272,546)	-
Net income attributable to owners of parent company	904,683	(308,231)	(247,549)	(76,055)	(262,231)	-
Net income attributable to non-controlling interests	-	(24,012)	(44,723)	(86,301)	(57,621)	-
Total comprehensive income attributable to owners of parent company	843,728	(296,038)	(278,836)	(77,063)	(228,153)	-
Total comprehensive income attributable to non-controlling interests	-	(26,321)	(51,139)	(87,221)	(44,393)	-
Earnings per Share	9.03	(3.06)	(2.46)	(0.75)	(2.52)	-

Note : The aforesaid financial data for each year have been audited by CPAs, and the IFRSs have been adopted since 2013.



## 2-1 Condensed parent-only balance sheet

Unit : NT\$ thousand

Item \ Year		Financial data in the most recent five years (Note 1)				
		2018	2019	2020	2021	2022
Current assets		1,261,452	1,213,370	673,176	933,498	899,260
Property, plant and equipment		87,093	81,987	49,426	41,822	41,021
Intangible assets		5,758	2,806	1,657	304	100
Other assets		831,607	871,391	1,007,681	762,715	833,993
Total assets		2,185,910	2,169,554	1,731,940	1,738,339	1,774,374
Current liabilities	Before distribution	720,680	877,932	803,361	795,942	952,601
	After distribution	720,680	877,932	803,361	795,942	Not distributed yet
Non-current liabilities		40,023	188,827	105,503	196,384	197,417
Total liabilities	Before distribution	760,703	1,066,759	908,864	992,326	1,150,018
	After distribution	760,703	1,066,759	908,864	992,326	Not distributed yet
Equity attributable to owners of parent company		1,425,207	1,102,795	823,076	746,013	624,356
Share capital		781,124	1,008,000	1,008,000	1,008,000	1,139,000
Capital reserve		-	4,871	3,988	3,988	11,181
Retained earnings	Before distribution	511,549	106,876	140,481	(212,993)	(506,048)
	After distribution	511,549	106,876	140,481	(212,993)	尚未分配
Other equity		132,534	(16,952)	(48,431)	(52,982)	(19,777)
Treasury shares		-	-	-	-	-
Non-controlling interests		-	-	-	-	-
Total equity	Before distribution	1,425,207	1,102,795	823,076	746,013	624,356
	After distribution	1,425,207	1,102,795	823,076	746,013	Not distributed yet

Note 1 : The aforesaid financial data of each year have been audited by CPAs, and the IFRSs have been applied since 2013.

Note 2 : The proposal of deficit compensation was approved by the Board on March 25, 2022.

## 2-2. Condensed parent-only statement of comprehensive income

Unit : NT\$ thousand

Item \ Year	Financial data in the most recent five years (Note 1)				
	2018	2019	2020	2021	2022
Operating revenue	1,189,975	1,132,250	915,459	910,198	943,406
Gross profit	(31,452)	3,272	39,528	54,485	45,023
Operating income or loss	(177,636)	(111,845)	(46,756)	(34,507)	(47,992)
Non-operating income and expenses	1,163,744	(190,668)	(200,263)	(39,515)	(214,082)
Profit before tax	986,108	(302,513)	(247,019)	(76,022)	(262,074)
Net income for continuing operations for the year	904,683	(308,231)	(247,549)	(76,055)	(262,231)
Loss on discontinued operations	-	-	-	-	-
Net income (loss) for this period	904,683	(308,231)	(247,549)	(76,055)	(262,231)
Other comprehensive income for this period (net of tax)	(69,955)	12,193	(31,287)	(1,008)	34,078
Total comprehensive income for this period	834,728	(296,038)	(278,836)	(77,063)	(228,153)
Net income attributable to owners of parent company	904,683	(308,231)	(247,549)	(76,055)	(228,153)
Net income attributable to non-controlling interests	-	-	-	-	-
Total comprehensive income attributable to owners of parent company	834,728	(296,038)	(278,836)	(77,063)	(228,153)
Total comprehensive income attributable to non-controlling interests	-	-	-	-	-
Earnings per Share	9.03	(3.06)	(2.46)	(0.75)	(2.52)

Note 1 : The aforesaid financial data of each year have been audited by CPAs, and the IFRSs have been applied since 2013.

### (II) Auditing CPAs and audit opinions for the five recent years :

Year	Name of the accounting firm	Names of CPAs	Audit Opinions
2022	PwC Taiwan	Lin, Ya-Hui Hsu, Yung-Chien	Unqualified opinion Additional other matter paragraph
2021	PwC Taiwan	Lin, Ya-Hui Hsu, Yung-Chien	Unqualified opinion Additional other matter paragraph
2020	PwC Taiwan	Lin, Ya-Hui Hsu, Yung-Chien	Unqualified opinion Additional other matter paragraph
2019	PwC Taiwan	Lin, Ya-Hui Hsu, Yung-Chien	Unqualified opinion Additional other matter paragraph
2018	PwC Taiwan	Chou, Chien Hung Hsu, Sheng-Chung	Unqualified opinion Additional other matter paragraph

## II. Financial analysis for the most recent five years

### (I) Consolidated financial analysis as per the International Financial Reporting Standards

Item \ Year		Financial analysis for the most recent five years					Current year up to March 31, 2023
		2018	2019	2020	2021	2022	
Financial structure (%)	Debt to assets ratio	44.84	56.80	59.61	65.44	72.63	—
	Ratio of long-term capital to property, plant and equipment	148.19	118.69	103.13	124.46	101.22	—
Solvency (%)	Current ratio	81.65	72.73	60.24	68.64	64.69	—
	Quick ratio	28.95	25.49	27.65	26.74	24.06	—
	Times interest earned	23.07	(6.99)	(8.89)	(6.08)	(7.12)	—
Operating performance	Accounts receivable turnover (times)	8.74	8.23	12.30	15.71	16.56	—
	Average collection period (days)	41.76	44.34	29.67	23.23	22.04	—
	Inventory turnover (times)	3.02	2.58	3.53	3.95	3.43	—
	Accounts payable turnover (times)	14.27	11.44	10.25	7.56	7.76	—
	Average days in sales	120.86	141.47	103.40	92.40	106.41	—
	Property, plant and equipment turnover (times)	1.15	1.24	1.25	1.54	1.73	—
	Total assets turnover (times)	0.55	0.53	0.57	0.65	0.65	—
Profitability	Return on total assets (%)	31.99	(10.89)	(10.11)	(5.96)	- 11.76	—
	Return on equity (%)	91.60	(24.75)	(26.28)	(18.19)	- 42.31	—
	Pre-tax income to paid-in capital (%) (Note 6)	126.24	(32.54)	(29.48)	(17.94)	- 28.21	—
	Net profit margin (%)	55.70	(22.65)	(19.36)	(10.50)	- 20.14	—
	Earnings per share (NT\$) (Note 7)	11.44	(3.06)	(2.46)	(0.75)	- 2.52	—
Cash flow	Cash flow ratio (%)	(40.14)	(17.83)	7.81	2.39	- 18.90	—
	Cash flow adequacy ratio (%)	(82.54)	(91.83)	(100.02)	(122.41)	- 62.71	—
	Cash reinvestment ratio (%)	(13.56)	(8.20)	3.91	2.12	- 21.08	—
Leverage	Operating leverage	Note 8	Note 8	Note 8	Note 8	Note 8	—
	Financial leverage	Note 8	Note 8	Note 8	Note 8	Note 8	—

Reasons for changes in financial ratios for the most recent two years :

- (1) Financial structure : The ratio of long-term funds to property, plant and equipment was decreased mainly due to due to fluctuations in international cotton prices and a rapid decline in market prices in 2022, which led to the expansion of overall losses and affected the amount of equity.
- (2) Solvency : Interest coverage dropped slightly, mainly due to the increase in pre-tax losses for the current year compared with 2021 and the increase in interest expense for the current period compared with 2021.
- (3) Operating capacity : Property, plant and equipment turnover was increased as a result of rising revenue and declining average property, plant and equipment.
- (4) The overall profitability was affected by international raw cotton fluctuations, and the market price was revised down significantly due to the slump of the raw cotton index, resulting in an increase in losses over the previous year.
- (5) The overall cash flow ratio decreased, mainly due to reduced cash flows from operating activities for the current year over 2021.

Note 1: The aforesaid financial data for each year have been audited by CPAs.

Note 2: The following formulas for the calculation of the financial ratios shall be presented below this table herein.

1. Financial structure
  - (1) Debt to assets ratio = Total liabilities/Total assets.
  - (2) Ratio of long-term fund to property, plant and equipment = (total equity + non-current liabilities)/net property, plant and equipment.
2. Solvency
  - (1) Current ratio = Current assets/Current liabilities.
  - (2) Quick ratio = (current assets - inventories - prepayments)/current liabilities.
  - (3) Interest coverage ratio = EBIT/interest expense paid for the current period.
3. Operating performance
  - (1) Receivable turnover (including accounts receivable and notes receivable from operating activities) = Net sales/Balance of average accounts receivable in each period (including accounts receivable and notes receivable from operating activities).
  - (2) Average collection days = 365/Receivable turnover.
  - (3) Inventory turnover = Cost of sales/Average inventory.
  - (4) Payables turnover (including accounts payable and notes payable from operating activities) = Cost of sales/Balance of average accounts payable in each period (including accounts payable and notes payable from operating activities).
  - (5) Average days to sell = 365/Inventory turnover
  - (6) Property, plant and equipment turnover = Net sales/Average net property, plant, and equipment.
  - (7) Total assets turnover = Net sales/Average total assets.
4. Profitability
  - (1) Return on assets = [Profit or loss after tax + Interest expenses × (1 - Tax rate)]/Average total assets.
  - (2) Return on equity = Profit or loss after tax/Average total equity.
  - (3) Profit margin = Profit or loss after tax/Net sales.
  - (4) Earnings per share = (Income or loss attributable to owners of parent company - Preference shares dividends)/Weighted average number of shares issued. (Note 3)
5. Cash flow
  - (1) Cash flow ratio = Net cash flows from operating activities/Current liabilities.
  - (2) Cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years/(Capital expenditures + Inventory increment + Cash dividends) for the most recent five years.
  - (3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends)/ (Gross property, plant and equipment + Long-term investment + Other non-current assets + Working capital). (Note 4)
6. Leverage :
  - (1) Operating leverage = (Net operating revenue - Variable operating costs and expenses)/Operating revenue (Note 5).
  - (2) Financial leverage = Operating income/(Operating income - Interest expenses).

Note 3: Note the following when calculating the earnings per share :

1. Take the weighted average number of outstanding ordinary shares other than the number of outstanding shares as of the end of the year as the base.
2. If there is any cash capital increase or treasury stock transaction, take the circulation periods into account when calculating the weighted average quantity of outstanding shares.
3. If there is any capitalization of retained earnings or capital reserve, the annual and semi-annual earnings per share of past years should be retrospectively adjusted pro ratio to the size of the capital increase, without considering the issuance period of the capital increase.
4. If the preferred shares are non-convertible cumulative preferred shares, dividends the current year (whether distributed or not) should be deducted from after-tax net profit or added to after-tax net loss. If the preferred shares are non-cumulative, the dividend shall be deducted from the net income after tax if there is net income after tax and no adjustment is required in case there is loss.

Note 4: Note the following when conducting cash flow analysis :

1. Net cash flow from operating activities is the net cash inflow from operating activities in the cash flow statement.
2. CAPEX is the annual cash outflow used in capital investments.
3. The increase in inventories is included only when the closing balance is greater than the opening balance. If the inventories is reduced at the end of the year, it will be calculated as zero.
4. Cash dividends include cash dividends for ordinary shares and preferred shares.
5. Gross property, plant and equipment is the total amount of property, plant and equipment including accumulated depreciation.

Note 5: The issuer shall classify operating costs and expenses as fixed or variable by nature. If estimates or subjective judgments are involved, pay attention to reasonableness and maintain consistency.

Note 6: In the case of shares issued with no par value or a par value other than NT\$10 per share, the calculation of paid-in capital above will be replaced by equity interests attributable to owners of the parent.

Note 7: Earnings (loss) per share were adjusted retrospectively due to the capital reduction in Q1 2017 to make up losses.

Note 8: For the calculation of financial leverage, negative operating profit for the current period is not included in calculations.

## (II) Parent Company Only Financial Analysis - International Financial Reporting Standards

Item (Note 2) \ Year (Note 1)		Financial analysis for the most recent five years				
		2018	2019	2020	2021	2022
Financial structure (%)	Debt to assets ratio	34.80	49.17	52.48	57.08	64.81
	Ratio of long-term capital to property, plant and equipment	1682.37	1573.39	1878.73	2253.35	2,003.30
Solvency (%)	Current ratio	175.04	138.21	83.79	117.28	94.40
	Quick ratio	143.84	109.50	70.08	104.17	83.45
	Times interest earned	34.89	(14.85)	(13.60)	(4.81)	(13.43)
Operating performance	Accounts receivable turnover (times)	3.69	3.56	3.26	2.81	1.90
	Average collection period (days)	98.91	102.52	111.96	129.89	192.10
	Inventory turnover (times)	4.46	4.31	4.23	6.48	7.06
	Accounts payable turnover (times)	11.84	11.32	8.56	6.31	5.89
	Average days in sales	81.83	84.68	86.28	56.32	51.69
	Property, plant and equipment turnover (times)	2.73	13.39	13.93	19.95	22.78
	Total assets turnover (times)	0.47	0.52	0.47	0.52	0.54
Profitability	Return on total assets (%)	36.71	(13.68)	(12.06)	(3.8)	(14.10)
	Return on equity (%)	91.6	(24.81)	(25.71)	(9.69)	(38.27)
	Pre-tax income to paid-in capital (%) (Note 6)	126.24	(30.53)	(24.51)	(7.34)	(23.01)
	Net profit margin (%)	76.03	(27.68)	(27.04)	(8.36)	(27.80)
	Earnings per share (NT\$) (Note 7)	11.66	(3.06)	(2.46)	(0.75)	(2.52)
Cash flow	Cash flow ratio (%)	(56.11)	(7.09)	29.34	(6.09)	0.30
	Cash flow adequacy ratio (%)	(420.40)	(362.13)	(398.43)	(74.03)	(144.01)
	Cash reinvestment ratio (%)	(14.69)	(2.49)	14.19	(6.11)	0.32
Leverage	Operating leverage	0.87	0.52	0.10	0.65	0.96
	Financial leverage	0.86	0.85	0.73	0.73	0.73

Reasons for changes in financial ratios for the most recent two years.

- (1) Financial structure : no major change during the period
- (2) Solvency : The overall solvency for the period was revised down due to increased short-term borrowings.
- (3) Operating performance : The inventory turnover increased mainly because the product mix dominated by finished fabrics was strengthened in 2022. Finished fabrics sold after order taking effectively reduced the days required to sell inventories and the quantity of inventories, so the inventory turnover was improved from 2021.
- (4) Property, plant and equipment turnover increased mainly due to decreased average property, plant and equipment for the current period from 2021.
- (5) Profitability was affected by international raw cotton fluctuations, and the market price was revised down significantly due to the slump of the raw cotton index, resulting in an increase in losses over the previous year.
- (6) The cash flow ratio decreased, mainly due to reduced cash flows from operating activities for the current year over 2021.

- Note 1: The aforesaid financial data for each year have been audited by CPAs.
- Note 2: The following formulas for the calculation of the financial ratios shall be presented below this table herein.
1. Financial structure
    - (1) Debt to assets ratio = Total liabilities/Total assets.
    - (2) Ratio of long-term fund to property, plant and equipment = (total equity + non-current liabilities)/net property, plant and equipment.
  2. Solvency
    - (1) Current ratio = Current assets/Current liabilities.
    - (2) Quick ratio = (current assets - inventories - prepayments)/current liabilities.
    - (3) Interest coverage ratio = EBIT/interest expense paid for the current period.
  3. Operating performance
    - (1) Receivable turnover (including accounts receivable and notes receivable from operating activities) = Net sales/Balance of average accounts receivable in each period (including accounts receivable and notes receivable from operating activities).
    - (2) Average collection days = 365/Receivable turnover.
    - (3) Inventory turnover = Cost of sales/Average inventory.
    - (4) Payables turnover (including accounts payable and notes payable from operating activities) = Cost of sales/Balance of average accounts payable in each period (including accounts payable and notes payable from operating activities).
    - (5) Average days to sell = 365/Inventory turnover
    - (6) Property, plant and equipment turnover = Net sales/Average net property, plant, and equipment.
    - (6) Total assets turnover = Net sales/Average total assets.
  4. Profitability
    - (1) Return on assets = [Profit or loss after tax + Interest expenses × (1 - Tax rate)]/Average total assets.
    - (2) Return on equity = Profit or loss after tax/Average total equity.
    - (3) Profit margin = Profit or loss after tax/Net sales.
    - (4) Earnings per share = (Income or loss attributable to owners of parent company - Preference shares dividends)/Weighted average number of shares issued. (Note 3)
  5. Cash flow
    - (1) Cash flow ratio = Net cash flows from operating activities/Current liabilities.
    - (2) Cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years/(Capital expenditures + Inventory increment + Cash dividends) for the most recent five years.
    - (3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends)/ (Gross property, plant and equipment + Long-term investment + Other non-current assets + Working capital). (Note 4)
  6. Leverage :
    - (1) Operating leverage = (Net operating revenue - Variable operating costs and expenses)/Operating revenue (Note 5).
    - (2) Financial leverage = Operating income/(Operating income - Interest expenses).
- Note 3: Note the following when calculating the earnings per share :
1. Take the weighted average number of outstanding ordinary shares other than the number of outstanding shares as of the end of the year as the base.
  2. If there is any cash capital increase or treasury stock transaction, take the circulation periods into account when calculating the weighted average quantity of outstanding shares.
  3. If there is any capitalization of retained earnings or capital reserve, the annual and semi-annual earnings per share of past years should be retrospectively adjusted pro ratio to the size of the capital increase, without considering the issuance period of the capital increase.
  4. If the preferred shares are non-convertible cumulative preferred shares, dividends the current year (whether distributed or not) should be deducted from after-tax net profit or added to after-tax net loss. If the preferred shares are non-cumulative, the dividend shall be deducted from the net income after tax if there is net income after tax and no adjustment is required in case there is loss.
- Note 4: Note the following when conducting cash flow analysis : 1. Net cash flow from operating activities is the net cash inflow from operating activities in the cash flow statement. 2. Capital expenditures refers to the annual cash outflow used in capital investment. 3. Increase in inventory is counted only when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory has decreased at the end of the year, it is counted as zero. 4. Cash dividends include the cash dividends of common stock and preferred stock. 5. Gross property, plant and equipment refers to the total property, plant and equipment without deduction of accumulated depreciation.
- Note 5: The issuer shall classify operating costs and expenses as fixed or variable by nature. If estimates or subjective judgments are involved, pay attention to reasonableness and maintain consistency.
- Note 6: In the case of shares issued with no par value or a par value other than NT\$10 per share, the calculation of paid-in capital above will be replaced by equity interests attributable to owners of the parent.
- Note 7: Earnings (loss) per share were adjusted retrospectively due to the capital reduction in Q1 2017 to make up losses

III. Review Report of the Audit Committee on the Financial Statements for the Year

Audit Committee's Review Report

The board of directors has submitted the Company's Business Report, Financial Statements (parent-only and consolidated included), and proposal for loss appropriation for the year ended December 31, 2022. Lin, Ya-Hui, CPA, and Hsu, Yung-Chien, CPA from PwC Taiwan, have audited the said (parent-only and consolidated) financial statements and issued an unqualified opinion. We have reviewed the above Business Report, financial statements, and the deficit compensation proposal, to which we have found no misstatement, and we hereby issue a review report as presented above in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please proceed to review it.

Regards

The Company's 2023 Annual General Shareholders' Meeting

Tah Tong Textile Co., Ltd.  
Convener of the Audit Committee

March 23 , 2023

- IV. IV. Financial Statements for the Most Recent Year
  - (I) Consolidated financial statements of the parent company and subsidiaries for the current year : See Pages 124~192 hereof.
  - (II) Parent Company Only Financial Statements for the current year : See Pages 193~283 hereof.
- V. Financial difficulties and impacts of the Company and its affiliates in the current year and as of the date of annual report : N/A.
- VI. Other important matters : None.



## Seven. Financial Position and Financial Performance Review Analysis and Risk Management

### I. I. Financial Position

- (I) Main reasons for any material change in the Company's assets, liabilities, or equity for the most recent 2 years and the effect thereof :

Unit : NT\$ thousand

Item \ Year	2021	2022	Difference	
			Amount	%
Current assets	862,515	1,018,219	155,704	15.3%
Net property, plant and equipment	897,818	940,694	42,876	4.6%
Intangible assets	5,915	5,222	(693)	-13.3%
Other assets	607,817	561,962	(45,855)	-8.2%
Total assets	2,374,065	2,526,097	152,032	6.0%
Current liabilities	1,256,626	1,573,889	317,263	20.2%
Non-current liabilities	296,934	260,788	(36,146)	-13.9%
Total liabilities	1,553,560	1,834,677	281,117	15.3%
Share capital	1,008,000	1,139,000	131,000	11.5%
Capital reserve	3,988	11,181	7,193	64.3%
Retained earnings	(212,993)	(506,048)	(293,055)	-57.9%
Other equity	(52,982)	(19,777)	33,205	167.9%
Equity attributable to owners of parent company	746,013	624,356	(121,657)	-19.5%
Non-controlling interests	74,492	67,064	(7,428)	-11.1%
Total equity	820,505	691,420	(129,085)	-18.7%

Analysis and description of the items with changes of 20% and NT\$10 million or more :

- (1) Current liabilities increased mainly due to increased bank loans for the current period.
  - (2) Total retained earnings and equity for 2022 reduced mainly due to a net loss of NT\$319,852 thousand for the year.
- (II) Any material changes in assets, liabilities, or equity for the most recent two years, and any future response plan : No change in total assets, total liabilities, and total equity for 2022 exceeded 20% over 2021.

### II. Financial performance :

- (I) Main reasons for any material changes in revenue, operating profit, or income before tax for the most recent two years :

Unit : NT\$ thousand

Item \ Year	2021	2020	Difference	
			Amount	%
Operating revenue	1,546,490	1,588,312	41,822	2.70
Operating costs	1,473,868	1,696,512	222,644	15.11
Gross profit (gross loss)	72,622	-108,200	-180,822	-248.99
Operating expenses	187,071	207,237	20,166	10.78

Gains (losses) of investments	-114,449	-315,437	-200,988	175.61
Non-operating income (expenses)	-66,362	-5,904	60,458	-91.10
Net profit (loss) before income tax	-180,811	-321,341	-140,530	77.72
Income tax benefit (expense)	18,455	1,489	-16,966	-91.93
Net profit (loss) of the period	-162,356	-319,852	-157,496	97.01
The total comprehensive profit (loss) of the period	-164,284	-272,546	-108,262	65.90

Analysis and description of the items with changes of 20% and NT\$10 million or more :

- (1) Gross profit decreased and operating loss increased for 2021 mainly due to fluctuations in international raw cotton prices for the year.
- (2) Non-operating expenses decreased for 2021 mainly due to NT\$52,237 gain on valuation of exchange rate fluctuations for the year.
- (3) Income tax benefits for 2021 decreased mainly due to changes in temporary differences for the year.
- (4) Net loss and total comprehensive loss for 2021 increased mainly due to reduced gross profit for the year, as described in (1).

(II) Expected sales volume and its basis : Not applicable as the Company made no financial forecast for 2022.

(III) Possible financial impacts and response plan : See Report to Shareholders hereof.

### III. Cash flows :

(I) Analysis of changes in cash flows for 2022 :

Unit : NT\$

thousand

Item \ Year	2021	2022	Increase (decrease)	
			Amount	%
Net cash inflow (outflow) from operating activities	-46,718	-297,488	-250,770	536.77
Net cash inflow (outflow) from investment activities	73,937	-43,045	-116,982	-158.22
Net cash inflow (outflow) from financing activities	36,700	386,231	349,531	952.40

- (1) Operating activities : Net cash inflow from operating activities for 2022 decreased and net loss before tax for 2022 increased over the previous year.
- (2) Investing activities : Net cash outflow from investment activities for 2022 decreased mainly due to disposal of financial assets at fair value for the year.
- (3) Financing activities : Net cash inflow from financing activities for 2022 increased mainly due to issuance of ordinary shares and non-controlling interests through private placement for cash capital increase and increased bank loans.

(II) The corrective measures to be taken in response to illiquidity, and provide a liquidity analysis for the coming year

(1) Improvement plan for insufficient liquidity : Not applicable as the Company suffered no insufficient liquidity.

(2) Liquidity analysis for the coming year :

Beginning cash balance (1)	Estimated net cash inflow (outflow) from operating activities throughout the year (2)	Estimated net cash inflow (outflow) from investment and financing activities throughout the year (3)	Cash flow surplus (deficit) amount (1)+(2)+(3)	Remedial measures for cash flow deficit	
				Investment plans	Financing plans
212,398	139,999	(29,680)	322,717	-	-
Analysis for the changes in the estimated cash flow for the year (2022) :					
(1) Operating activities : expected to generate net cash inflow by prioritizing destocking.					
(2) Investing activities : Expected to have net cash flow from investing activities for the year due to capital increase proposed by subsidiaries, more investment in non-controlling interests and securities disposed of, activated and held.					
(3) Financing activities : Destocking from operating activities brought cash inflows, which were first used to repay bank loans to reduce debt positions, improve the financial structure and promote the Company's financial health.					
(4) Cash flow forecast : No cash flow forecast for the year. In case of any shortage of cash in the future, the Company will issue no more than 30 million ordinary shares through private placement in a move to raise NT\$182 million cash (calculated temporarily based on the net value of NT\$6.07 per share in the financial statements for 2022). This proposal has been included in the Company's 2023 shareholders' meeting manual for discussion.					

IV. The impact of major capital expenditures in the current year on financial operations. :  
None.

V. Investment policy for the current year, the main reasons for profit or loss, improvement plan, and investment plan for the following year :

(I) Investment policy : Integrate the resources of the Group and make investments that helps the main business develop upstream and downstream related industries, while at the same time develop new businesses and create new opportunities, promote the upgrading and transformation of affiliates, and commit to stable growth in investment profits.

(II) Main reasons for investing in profits/losses and plan for improvement :

Unit : NT\$ thousand

Reinvestee	Investment gains (losses) recognized for 2022	Main reasons for the profits/losses	The future plan for improving
Great Bell Printing & Dyeing Co., Ltd.	(15,633)	Gross losses occurred for the year as a result of a slight decrease in the economic scale.	Assist the investee in introducing strategic partners to increase production utilization.
GLOUCESTER CO., LTD.	(218,571)	The holding company recognized losses on each overseas investment.	See the countermeasures of each subsidiary below.
InnoPeak Advanced Materials Co., Ltd.	(31,094)	That company is developing R&D new exhibits and expanding business.	As of the date of the annual report, that company has gradually matured its technology and completed its plant buildings. With 3C products produced and sold in 2022, 2023 will see that company's entry in the sports equipment market. After the introduction of strategic partners in the future, it is expected to produce favorable synergies.
DAYSTAR LIMITED.	(46,000)	The holding company recognized losses incurred by eNova Textiles Ltd.	For details, see the countermeasures adopted by eNova.
ROSEGATE HOLDING CORP.	(147,481)	The holding company recognized losses on its investment in Vietnam plant.	For details, see the countermeasures for investment in TAH TONG TEXTILE(VIETNAM) CO., LTD.
The Company re-invests Korea Textile & Dyeing Support Services Joint Stock Company in ("KTD.")	(41,741)	Deficiencies in the production and business teams and poor production efficiency resulted in losses.	As a dyeing and finishing plant horizontally integrated by the Group, it will improve equipment, strengthen employee training and upgrade production technology in the future.
TAH TONG TEXTILE(VIETNAM) CO., LTD.	(147,490)	Due to fluctuations in international raw cotton prices and covid-19 restrictions in China, production costs rose. Shipments fell short of expectations.	As international raw cotton prices become stable, China has lift covid-19 restrictions and the Company's adjusting its strategy to reduce the impact of raw cotton, it is expected that overall operating performance will improve.

Reinvestee	Investment gains (losses) recognized for 2022	Main reasons for the profits/losses	The future plan for improving
eNova Textiles Ltd.	(46,000)	Due to the COVID-19 pandemic, various transportation costs increased and profits decreased.	Due to the COVID-19 pandemic, various transportation costs increased and profits decreased. It is expected that profits will improve after the pandemic is slowing down.

- (III) Investment plan for the coming year : The Group will continue to develop up- and downstream industries, be positive about the Vietnamese market, and vertically integrate the operation technologies of dyeing and finishing plants to increase the investment income.

VI. Risk analysis and assessment :

- (I) Impacts of changes in interest rates, exchange rates, and inflation during the current year and as of the date of this annual report on the Company's profit and loss, and measures to be taken in the future :

- (1) The effect upon the Company's profits (losses) of interest rate fluctuations, and response measures to be taken in the future :

In the post-pandemic era, as part of the efforts to combat inflation, countries around the world have been shrinking balance sheets and raising interest rates in an attempt to cool down the overheated price index. From the perspective of USD, the Federal Reserve started to raise interest rates in Q2 2021, driving a rapid rise in the overall interest rate market, which resulted in an increase in overall capital costs and increased operating burden.

The Company is now renegotiating the terms and conditions with financial institutions, trying to mitigate the overall operational impact by on-lending low-interest currency liabilities or raising funds through the capital market.

- (2) The impact of exchange rate fluctuations upon the Company's profits (losses), and response measures to be taken in the future :

The Company's main exchange rate risk comes from the USD positions of its affiliates. The Company will reduce the net USD positions for its affiliates in a timely manner by flexibly utilizing the money market and the capital market and reduce risks by natural hedging.

- (3) The impact of inflation upon the Company's profits (losses), and response measures to be taken in the future :

The Company's major raw materials are purchased from third parties, and are subject to fluctuations in international supply and demand. Therefore, the Company always monitors the fluctuations in the international markets and controls raw material inventory and procurement lead time within a reasonable extent, as a response to reduce risk, with short-term futures operations and yarn price adjustments.

- (II) Policies on engaging in high-risk investments, highly leveraged investments, loans to others, endorsements and guarantees, and transactions of derivative instruments during the year and as of the date of this annual report; main causes of profit or loss and

measures to be taken in the future :

- (1) Based on the principle of prudence and business philosophy of pragmatism, the Company focuses on its own operations and has not engaged in high-risk, high-leverage investments.
  - (2) The Company has developed the SOP for Lending Capital to Others. As of February 28, 2023, the Company lent US\$22,156 thousand capital to subsidiaries, which did not exceed the Company's capital loan limits.
  - (3) The Company has developed the SOP for Endorsements and Guarantees as the basis for making endorsements and guarantees. As of February 28, 2023, the Company provided endorsements/guarantees to subsidiaries for US\$11,300 thousand.
  - (4) The Company has defined principles and strict control procedures for the trading of derivative financial products, but has not engaged in any such operations so far.
- (III) Future R&D plans and expected R&D expenses for the current year and as of the date of the annual report : See [Five. Business Overview/I. Description of Business/(III) Technology and R&D Overview] herein.
- (IV) The impact of changes in important policies and laws at home and abroad on the Company's financial operations for the current year and as of the date of the annual report and countermeasures :

Pursuant to the “Roadmap for the Domestic Enterprises to Adopt the International Financial Reporting Standards” by the Financial Supervisory Commission on May 14, 2009, the Company adopted the IFRSs in 2014 to prepare the financial report.

The operation of the Company complies with the relevant domestic and foreign laws and regulations, and the domestic and foreign policy development trends and changes in regulations are monitored all the time; the relevant information is collected as references for decision-making at the management level, to adjust the Company's relevant operating strategies. As of the annual report publication date, The operations of the Company and its subsidiaries comply with the relevant domestic and foreign laws and regulations, and changes in important domestic and foreign policies and laws are monitored all the time for timely response planning. It is expected that the Company's finance and business will not suffer major adverse effects resulting from changes in important domestic and foreign policies and laws in the future.

- (V) The impact of technological changes and industrial changes on the Company's financial operations for the current year and as of the date of the annual report and countermeasures :

The major products of the Company and subsidiaries are yarns and finished fabrics, analyzed as below :

- (1) Yarn Business Division

Regarding the yarns, as the costs of cotton yarns have been increasing, the survival space will disappear gradually if the conventional approaches to the market and production. Therefore, for R&D, the following development direction shall be shifted to gradually in the future :

1. Integrating functional new fibers from Japan, to develop functional or

differentiated products continuously, with planned promotions for the ultimate goal of quantification.

2. Continuously revising the SAP standardized operation process, as well as the standardized operation of raw materials and processes, enabling the product quantification to demonstrate its reproducibility and generate true profit.
3. Utilizing the differences in production patterns, to transfer technology and production bases for the quantified differentiated products, to maintain market advantages and the competitiveness with better manufacturing costs and stable quality.
4. Start the development of compound yarn to explore new markets.

Short-term business development plans :

1. Adjust product mix and seek to enhance profitability.
2. Raise production efficiency and reduce production costs.
3. Develop international markets and increase customers for niche products.

Long-term business development plans :

1. Explore new markets for special yarn.
2. Improve production efficiency and product quality.
3. Reinforce the productive effect in Vietnam and explore international sales channels.

## (2) Fabrics Business Division

The R&D of finished fabrics will be shifted to the differentiated yarns, changed organization, and material compound of new materials from the current specs of high count of yarns and high density, to develop the fabrics accepted by the public with variations and affordable prices.

Short-term business development plans :

1. Combining yarn spinning to develop functional and differentiated fabric products of new materials, and using existing product development capabilities, the global brand customers are provided with high-quality product selections, to increase the proportion of direct customer orders.
2. Develop new products required by target customers.
3. Build the foundation for cross-border outsourcing and supply of products.
4. Continue to explore new brand customers and expand market share.

Long-term business development plans :

1. Cultivate strategic customers.
2. Build bases for multinational operations based on the characteristics of different regions.
3. Vertical integrate products and services.
4. In response to global trade trends, build overseas production supply chains to activate and strengthen product competitiveness

- (VI) The impact of any change in the corporate image on corporate crisis management for the current year and as of the date of the annual report, and countermeasures : The Company and its subsidiaries did not experience any crisis resulting from any change in

the corporate image for the most recent year and as of the date of the annual report. Regarding the internal operation, the Company and its subsidiaries are committed to maintaining the corporate image and complying with the relevant laws and regulations. If there is any circumstance affecting the corporate image or violating the laws and regulations, a task force will be formed to prepare countermeasures. Regarding external information disclosure, the Company has established spokespersons, deputy spokespersons and dedicated personnel for information disclosure as required by laws, to provide investors with real-time and transparent operation information.

- (VII) Expected benefits and possible risks associated with mergers and acquisitions and countermeasures : No mergers or acquisitions for the most recent year and as of the date of the annual report. If there is any M&A plan, the overall synergies of M&A will be carefully evaluated and considered, to protect the interests of shareholders.
- (VIII) Expected benefits and possible risks associated with any plant expansion, and countermeasures : The Company will make a long-term strategy based on the long-term market trend and plan for the Company's production capacity based on the market demand. The Company will continue to observe market movement and work closely with customers. If the market demand is not as expected, the Company will adjust the production structure timely to increase operational efficiency.
- (IX) Risks associated with sales or purchase concentration and countermeasures :
  - (1) Assessment of purchase concentration risk  
The Company purchases major raw materials always from two or more suppliers to maintain stable delivery. The Company maintains a good relationships with suppliers and adopts the strategy of risk diversification. Therefore, the Company has not experienced supply interruptions caused by product shortages.
  - (2) Assessment of sales concentration risk  
The Company's customers are all over Taiwan, China, the EU and ASEAN. The sales of the top 10 customers accounted for is no more than 10% of the consolidated revenue in 2021 and 2020, so the risk of excessive concentration of sales customers is not expected; provided, the Company will continue to monitor and evaluate regional market conditions and customers' credit risks to respond timely.
- (X) The impact and risks associated with any significant transfer or replacement of shares by any director, supervisor, or major shareholder holding more than 10% of the shares and countermeasures : No material impact on the Company's operations due to no significant transfer or replacement of shares by any director, supervisor, or major shareholder holding more than 10% of the shares for the most recent year and as of the date of the annual report.
- (XI) The impact and risks associated with any change in the right of management on the Company and countermeasures : No change in the right of management for the most recent year and as of the date of the annual report.
- (XII) Litigious and non-litigious matters
  - (1) List major litigious, non-litigious or administrative disputes that involve the company and/or any company director, any company supervisor, the general manager, any person



with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company : None.

- (2) Litigation cases involving the Company's directors, supervisors, President, actual responsible persons, shareholders holding more than 10% of the shares, and subsidiaries, whether concluded or pending judgment for the most recent two years and as of the date of the annual report , non-litigious, or administrative litigations that may have a material impact on the Company's shareholders' equity or security prices : None.

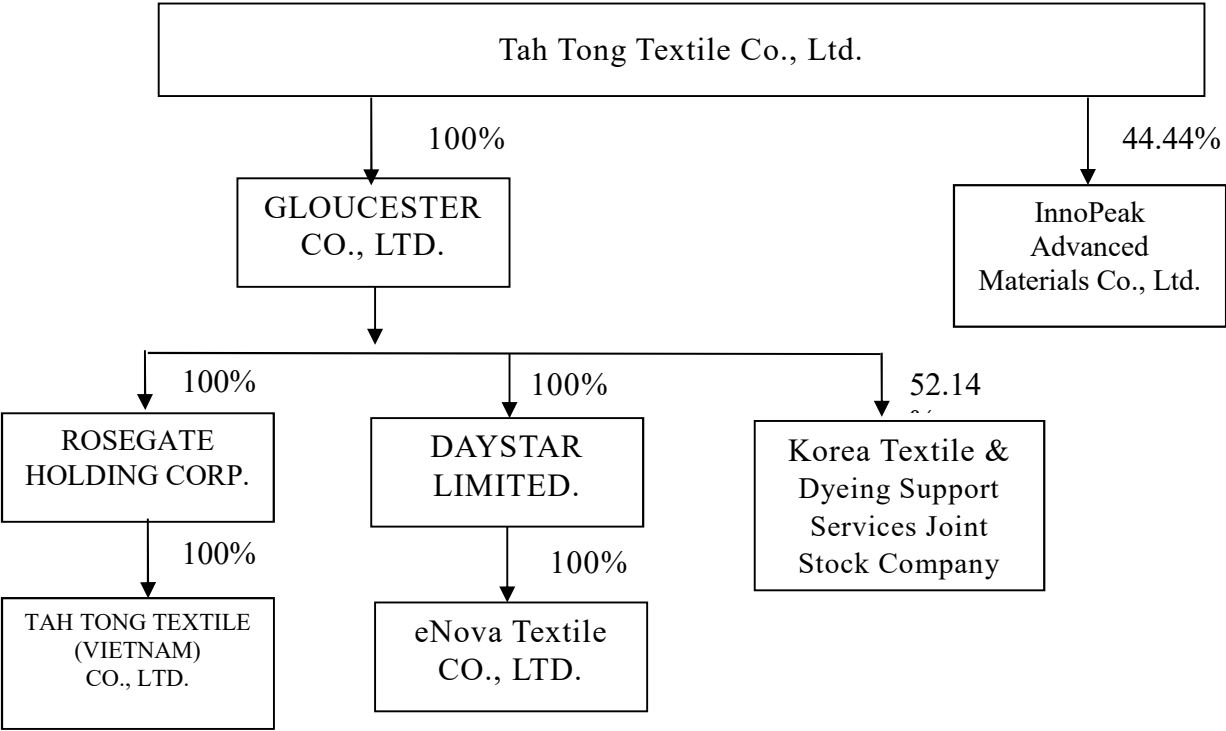
- (XIII) Other important risks and countermeasures : No other important risks for the most recent year and as of the date of the annual report.

- VII. Other important matters : None.

Eight : Special items to be included

I. Information related to the Company's affiliates

- (I) Consolidated business report
- (1) Organization chart of affiliates :



(2) Basic information on each affiliate :

Basic information on each affiliate

Unit : NT\$ thousand; as of December 31, 2022

Name of company	Date of establishment	Address	Paid-in capital	Main operation or production activities
GLOUCESTER CO., LTD.	June 14, 2007	Maystar Chambers, P.O. Box 3269, Apia, Samoa	USD 34,755	General investment
DAYSTAR LIMITED.	July 27, 2007	Level 3, Alexander House, 35 Cybercity, Ebene Mauritius	USD 3,000	General investment
eNova Textiles Ltd. (eNova Textiles Ltd.)	2007.12.05	Room 1203, No. 5509, Zhang-Yang N. Rd., Pudong New District, Shanghai City	USD 3,000	Wholesale of Fabrics, Wholesale of Clothing, Wholesale of Other Chemical Products, and Commodity Brokerage
ROSEGATE HOLDING CORP.	2013.04.09	4th Floor, Water's Edge Building, Meridian Plaza, Road Town, Tortola, VG1110, British Virgin Islands	USD 43,000	General investment
TAH TONG TEXTILE(VIETNAM) CO., LTD.	May 14, 2013	Lot I-1, I-2, I-3 My Xuan B1- Tien Hung Industrial Zone, My Xuan ward, Phu My Town, Ba Ria - Vung Tau Province, Vietnam.	USD 43,000	Production, sales, and trading of natural yarns, artificial yarns, woven fabrics, industrial fabrics, and other fabrics
InnoPeak Advanced Materials Co., Ltd.	2015.04.20	No. 50, Gongyeh 14th Rd., Dali Industrial Zone, Taiping District, Taichung City	TWD 135,000	Production, sales, and trading of plastic of compound materials, woven fabrics, and woven panels
Korea Textile & Dyeing Support Services Joint Stock Company	August 24, 2015	Nhon Trach 6A Industrial subdivision, Nhon Trach 6 Industrial Park, Long Tho Commune, Nhon Trach District, Dong Nai Province, Vietnam	VND 968,493,000	Printing, dyeing, refining, and process of textiles

(3) Information on those presumed to be controlling and controlled companies : None.

(4) Business activities performed by affiliates and division of work :

Name of affiliate	Business operated	Work division
Tah Tong Textile Co., Ltd.	Sales of cotton, cotton yarn, T/C blended yarn, chemical fiber yarn, and gray cloth; design and sales of finished fabrics and knitted fabrics.	Group' s operation Center
GLOUCESTER CO., LTD.	Investment holding company	-
DAYSTAR LIMITED	Investment holding company	-
eNova Textiles Ltd. (eNova Textiles Ltd.)	Wholesale of Fabrics, Wholesale of Clothing, Wholesale of Other Chemical Products, and Commodity Brokerage	Subsidiary in China, mainly engaged in textile trade wholesale business
ROSEGATE HOLDING CORP.	Investment holding company	-
TAH TONG TEXTILE (VIETNAM) CO., LTD.	Production, sales, and trading of natural yarns, artificial yarns, woven fabrics, industrial fabrics, and other fabrics	Subsidiary in Vietnam, the main manufacturing company of textiles
InnoPeak Advanced Materials Co., Ltd.	Production, sales, and trading of plastic of compound materials, woven fabrics, and woven panels	Subsidiary in Taiwan, engaged in the development, manufacturing and trading of special materials
Korea Textile & Dyeing Support Services Joint Stock Company	Printing, dyeing, refining, and process of textiles	Subsidiary in Vietnam, the dyeing and finishing plant for textile products

(5) Information on directors, supervisors, and presidents of affiliates :

111.12.31

Name of company	Title	Name or representative	Shareholding	
			No. of shares (shares)	Shareholding (%)
GLOUCESTER CO., LTD.	Director	Tah Tong Textile Co., Ltd. Representative : Chen, Shiou-Chung	51,455,000	100%.00
DAYSTAR LIMITED	Director	GLOUCESTER CO., LTD. Representative- CHEN, CHIOU-CHUNG	3,000,000	100.00%
eNova Textiles Ltd. (eNova Textiles Ltd.) Note 1	Director	DAYSTAR LIMITED Representative - Chuang, Chin-Ming	NTD 92,130	100.00%
ROSEGATE HOLDING CORP.	Director	GLOUCESTER CO., LTD Representative- CHEN, CHIEN-CHOAN	43,000,000	100.00%
TAH TONG TEXTILE (VIETNAM) CO., LTD. (Note 1)	Director	ROSEGATE HOLDING CORP. Representative- CHEN, CHIEN-CHOAN	43,000,000	100.00%
InnoPeak Advanced Materials Co., Ltd.	Chairman	Chen, Chien-Choan	-	-
	Director	Tah Tong Textile Co., Ltd.	6,000,000	44.44%
	Director	Taiwan Tobias International Company Representative : Chen, Su-Hsia and Tsai, Chia-Wen	4,333,333	28.89%
	Director	Tsai, Chao-Bin	-	-
	Supervisors	Tsai, Hsin-Pei	-	-
	Supervisors	Ying, Yang-Chun (Note 2)	-	-
Korea Textile & Dyeing Support Services Joint Stock Company	Chairman Director	Chen, Chien-Choan GLOUCESTER CO., LTD. Representative- CHEN, CHIOU-CHUNG	9,696,215	52.14%

Note 1: Note : presented with the capital amount for the time being as that company is not a joint-stock company.

Note 2: Ying, Yang-Chun resigned in March 2023.

(6) Overview of the operations of affiliates

Unit : NT\$ thousand; as of December 31, 2021

Name of company	Capital	Total Assets	Total liabilities	Net worth	Operating revenue	Operating (loss) profit	Profit (loss) of the period (after tax)	Earnings (loss) per share (NT\$) (after tax)
GLOUCESTER CO., LTD.	1,086,152	544,076	34,585	509,491	0	69	(218,571)	(2.01)
DAYSTAR LIMITED	92,130	(44,481)	0	(44,481)	0	0	(46,000)	(4.99)
eNova Textiles Ltd. (eNova Textile Ltd.) (Note 2)	90,644	78,100	122,581	(44,481)	218,050	(35,228)	(46,000)	—
ROSEGATE HOLDING CORP.	1,320,530	504,157	307	503,850	0	0	(147,481)	(1.12)
TAH TONG TEXTILE (VIETNAM) CO., LTD (Note 2)	1,270,760	1,561,983	1,058,191	503,792	1,288,223	(128,466)	(147,493)	—
InnoPeak Advanced Materials Co., Ltd.	135,000	214,348	165,328	49,020	54,383	(59,640)	(63,882)	(4.73)
Korea Textile & Dyeing Support Services Joint Stock Company	127,224	219,118	183,078	36,040	84,869	(37,098)	(41,742)	(3.28)

Note 1: Exchange rates adopted in the balance sheet : US\$1 = NT\$30.7100; CN¥1 = NT\$4.4080; US\$1 = ₪ 23,405.

Exchange rates adopted in the income statement : US\$1= NT\$29.8320; CN¥1=NT\$4.4220; US\$1= ₪ 23,271.

Note 2: Not applicable as that company is not a joint-stock company.

(II) Consolidated financial statements of affiliates : None.

(III) Report on relationships : None

- II. Private placement of securities in the most recent year and as of the date the annual report. :

### Information on private placement of securities

Unit : NT\$ thousand

Item	First private placement in 2022 Date : October 21, 2022				
Type of securities privately placed	Ordinary shares				
Date and amount approved by the board of directors	Annual general shareholders' meeting on June 14, 2022 No more than 30 million shares issued				
The basis for and reasonableness of the pricing	The Company's privately placed shares were priced pursuant to Article 2 of the Directions for Public Companies Conducting Private Placements of Securities, at no lower than 80% of the reference price, which is the higher of : a. The arithmetic mean of the closing prices of the ordinary shares 1, 3, or 5 business days, less the ex-rights of the free shares and dividends, and plus the share price after capital reduction and anti-ex-rights, or b. The arithmetic mean of the closing prices of the ordinary shares 30 business days before the pricing date, less the share price ex-right and dividends, and the share price after capital reduction and anti-ex-rights.				
The manner in which the specified persons were selected	Applicants qualified under Article 43-6 of the Securities and Exchange Act, other applicable laws and interpretations issued by the competent authorities.				
The reasons why the private placement method was necessary	Given that raising funds by issuing securities are unlikely to obtain the required funds in a short period of time and that raising capital through private placement is time-efficient, convenient and low in issuance costs, the Company intended to issue ordinary shares through private placement.				
Completion date of consideration payment	Base date : September 27, 2022				
Information of the subscribers	The targets of the private placement	Qualifications	Subscription amounts	Relationship with the Company	Involvement in the Company's operation
	EVER GLORY INVESTMENT COM, LTD.	Eligible under Subparagraph 3, Paragraph 1, Article 43-6 of the Securities and Exchange Act	13,100,000 shares	A corporate director/major shareholder of the Company	None
The actual subscription (or conversion) price	NT\$7.60 per share				
The difference between the actual subscription (or conversion) price and the reference price	The actual subscription price was NT\$8.21 per share, equal to 93% of the reference price.				
The effect of the private placement on shareholders' equity (e.g. increasing the accumulated loss...)	The impact on shareholders' equity is the accumulated loss generated from the difference between the actual price and the face value. Such accumulated loss may be eliminated in the future depends on the Company's operations.				
The status of use of the capital raised through the private placement of securities, and the implementation progress of the plan	All funds were used to repay bank loans and completed as of Q3 2022.				
The realization of the benefits of the plan	The funds raised from the first private placement in 2022 were fully used to repay bank loans while improving the Company's financial structure. In the future, it would contribute to the stable growth of the Company's operations and positively to the shareholder's equity.				

- III. Holding or disposal of the Company's shares by its subsidiaries in the most recent period and as of the date of the annual report : None.

- IV. Other necessary supplementary information : None.
- V. Any events specified in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act with a material impact on shareholders' rights and interests or securities prices arising during the most recent year and as of the date of the annual report to be included : None.



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

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 25, 2022

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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.  
consolidated balance sheet  
December 31 of 2022 & 2021

Unit : KNTD

Assets		Note	2022/12/31		2021/12/31	
			Amount	%	Amount	%
Current assets						
1100	cash and cash equivalents	VI(I)	\$ 212,398	8	\$ 141,032	6
1110	financial assets at fair value through income statement-current	VI(II) & VIII	1,900	-	33,202	1
1150	Note Receive	VI(III)	1,779	-	844	-
1170	Accounts receivable	VI(III)	89,746	4	99,509	4
1200	Other receivables	VII	2,420	-	1,900	-
130X	Inventories	VI(IV)	565,108	22	425,415	18
1410	Prepaid	VI(XI)	74,364	3	101,113	4
1470	Other current assets	VIII	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 income statement - noncurrent	VI(V)	46,347	2	39,234	2
1550	Long-term investments at equity	VI(VI)	236,537	9	252,262	10
1600	PROPERTY, PLANT AND EQUIPMENT	VI(VII) & VIII	940,694	37	897,818	38
1755	Right-of-use asset	VI(VIII) & VIII	180,833	7	205,219	9
1760	INVESTMENT PROPERTY	VI(IX)	42,404	2	40,675	2
1780	Intangible assets		5,222	-	5,915	-
1840	deferred income tax assets - noncurrent		16,725	1	16,682	1
1975	Net defined benefit assets - non-current	VI(XVI)	11,585	1	9,519	-
1990	Other non-current assets - other	VI(XI) & VIII	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.  
consolidated balance sheet  
December 31 of 2022 & 2021

Unit : KNTD

Liabilities and Equity		Note	2022/12/31		2021/12/31	
			Amount	%	Amount	%
Current liabilities						
2100	Short-term debt	VI(XII)	\$ 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 payable	VI(XV) & VII	63,892	2	53,133	2
2280	Lease liability-current	VII	14,380	1	15,768	1
2320	current portion of long-term liabilities	VI(XIV)	92,193	4	52,522	2
2399	Other current liabilities-oher	VI(XXI) & VII	102,723	4	47,387	2
21XX	Total current liabilities		1,573,889	62	1,256,626	53
Non-current liabilities						
2530	Bonds payable	VI(XIII) & VII	100,000	4	100,000	4
2540	Long-term debt payable	VI(XIV)	43,098	2	81,870	3
2570	Deferred income tax liabilities		41,963	2	41,829	2
2580	Lease liability-noncurrent	VII	30,788	1	44,552	2
2600	Other noncurrent liabilities	VII	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						
	Capital	VI(XVII)				
3110	Common stock		1,139,000	45	1,008,000	43
	Additional paid-in capital	VI(VIII)				
3200	Additional paid-in capital		11,181	-	3,988	-
	Return earning	VI(XIX)				
3350	Accumulated deficit		( 506,048 )	( 20 )	( 212,993 )	( 9 )
	Other equity	VI(XX)				
3400	Other equity		( 19,777 )	-	( 52,982 )	( 2 )
31XX	Total equity attributable to owners of the parent company		624,356	25	746,013	32
36XX	minority interest		67,064	2	74,492	3
3XXX	Total equity		691,420	27	820,505	35
	Significant contingent liabilities and unrecognized contractual commitments	IX				
	Material Subsequent Events	XI				
3X2X	Total Liabilities and Equity		\$ 2,526,097	100	\$ 2,374,065	100

The appended notes to the consolidated financial statements are part of this consolidated financial report, please also refer to °

Chairman: Chen Xiuzhong

Manager: Chen Jianzhou

Accounting supervisor: Kuo Shunyi

Tah Tong Textile Co., Ltd.  
Consolidated Income Statement  
Jan. 1 ~ Dec. 31 of 2022 & 2021

Unit : KNTD  
(Except loss per share in NTD)

	Item	Note	The year of 2022		The year of 2021	
			Amount	%	Amount	%
4000	Operating revenue	VI(XXI)	\$ 1,588,312	100	\$ 1,546,490	100
5000	Operating costs	VI(IV)(XXIV)	( 1,696,512)	( 107)	( 1,473,868)	( 95)
5900	Operating profit		( 108,200)	( 7)	72,622	5
	Operating expenses	VI(XXIV) & VII				
6100	Selling expenses		( 93,851)	( 6)	( 79,786)	( 5)
6200	Administrative expense		( 105,531)	( 6)	( 99,114)	( 6)
6300	R&D expenses		( 10,223)	( 1)	( 9,814)	( 1)
6450	Expected credit impairment benefit		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 revenue and expenses					
7100	Interest revenue		635	-	491	-
7010	Other non-operating revenue		5,644	1	5,661	1
7020	Other non-operating revenue and loss	VI(XXII)	46,546	3	( 45,586)	( 3)
7050	Financial cost	VI(XXIII)	( 43,096)	( 3)	( 28,868)	( 2)
7060	investment loss recognized under equity method		( 15,633)	( 1)	1,940	-
7000	Total Non-operating revenue and expenses		( 5,904)	-	( 66,362)	( 4)
7900	<b>Loss before tax</b>		( 321,341)	( 20)	( 180,811)	( 11)
7950	income tax expense	VI(XXVI)	1,489	-	18,455	1
8200	<b>Net Loss</b>		( \$ 319,852)	( 20)	( \$ 162,356)	( 10)

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Tah Tong Textile Co., Ltd.  
Consolidated Income Statement  
Jan.1 ~ Dec.31 of 2022 & 2021

Unit : KNTD  
(Except loss per share in NTD)

項目		附註	111 金	年 額	度 %	110 金	年 額	度 %
Other comprehensive income (net)		六(二十)						
Items not reclassified to profit or loss								
8311	Defined benefit plan remeasurements	六(十六)	\$	1,281	-	\$	3,448	-
8316	Unrealized valuation gains and losses on equity instrument investments measured at fair value through other comprehensive income	六(五)		7,925	1	(	1,090)	-
8320	Share of other comprehensive profit and loss of affiliated enterprises and joint ventures recognized using the equity method - items not reclassified to profit or loss			290	-		596	-
8349	Income tax related to items not reclassified	六(二十六)	(	256)	-	(	690)	-
8310	Total items not reclassified to profit or loss			9,240	1		2,264	-
Subsequent items that may be reclassified to profit or loss								
8361	cumulative translation adjustment			38,049	2	(	4,186)	-
8370	Recognition of the share of other comprehensive profit and loss of affiliated enterprises and joint ventures using the equity method - items that may be reclassified to profit or loss			17	-	(	6)	-
8360	The total amount of items that may be subsequently reclassified to profit or loss			38,066	2	(	4,192)	-
8300	Other comprehensive income (net)		\$	47,306	3	(	1,928)	-
8500	Total comprehensive P&L for the period		(	272,546)	(	17)	(	164,284)
Net loss attributable to:								
8610	parent company owner		(	262,231)	(	16)	(	76,055)
8620	minority interest		(	57,621)	(	4)	(	86,301)
			(	319,852)	(	20)	(	162,356)
Total comprehensive loss attributable to:								
8710	parent company owner		(	228,153)	(	14)	(	77,063)
8720	minority interest		(	44,393)	(	3)	(	87,221)
			(	272,546)	(	17)	(	164,284)
Loss per share		六(二十七)						
9750	Basic loss per share		(		2.52)	(		0.75)

The accompanying notes to individual financial statements are part of this individual financial report, please also refer to °

Chairman: Chen Xiuzhong

Manager: Chen Jianzhou

Accounting supervisor: Kuo Shunyi

Tah Tong Textile Co., Ltd.  
Consolidated Statement of changes in equity  
Jan. 1 ~ Dec. 31 of 2022 & 2021

Unit : KNTD

Equity attributable to owners of the parent company											
保 留 盈 餘 其 他 權 益											
Note	Common Stock	Additional paid-in capital from investee under equity method	Legal reserve	Special reserve	Accumulated deficit	Cumulative translation adjustment	Unrealized gains and losses on financial assets at fair value through other comprehensive income	Other Equity-other	Subtotal	minority interest	Total Equity
<u>The year of 2021</u>											
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
Net Loss	-	-	-	-	( 76,055)	-	-	-	( 76,055)	( 86,301)	( 162,356)
Other comprehensive profit and loss 六(二十)	-	-	-	-	3,543	( 3,272)	( 1,279)	-	( 1,008)	( 920)	( 1,928)
Total comprehensive profit and loss	-	-	-	-	( 72,512)	( 3,272)	( 1,279)	-	( 77,063)	( 87,221)	( 164,284)
Legal reserves make up losses	-	-	( 51,155)	( 59,305)	110,460	-	-	-	-	-	-
Cash capital increase from non-controlling interests	-	-	-	-	-	-	-	-	-	20,000	20,000
Balance at the end of December 31	\$ 1,008,000	\$ 3,988	\$ -	\$ -	(\$ 212,993)	(\$ 62,420)	\$ 9,219	\$ 219	\$ 746,013	\$ 74,492	\$ 820,505
<u>The year of 2022</u>											
Beginning balance on January 1	\$ 1,008,000	\$ 3,988	\$ -	\$ -	(\$ 212,993)	(\$ 62,420)	\$ 9,219	\$ 219	\$ 746,013	\$ 74,492	\$ 820,505
Net Loss	-	-	-	-	( 262,231)	-	-	-	( 262,231)	( 57,621)	( 319,852)
Other comprehensive profit and loss 六(二十)	-	-	-	-	1,272	24,838	7,968	-	34,078	13,228	47,306
Total comprehensive profit and loss	-	-	-	-	( 260,959)	24,838	7,968	-	( 228,153)	( 44,393)	( 272,546)
Recognition of changes in ownership of subsidiaries 六(二十八)	-	7,193	-	-	( 257)	-	-	-	6,936	-	6,936
cash capital increase 六(十七)	131,000	-	-	-	( 31,440)	-	-	-	99,560	-	99,560
Disposal of equity instruments measured at fair value through other comprehensive income 六(二十)	-	-	-	-	( 399)	-	399	-	-	-	-
Cash capital increase from non-controlling interests	-	-	-	-	-	-	-	-	-	36,965	36,965
Balance at the end of December 31	\$ 1,139,000	\$ 11,181	\$ -	\$ -	(\$ 506,048)	(\$ 37,582)	\$ 17,586	\$ 219	\$ 624,356	\$ 67,064	\$ 691,420

The accompanying notes to individual financial statements are part of this individual financial report, please also refer to °

Chairman: Chen Xiuzhong

Manager: Chen Jianzhou

會計主管：郭舜儀

Tah Tong Textile Co., Ltd.  
Consolidated Statement of Cash Flow  
Jan. 1 ~ Dec. 31 of 2022 & 2021

Unit : KNTD

	Note	The year of 2022	The year of 2021
<u>Cash Flow from Operating Activities</u>			
Net loss before tax for the period		( \$ 321,341 )	( \$ 180,811 )
adjustment item			
income expense item			
Depreciation expense	六(二十四)	132,823	128,776
Amortization fee	六(二十四)	1,087	1,829
Expected credit impairment reversal benefit		( 2,368 )	( 1,643 )
interest income		( 635 )	( 491 )
dividend income		( 2,403 )	( 3,952 )
Interest expense	六(二十三)	43,096	28,868
Disposal of property, plant and equipment losses	六(二十二)	198	( 4,161 )
Impairment losses on non-financial assets	六(二十二)	929	76,410
Disposal of interests in non-current assets to be sold		-	( 2,292 )
Net loss (gain) on financial assets at fair value through profit or loss	六(二十二)	1,501	( 31,501 )
Lease modification loss		-	333
Profit and loss share of affiliated enterprises and joint ventures using the equity method		15,633	( 1,940 )
unrealized conversion benefit		( 52,745 )	( 10,593 )
Changes in assets/liabilities related to operating activities			
Net change in assets related to operating activities			
Notes receivable		( 935 )	401
Accounts receivable		70,826	1,927
Other receivable		4,145	7,349
Inventories		( 115,406 )	107,062
Prepaid		36,864	( 15,966 )
Other current assets		( 8,019 )	( 1,075 )
Other non-current assets		( 785 )	( 736 )
Net change in liabilities related to 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 outflow from operations		( 260,107 )	( 23,175 )
interest charged		635	485
dividends received		2,403	3,952
interest paid		( 40,419 )	( 27,980 )
Net cash outflow from operating activities		( 297,488 )	( 46,718 )

(to next page)

Tah Tong Textile Co., Ltd.  
Consolidated Statement of Cash Flow  
Jan. 1 ~ Dec. 31 of 2022 & 2021

Unit : KNTD

	<u>Note</u>	<u>The year of 2022</u>	<u>The year of 2021</u>
Cash flow from investing activities			
Acquisition of financial assets at fair value through profit or loss		( \$ 4,288 )	( \$ 10,828 )
Disposal of financial assets at fair value through profit or loss		34,089	87,597
Refund of capital reduction of financial assets measured at fair value through other comprehensive income	十二	1,345	3,806
Acquisition of real estate, plant and equipment	六(二十九)	( 67,698 )	( 55,182 )
Disposal of real estate, plant and equipment prices		-	17,962
Cash received from disposal of non-current assets to be sold		-	25,877
Disposal of financial assets measured at amortized cost		-	124
Other non-current assets (increase) decrease		( 6,493 )	4,581
Net cash (outflow) inflow from investing activities		( 43,045 )	73,937
Cash Flow from Financing Activities			
short-term borrowing		3,686,682	2,533,662
Repayment of short-term loans		( 3,465,082 )	( 2,571,674 )
long-term borrowing		82,034	59,658
repayment of long-term loans		( 82,256 )	( 117,437 )
Loan from a related party		67,272	23,840
Repayment of related party loans		( 23,840 )	-
lease principal repayment		( 22,040 )	( 11,349 )
issue corporate bonds	六(十三)	-	100,000
Changes in non-controlling interests - cash capital increase		43,901	20,000
cash capital increase	六(十七)	99,560	-
Net cash inflow from financing activities		386,231	36,700
exchange rate impact number		25,668	( 3,766 )
Increase in cash and cash equivalents for the current period		71,366	60,153
Beginning cash and equivalent cash balance		141,032	80,879
Ending cash and equivalent cash balance		\$ 212,398	\$ 141,032

The accompanying notes to individual financial statements are part of this individual financial report, please also refer to °

Chairman: Chen Xiuzhong

Manager: Chen Jianzhou

Accounting supervisor: Kuo Shunyi

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)

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.

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.

New Standards, Amendments and Interpretations Adopted

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.

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.

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#### 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.

#### Summary of Significant Accounting Policies

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	Yarn 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		non-controlling interest 2021/12/31	
		Amount	%	Amount	%
KTD	VN	<u>39830</u>	47.86	<u>39830</u>	47.86

Aggregating financial information of subsidiaries.

Balance sheet

KTD	
<u>2022/12/31</u>	<u>2021/12/31</u>

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	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	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

- 甲、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.
- 乙、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.
- 丙、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.
- 丁、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 the 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 adjusts 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.

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

(一) 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.

(二) 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 valued 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.

## Summary of Significant Accounting Items

### (一) Cash

	2022/12/31	2021/12/31
cash	209	145
Bank savings	212,189	140,887
	<u>212,398</u>	<u>141,032</u>

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.

### (二) Financial assets at FVTPL

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

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.

### (三) Note payable and accounts payable

	2022/12/31	2021/12/31
Note Receivable	<u>1,779</u>	<u>844</u>



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).

(四) 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
	<u>1,696,512</u>	<u>1,473,868</u>

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	<u>0</u>	<u>0</u>

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

(五) 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
	<u>46,347</u>	<u>39,234</u>

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	<u>399</u>	<u>0</u>

Holding at the end of the period	2,095	1,150
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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).

(六) 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	-	-

(七) Property, Plant and Equipment

	Land	housing and constructi on	machine	Hydropo wer	Other	Unfinishe d 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)
	<u>23,251</u>	<u>166,191</u>	<u>646,612</u>	<u>44,941</u>	<u>13,556</u>	<u>3,267</u>	<u>897,818</u>
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	<u>23,251</u>	<u>179,413</u>	<u>672,236</u>	<u>47,059</u>	<u>15,529</u>	<u>2,951</u>	<u>940,439</u>
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)
	<u>23,251</u>	<u>179,368</u>	<u>672,236</u>	<u>47,059</u>	<u>15,529</u>	<u>3,251</u>	<u>940,694</u>

	Land	housing and constructi on	machine	Hydropo wer	Other	Unfinishe d project	Total
2021/1/1							
COST	41,128	333,027	2,023,509	184,637	78,257	4,876	2,665,434
Accumulated			(1,242,99				(1,558,65
Depreciation	(17,877)	(102,009)	3)	(134,009)	(61,771)	-	9)
	<u>23,251</u>	<u>231,018</u>	<u>780,516</u>	<u>50,628</u>	<u>16,486</u>	<u>4,876</u>	<u>1,106,775</u>
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	-	(2,840)	(19,529)	(1,634)	(159)	(56)	(24,218)
impac	-						
2021/12/31	<u>23,251</u>	<u>166,191</u>	<u>646,612</u>	<u>44,941</u>	<u>13,556</u>	<u>3,267</u>	<u>897,818</u>
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)
	<u>23,251</u>	<u>166,191</u>	<u>646,612</u>	<u>44,941</u>	<u>13,556</u>	<u>3,267</u>	<u>897,818</u>

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.

Leases transaction - lessee

- 甲、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.
- 乙、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
	<u>180,833</u>	<u>205,219</u>
	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
	<u>25,673</u>	<u>22,968</u>

戊、In 2022 and 2021, the Group's right-of-use assets increased \$5,305 and \$57,112 respectively.

己、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.

庚、For information right-of-use assets pledged as collateral, see Note 8 for details.

辛、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.

#### 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)
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 |
- 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.
  - For the information on investment property pledged as collateral, see Note 8 for details.

Non-financial asset impairment

- 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
Allowance_Property, Plant and Equipment	612	-	47,039	-
llowence_right-of-use assets	317	-	29,371	-
	929	-	76,410	-

- 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.

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.

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.

#### 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.

#### 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.

#### 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

#### 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	<u>(11,585)</u>	<u>(9,519)</u>

- (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)
	<u>6,403</u>	<u>15,988</u>	<u>(9,585)</u>
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 and 2021, the Group recognized the pension costs at \$2,977 and \$2,947 respectively based on the said plans.

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

- 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.

#### 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.

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
	<hr/>
	59,305
	<hr/>

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.

## 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)

## Operating revenue

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

#### 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)

#### 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

#### 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

### 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.

### 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
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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	<u>(1,489)</u>	<u>(18,455)</u>

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

	Jan.1	2022 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
	<u>16,682</u>	<u>43</u>	<u>-</u>	<u>-</u>	<u>16,725</u>
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)
	<u>(41,829)</u>	<u>1,446</u>	<u>(256)</u>	<u>(1,324)</u>	<u>(41,963)</u>

	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
	<u>16,294</u>	<u>388</u>	<u>-</u>	<u>-</u>	<u>16,682</u>
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)
	<u>(60,132)</u>	<u>18,055</u>	<u>(690)</u>	<u>938</u>	<u>(41,829)</u>

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
	<u>885,022</u>	<u>885,022</u>	<u>885,022</u>	

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
	<u>1,307,077</u>	<u>1,307,077</u>	<u>1,307,077</u>	

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

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

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

### Loss per share

		2022	
	Net Income	AVG outstanding Shares	EPS (NTD)
Net income attributable to parent company	<u>(262,231)</u>	<u>104,245</u>	<u>-2.52</u>
		2021	
	Net Income	AVG outstanding Shares	EPS (NTD)
Net income attributable to parent company	<u>(76,055)</u>	<u>100,800</u>	<u>-0.75</u>

### 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	<u>(1,493)</u>
Adjustment of owner's equity of parent company	
Return earning	<u>(257)</u>
capital reserve	<u>(1,236)</u>

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:

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

#### Supplementary information of cash flow

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

	<u>2022</u>	<u>2021</u>
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	<u><u>67,688</u></u>	<u><u>55,182</u></u>

#### 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.

## Related party transaction

### (一) 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

### (二) 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
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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
	<u>100,000</u>	<u>100,000</u>

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	<u>2,054</u>	<u>4,755</u>

B. Interest expenses:

	2022	2021
Related Party		181
Other Related Party	55	46
	<u>55</u>	<u>227</u>

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
	<u>47,955</u>	<u>23,840</u>
Other Related Party-non current		
Chen Xiuzhong	32,000	
PHAN LE DIEM TRANG		8,835
NAMKUNG CHUL WOONG		3,848
	<u>32,000</u>	<u>12,683</u>

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 Amount	Loan used	Loan Guarantee Amount	Loan used
Grest Bell	497,408	470,502	489,776	431,994

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

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

(三) Information of remuneration of key management personnel

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

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	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
		<u>777,258</u>	<u>788,372</u>

### Significant Contingent Liabilities and Unrecognized Commitments

#### (一) Contingent matters

None.

#### (二) 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	<u>7,868</u>	<u>79,447</u>

### Losses Due to Major Disasters

None.

### Significant Events

- i. 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.
- ii. 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.
- iii. 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.

- iv. 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.
- v. 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.

#### 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:

- vi. 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.

±、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) Capital management

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
	<u>425,094</u>	<u>315,721</u>
financial liabilities		
Measured at amortized cost	1,644,823	1,375,341
lease liability	45,168	60,320
	<u>1,689,991</u>	<u>1,435,661</u>

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 on 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
within 90 days	22,488	67,207
91 ~ 180 days	136	1,267
over 181 days	5,817	8,064

100,211	112,744
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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 plans, 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
	<u>112,360</u>	<u>196,710</u>	<u>16,446</u>	<u>325,516</u>
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
	<u>74,389</u>	<u>75,086</u>	<u>163,755</u>	<u>313,230</u>

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	<u>46,347</u>	<u>39,234</u>

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 unobservab le input	Weighted average	Input quality and fair value relationship
non-derivative equity instruments					
Non-Open market company	45,520	analogy	Price-to-bo ok ratio	1.55	The higher the share price to fair value ratio, the higher the fair value
			Market capitalizati on 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	295	net asset value	NA	8.08~14.24 (13.58)	The higher the net asset value, the higher the fair value

stock

	2021/12/31 fair Value	Model	liquidity discount  Significant unobservab le input	24.29%~26.6 9% (25%)  Weighted average	The higher the liquidity discount, the lower the fair value  Input quality and fair value relationship
non-derivative equity instruments					
Non-Open market company	35,897	analogy	Price-to-bo ok ratio	1.21	The higher the share price to fair value ratio, the higher the fair value
			Market capitalizati on 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
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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	±1%	60	(60)
base debt ratio			
liquidity discount	±1%	95	(95)

### 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.

#### (一) Information on Significant Transactions

- ii. Loans to others: See Statement 1.
- iii. Endorsements/guarantees provided: See Statement 2.
- iv. Marketable securities held at the end of the period (excluding investments in subsidiaries, affiliates, and jointly controlled entities): See Statement 3.
- v. 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.
- vi. Acquisition of individual property at least NT\$300 million or 20% of the paid-in capital: none.
- vii. Disposal of individual property at least NT\$300 million or 20% of the paid-in capital: none.
- viii. 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.

- ix. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: See Statement 6.
- x. Trading of derivative instruments: none.
- xi. Business relations between the parent company and its subsidiaries, and the status and amount of important transactions: See Statement 7.

(二) Information on Investees

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

(三) Information on Investment in Mainland China

甲、Basic information: See Statement 9.

乙、Significant transactions with investees in Mainland China, either directly or indirectly through a third area: none.

(四) Information on Major Shareholders

Information on major shareholders: See Statement 10.

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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INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR22000604

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

***Opinion***

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

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

***Basis for opinion***

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

***Key audit matters***

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

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

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

Description

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

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

financial statements.

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

#### How our audit addressed the matter

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

7. Ascertained whether the policies on allowance for inventory valuation losses were reasonable and consistently applied in all the periods.
8. 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.
9. 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.
10. Recalculated the net realisable value of individual inventory and calculated the required amount of the allowance for individual inventory valuation losses and compare it with the assessment result of the management.

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

### Description

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

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

### How our audit addressed the matter

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

1. Obtained an understanding and assessed the Company' s policies and procedures in relation to the property, plant and equipment impairment assessment, including collection of internal and external data, long-term and short-term business forecasts and industry changes, as well as obtained the asset impairment

assessment reports that were assessed by the Company for cash-generating units.

2. Obtained the assets appraisal report issued by the appraiser and performed the following procedures:
  - Examined the appraiser's qualification and assessed his or her independence, objectiveness and competence
  - Assessed whether the valuation method in the appraisal report was commonly used and appropriate
  - Ascertained whether the replacement costs, comparable properties and the asset utilisation used in the appraisal report were applied reasonably and were in accordance with the actuality
  - Examined the reasonableness of the assumptions used in the appraisal report and ascertained the accuracy of the calculations

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

We did not audit the financial statements of certain investments which were prepared using a different financial reporting framework and were audited by other auditors. We have performed necessary audit procedures on the adjustments made on the transition of preparing financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission. Therefore, our opinion expressed herein, insofar as it relates to the unadjusted amounts included in respect of these associates, is based solely on the reports of the other auditors. The balance of these investments accounted for under the equity method amounted to NT\$258,323 thousand and NT\$276,713 thousand, constituting 15% and 16% of the parent company only total assets as at December 31,

2022 and 2021, respectively, and the comprehensive loss recognised from associates and joint ventures accounted for under the equity method amounted to (NT\$46,819) thousand and (NT\$19,583) thousand, constituting 20.5% and 25.4% of the parent company only total comprehensive income for the years then ended December 31, 2022 and 2021, respectively.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

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



if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

benefits of such communication.

Lin, Ya-Hui

Hsu, Yung-Chien

For and on behalf of PricewaterhouseCoopers, Taiwan

March 25, 2022

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

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

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

(Continued on next page)

Tah Tong Textile Co., Ltd.  
Unconsolidated Balance Sheets  
For the Years Ended December 31, 2022 and 2021

Unit: NT\$ thousand

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

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

Chairman: Chen, Shiou-Chung

Managerial Officer: Chen, Chien-Choan

Accounting Officer: Guo, Shun-Yi

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

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

Chairman: Chen, Shiou-Chung

Managerial Officer: Chen, Chien-Choan

Accounting Officer: Guo, Shun-Yi

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

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

8500	<b>Total comprehensive income for this period</b>		(\$ <u>228,153</u> ) ( <u>24</u> ) (\$ <u>77,063</u> ) ( <u>8</u> )
	Loss per share	6(25)	
9750	Basic loss per share		(\$ <u>2.52</u> ) (\$ <u>0.75</u> )

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

Chairman: Chen, Shiou-Chung

Managerial Officer: Chen, Chien-Choan

Accounting Officer: Guo, Shun-Yi

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

Unit: NT\$ thousand

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

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

Chairman: Chen, Shiou-Chung

Managerial Officer: Chen, Chien-Choan

Accounting Officer: Guo, Shun-Yi



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

Unit: NT\$ thousand

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

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

Unit: NT\$ thousand

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

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

Chairman: Chen, Shiou-Chung

Managerial Officer: Chen, Chien-Choan

Accounting Officer: Guo, Shun-Yi

Tah Tong Textile Co., Ltd.  
Notes to Parent Company Only Financial Statements  
For the Years Ended December 31, 2022 and 2021

Unit: NT\$ thousand  
(except for specified otherwise)

二、Company History

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

三、Approval Date and Procedures of The Financial Statements

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

四、New Standards, Amendments and Interpretations Adopted

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

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

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

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

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

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

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

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

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

Chairman: Chen, Shiou-Chung

Managerial Officer: Chen, Chien-Choan

Accounting Officer: Guo, Shun-Yi

financial performance.

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

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

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

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

五、Summary of Significant Accounting Policies

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

(三) Compliance Statement

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

(四) Basis of preparation

1. Except for the following key items, the parent company only financial report is prepared based on the historical costs:
  - (1) Financial assets and liabilities at FVTPL (derivatives included).
  - (2) Financial assets at FVOCI.
  - (3) Defined benefit assets recognized as the net amount of pension fund assets less the present value of defined benefit obligations.
2. To prepare the financial reports compliant to International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the FSC (hereinafter "IFRSs"), some key accounting estimates are required to be used. During the process of applying the Company's accounting policies, the management is required to use their judgment. For the items

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involving high judgment or complexity, or involving the material assumptions and estimates of the parent company only financial reports, see Note 5 for details.

(五) Foreign currency translation

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

1. Foreign currency transactions and balance

- (1) Foreign currency transactions are translated into the functional currency using the spot exchange rate at the transaction date or measurement date; translation differences generated from such translations are recognized in current profit or loss.
- (2) The balance of the foreign currency monetary assets and liabilities is measured and adjusted based on the spot exchange rate at the balance sheet date; translation differences generated from such adjustments are recognized in current profit or loss.
- (3) The balance of foreign currency non-monetary assets and liabilities that are measured at fair value through profit and loss is measured and adjusted based on the spot exchange rate at the balance sheet date; exchange differences generated from such adjustments are recognized in current profit or loss. Those that are not measured at fair value are measured and adjusted based on the spot exchange rate at the balance sheet date; exchange differences generated such adjustments are recognized in other comprehensive income. Those that are not measured at fair value are measured at the historical exchange rate at the date of the initial transaction.
- (4) Exchange gains and losses are reported in "other gains and losses" in the income statement.

2. Translation of foreign operations

- (1) For all of the Group's members, affiliates, and joint arrangements that differ in the functional currency and the presentation currency, their operating results and financial positions are translated to the presentation currency as follows:
  - A. All assets and liabilities presented in the balance sheet are translated at the closing rate at the same balance sheet;
  - B. All income and expenses presented in the statement of comprehensive income are translated at the average exchange rate of the year; and
  - C. All exchange differences generated from translations are recognized in other comprehensive income.
- (2) When a foreign operation partially disposed of or sold is an associate or joint arrangement, its exchange difference under other comprehensive income will be re-classified proportionally to current profit or loss as part of gains or losses on sales. Provided, even though the Company retains some equity in the previous affiliates or joint arrangements, if the Group has lost the material influence to the affiliate foreign operations, or lost the joint control over the foreign operations as the joint arrangements, the treatment is the disposal of all equity of the foreign operations.
- (3) When the foreign operation disposed or sold partially is a subsidiary, accumulated exchange differences recognized in other comprehensive

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income, proportionally will be re-attributed to the non-controlling interests of the foreign operation again. Provided, even though the Company retains some equity in the previous subsidiary, if the Group has lost control over the foreign operation as a subsidiary, the treatment is the disposal of all equity of the foreign operations.

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

1. An asset is classified as a current asset if it is:
  - (1) expected to be realized, or intended to be sold or consumed, in the normal business cycle;
  - (2) held primarily for the purpose of trading;
  - (3) expected to be realized within twelve months from the balance sheet date; or
  - (4) cash and cash equivalent, unless restricted from being exchanged or used to settle a liability for at least twelve months after the balance sheet date.The Company classifies all other assets than above as non-current except for Note 4(10).
2. A liability is classified as a current liability if it is:
  - (1) expected to be settled in its normal operating cycle;
  - (2) held primarily for the purpose of trading;
  - (3) due to be settled within twelve months from the balance sheet date; or
  - (4) a liability for which the Company does not have the right at the end of the balance sheet date to defer settlement beyond 12 months. Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the Group's own equity instruments do not affect its classification as current or non-current.The Company classifies all the liabilities not meeting the conditions above as non-current

(七) Financial assets at FVTPL

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

(八) 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,

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to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2. The Company recognizes customary financial assets at FVOCI.
3. At initial recognition, the Company measures such financial assets at fair value plus transaction cost, and subsequently measures at fair value:

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

(九) Accounts and notes receivable

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

(十) Financial asset impairment

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

(十一) 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.

(十二) Property to be sold

1. The Company hires construction companies to build residential and office buildings for sales. Invested land and construction costs during the construction are represented as construction in process and measured at the lower of cost and net realizable value. The cost is calculated by each site,

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and these with the construction completed are transfer to the property to be sold.

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

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

1. A subsidiary is an entity controlled by the Company (including the structured entities). When the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee, the Company controls the entity.
2. The unrealized income generated between the Company and the subsidiaries are written off. The accounting policies of the subsidiaries are adjusted where necessary to be aligned with the policies adopted by the Company.
3. The Company recognizes the share of profit or loss of an acquired subsidiary in current profit or loss; the share of the other comprehensive income of such subsidiary is recognized in other comprehensive income. When the Company's share of loss in any subsidiary equals to, or exceeds the equity in the same, the Company continues to recognize the loss proportionally to the shareholding.
4. Any change in the shareholding of the subsidiary that does not result in the loss of control (transactions with non-controlling interests) is accounted for as an equity transaction and deemed as a transaction between owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value paid or received is recognized directly in equity.
5. An associate is an entity over which the Company has significant influence (other than control) or, more generally, of which the Company, directly or indirectly, 20% or more of the voting rights. The Company adopts the equity method to treat the investments in affiliates, and recognizes them at the costs at the time of acquisition.
6. The Company recognizes the share of the profit or loss of affiliates in current profit or loss and the share of other comprehensive income in other comprehensive income after acquisition. When the Company's share of loss in any affiliate equals to, or exceeds the equity in the same affiliate (including any other unsecured receivables), the Company does not recognizes further loss, unless the Company has any legal obligation or constructive obligation incurred in that affiliate, or made any payment on behalf of the affiliate.
7. When an associate has any changes in equity arising from non-recurring gains and losses and other comprehensive income do not affect the Company's shareholding in the associate, the Company recognizes all such changes in equity in "Capital reserve" proportionally to the shareholding.
8. Unrealized gains or losses arising from a transaction between the Company and an associate have been written off proportionally to the equity interests

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held by the Company in the said associate. Unless evidence shows that assets transferred through the said transaction are impaired, unrealized losses will be written off as well. The accounting policies of the affiliates are adjusted where necessary to be aligned with the policies adopted by the Company.

9. When an associate issues additional new shares, if the Company does not subscribe for or acquire the new shares proportionally, to the extent of resulting in a change in the investment ratio but maintaining significant influence on the associate, then “Capital reserve” and “Investments accounted for using the equity method” should be adjusted according to the change in the net worth of equity interests. If it results in a reduced investment ratio, other than the aforesaid adjustments, all profits or losses related to such ownership equity reduction and recognized under other comprehensive income that shall be reclassified to profit and loss when disposing related assets or liabilities, are reclassified to profit and loss in proportion to the reduction.
10. When the Company loses its significant influence on an associate, the remaining investment in that associate will be re-measured at fair value, and the difference between the fair value and the carrying amount will be recognized in current profit or loss.
11. When the Company disposes of an associate, if its significant influence over that associate is lost, all amounts related to the associate in question and recognized under other comprehensive income will be accounted for the same as if the Company directly disposes of relevant assets or liabilities. If any profit or loss previously recognized in comprehensive income is reclassified to profit or loss when relevant assets or liabilities are disposed of, such profit or loss will be reclassified from equity to profit or loss when the significant influence over that associate is lost. If the Group maintains its significant influence on that associate, any amount recognized in other comprehensive income will be transferred out proportionally as said above.
12. Pursuant to the “Regulations Governing the Preparation of Financial Reports by Securities Issuers,” the profit or loss during the period and other comprehensive income presented in parent company only financial reports shall be the same as the allocations of profit or loss during the period and of other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners' equity presented in the parent company only financial reports shall be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis.
13. When the Group disposes of an associate, if its significant influence on that associate is lost, then the capital reserve related to that associate will be transferred to profit or loss; if the Group maintains its significant influence on that associate, then the capital reserve related to that associate will be transferred to profit or loss according to the disposal ratio.

#### (十四) 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

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economic benefits associated with the item will flow into the Company and the cost of the item can be measured reliably. The carrying amount of a replacement will be derecognized. All other maintenance expenses are recognized as current profit or loss when incur.

3. Property, plant and equipment are subsequently measured using the cost model, and depreciated over the estimated useful live on the straight-line basis except for land. If each component of property, plant and equipment is material, such shall be depreciated separately.
4. The Company reviews the residual value, useful life and depreciation of each asset at the ending day of each fiscal year. If expectations differ from previous estimates, or the expected pattern of consumption of the future economic benefits embodied in the asset has changed significantly, the changes will be accounted for as change in accounting estimates in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" from the date of such changes. The useful life of each asset is as follows:

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

Machinery equipment: 5 to 25 years

Water and power equipment: 5 to 15 years

Other assets: 5 to 20 years

(十 五) Non-financial asset impairment

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

(十 六) Lease transaction as a lessee - right-of-use-assets/ lease liabilities

1. Lease assets are recognized as right-of-use assets or lease liabilities from the date when they are made available for use by the Company. When a lease contract is a short-term lease or a lease of low-value underlying asset, the lease is recognized as expense during the lease term with the straight-line method.
2. At the commencement date, a lease liability is recognized at the present value of the lease payments that are not paid at that date using the incremental borrowing interest rate of the Company; the lease payments are fixed payments, less all lease incentives receivable.  
  
Subsequently, it is measured at the amortized cost method, and the interest expense is provided during the lease term. If the lease term or the lease payment is changed not due to revision of the contract, the lease liability is re-valuated, and the remeasurement adjustments the right-of-use asset.
3. At the commencement date, right-of-use assets are recognized at cost. The cost of a right-of-use asset includes:

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- (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.

(十七) Intangible assets

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

(十八) Borrowings

1. Long- and short- term funds borrowed from banks. At the initial recognition, the Company measures such at the balance of the fair value deducting the disposal costs; subsequently, for any difference between the consideration deduction of the transaction costs and the redemption value, the effective interest method is adopted to recognize any interest expenses as the profit or loss during the outstanding time based on the amortization procedures.
2. Regarding the expenses paid when the borrowing limit is determined, if the limit is very likely to be drawn partially or in whole, such expenses are recognized as the transaction costs of the borrowings, and are deferred until withdrawal and recognized as an adjustment of effective interest rate; if the limit is not likely to be drawn partially or in whole, such expenses are recognized in prepayments, and amortized over the term related to the limit.

(十九) Accounts and notes payable

1. Liabilities incurred from the purchase of raw materials, goods or services on credit, and notes payable by the business entity due to operation and non-operation.
2. The Company measures non-interest bearing short-term accounts and notes payable at the original invoice amount as discounting is immaterial.

(二十) Ordinary corporate bonds payable

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

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## (二十一) Employee benefits

### 1. Short-term employee benefits

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

### 2. Pension

#### (1) Defined contribution plan

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

#### (2) Defined benefit plan

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

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

### 3. Employees' compensation and remuneration of directors and supervisors

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

## (二十二) Income tax

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

2. The Company calculates the income tax for the current period using the

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

3. Deferred income tax is recognized based on any temporary difference between the tax base of assets and liabilities and their carrying amounts on the parent company only balance sheet using the balance sheet method. The deferred income tax liabilities generated from the goodwill initially recognized are not recognized; if the deferred income tax is generated from an initial recognition of an assets or liabilities in a transaction (not including enterprise merger), and the accounting profit or the taxable income (taxable loss) is not impacted at the time of transaction, no recognition will be made. For the temporary differences generated in the subsidiaries and affiliates, if the Company is able to control the timing reversing the temporary difference and it is probable that the temporary difference will not be reversed in the foreseeable future, such temporary differences will not be recognized. The deferred income taxes adopt the tax rate (and tax law) that is legislated, or substantively legislated at the balance sheet date, and is expected to be applicable when the related deferred income tax assets are realized, or the deferred income tax liabilities are repaid.
4. Deferred income tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized, and unrecognized and recognized deferred income tax assets are reassessed at each balance sheet date.
5. The carryforward of unused tax losses is recognized in deferred income tax assets to the extent that the future taxable profit will be available to the unused tax losses.

#### (二十三) 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.

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## 六、Significant Accounting Assumptions and Judgments, and Major Sources of Estimation Uncertainty

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

## 六、Significant Accounting Assumptions and Judgments, and Major Sources of Estimation Uncertainty

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

(2) ~~Key accounting estimates and assumptions~~

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

(2) ~~Key accounting estimates and assumptions~~

[illegible]

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

## 七、Summary of Significant Accounting Items

### (I) Cash

(二十五)

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

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

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

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

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

### (III) Note payable and accounts payable

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

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

### (IV) Inventories

1. Textile inventories

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

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

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

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

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

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

2. Net amount of property held for sale:

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

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

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

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

1. In 2022 and 2021, some of the investees were subjected to capital reduction. The Company received \$26 and \$2,596 for distribution respectively.

2. Financial assets at FVOCI recognized under other comprehensive income and retained earnings are presented as follows:

	2022	2021
Accumulated fair value gains recognized in other comprehensive income due to delisting are transferred to retained earnings	8,909	(1,096)
Dividend income included in profit or loss	350	0

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



Holding at the end of the period	2,095	1,150
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1. In 2022 and 2021, the Company did not pledge any financial assets at FVOCI as collateral.

2. For relevant information on credit risk, see Note 12(2).

(VI) Investment accounted for using the equity method

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

1. Subsidiaries

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

2. affiliates

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

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

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

Balance sheet

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

Statement of comprehensive income

	Great Bell	
	2022	2021
Income	451,549	494,257

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Net amount of continuing business units in the current period	(73,775)	9,154
Other comprehensive income	(433)	2,782
Total comprehensive profit and loss for the period	(74,208)	11,936
Dividend	-	-

**(VII)Property, Plant and Equipment**

	Land	housing and construction	machine	Hydropower	Other	Total
2022/1/1						
COST	41,128	67,181	2,640	99	18,316	129,364
Accumulated Depreciation	(17,877)	(51,953)	(964)	(52)	(16,696)	(87,542)
	23,251	15,228	1,676	47	1,620	41,822
2022/1/1	23,251	15,228	1,676	47	1,620	41,822
purchase	-	-	-	-	721	721
depreciation	-	(1,131)	(173)	(23)	(195)	(1,522)
2022/12/31	23,251	14,097	1,503	24	2,146	41,021
2022/12/31						
COST	41,128	67,181	2,640	99	19,037	130,085
Accumulated Depreciation	(17,877)	(53,084)	(1,137)	(75)	(16,891)	(89,064)
	23,251	14,097	1,503	24	2,146	41,021
	Land	housing and construction	machine	Hydropower	Other	Total
2021/1/1						
COST	41,128	76,855	937,152	108,561	53,126	1,216,822
Accumulated Depreciation	(17,877)	(58,520)	(933,110)	(107,663)	(50,226)	(1,167,396)
	23,251	18,335	4,042	898	2,900	49,426
2021/1/1	23,251	18,335	4,042	898	2,900	49,426
sell	-	(1,975)	(6,332)	(4,321)	(1,173)	(13,801)
depreciation	-	(1,132)	(251)	(781)	(466)	(2,630)
detract from	-	-	4,217	4,251	359	8,827
2021/12/31	23,251	15,228	1,676	47	1,620	41,822
2021/12/31						
COST	41,128	67,181	2,640	99	18,316	129,364
Accumulated Depreciation	(17,877)	(51,953)	(964)	(52)	(16,696)	(87,542)
	23,251	15,228	1,676	47	1,620	41,822

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

乙、The Company assesses the recoverable amount of an asset by deducting its disposal costs from its fair value, based on the appraisal results of independent assessors, using the market method and the cost method was

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adopted respectively according to the underlying attributes. In 2022 and 2021, the Company recognized gains on reversal of impairment losses on property, plant, and equipment at \$0 and \$8,827 respectively under “Other gains or losses.”

(VIII) Leases transaction - lessee

1. The underlying assets leased by the Company include land, buildings and structures, with a term of two to five years. The lease contracts are negotiated individually, and include different terms. Other than the leased lands in Taiwan are provided as the collaterals for borrowings, the restrictive terms of other leased assets are not to be provided for guaranteeing borrowings.
2. The carrying amounts of right-of-use assets and recognized depreciation expenses are presented as follows:

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

3. In 2022 and 2021, the Group's right-of-use assets increased \$0 and \$5,420 respectively.
  4. Profit and loss items related to the lease contracts are presented as follows:
- | P&L item               | 2022  | 2021  |
|------------------------|-------|-------|
| lease interest expense | 55    | 226   |
| short-term rental fee  | 1,959 | 1,891 |
5. In 2022 and 2021, the Company's total cash outflows from leases amounted to \$4,404 and \$5,900 respectively.

(IX) Short-term borrowings

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

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

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(X) Corporate bonds payable

	2022/12/31	2021/12/31
Bonds	100,000	100,000
1. In November 2021, the Company issued the first domestic unsecured corporate bond in a private placement, as outlined below:		
(1) Total face value: NT\$100,000		
(2) Term: 3 years, outstanding from December 10, 2021 to December 10, 2024.		
(3) Coupon rate: 1.7% per annum.		
(4) Redemption: The Company may redeem all or part of the corporate bond early as actually needed.		
2. For the information on the Company's corporate bonds held by related parties, see Note 7(2)6.		

(XI) Long-term borrowings

	2022/12/31	2021/12/31
Loan type		
Export-Import Bank	50,000	75,000
TCFHC	14,841	19,080
Less : due within one year	(29,715)	(29,650)
	35,126	64,430
loan amount	64,841	94,080
interest rate	2.0776%~2.3450%	1.6584%~1.8450%
Contracting period	108/07/25~114/12/18	108/07/25~114/12/18
1. Pursuant to the mid- and long-term borrowing contract entered with the Export-Import Bank of the Republic of China, the Company repays the principal of the first installment after 18 months since the date of first drawdown; afterward, every six month is deemed an installment, and the principal is repaid at the ratio agreed in the contract for eight installments.		
2. Pursuant to the mid- and long-term borrowing contract entered with the Cooperative Commercial Bank, the Company repays the principal of the first installment after 12 months since the date of first drawdown; afterward, every month is deemed an installment, and the principal is repaid the principal and interest evenly for 48 installments.		
3. For the said loans pledged as collateral, See Note 8 for description.		
4. For the Company's liquidity risk, see Note 12 for details.		
5. Regarding the credit line for long-term loans, some loans are jointly guaranteed by the Chairman and the President. See Note 7 for details.		

(XII) Other payables

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

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(XIII)Pension

1. Defined benefit plan

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

	2022/12/31	2021/12/31
Defined Benefit Obligation Current Employment	6,279	6,358
Fair value of project assets	(17,864)	(15,877)
Net defined benefit assets	(11,585)	(9,519)

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

	Defined Benefit Obligation Current Employment	Fair value of project assets	Net defined benefit assets
2022/1/1	6,358	15,877	(9,519)

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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

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Section 142 of IFRS 19. Regarding the fair value of the fund's total assets as of December 31, 2022 and 2021, see the Labor Pension Fund Utilization report for each year published by the government.

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

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

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

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

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

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

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

- (7) In 2023, the Company is expected to pay \$736 as the contribution to the retirement plan.
- (8) As of December 31, 2022, the weighted average duration of the benefit plan was 8 years.

## 2. Defined contribution plan

- (1) Since July 1, 2005, the Company has made the defined contribution plan in accordance with the "Labor Pension Act", which is applicable to local employees. For the part where the employees elect to apply the labor pension specified in the "Labor Pension Act," the labor pension no less than 6% of the wage is contributed to the employees' individual accounts with the Labor Insurance Bureau every month. The payment of the employee's pension may be received monthly or in a lump sum from the employees' personal pension account and the accumulated gains.
- (2) In 2022 and 2021, the Company recognized the pension costs at \$2,215 and \$2,316 respectively based on the said plans.

## (XIV) Share capital

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

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period was 113,900 thousand shares and 100,800 thousand shares.

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

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

(XV)Capital reserve

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

(XVI)Retained earnings (losses to be compensated)

1. If there is any surplus in the Company's earnings as concluded by the annual accounting book close, after paying tax and making up for accumulated losses, 10% shall be set aside as legal reserve, except when the legal reserve has reached the Company's paid-in capital. The special reserves shall be set aside or reversed pursuant to the laws or competent authorities' requirements; if there is any remaining balance, with the undistributed earnings in previous years it shall be set aside as the cumulative distributable earnings. After considering the Company's

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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
	<u>59,305</u>

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

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by resolution at the shareholders' meeting.

7. On March 23, 2023, the Company approved a loss appropriation proposal

by resolution through the board of directors.

**(XVII) Other items of equity**

	Investments through other comprehensive income	foreign currency conversion	Other interests	total
2022/1/1	9,219	(62,420)	219	(52,982)
Equity Instrument Evaluation Adjustment				
Company	8,909	-	-	8,909
Subsidiary	(941)	-	-	(941)
Transfer to retained earnings				
Company	350	-	-	350
Subsidiary	49	-	-	49
Foreign Currency Translation Differences				
Company	-	24,821	-	24,821
Subsidiary	-	17	-	17
2022/12/31	<u>17,586</u>	<u>(37,582)</u>	<u>219</u>	<u>(19,777)</u>
	Investments through other comprehensive income	foreign currency conversion	Other interests	total
2021/1/1	10,498	(59,148)	219	(48,431)
Equity Instrument Evaluation Adjustment				
Company	(1,096)	-	-	(1,096)
Subsidiary	(183)	-	-	(183)
Foreign Currency Translation Differences				
Company	-	(3,266)	-	(3,266)
Subsidiary	-	(6)	-	(6)
2021/12/31	<u>9,219</u>	<u>(62,420)</u>	<u>219</u>	<u>(52,982)</u>

**(XVIII) Operating revenue**

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

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

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(XIX)Other income

	2022	2021
Dividend	2,403	3,952
Other	2,989	1,652
	<u>5,392</u>	<u>5,604</u>

(XX)Other gains or losses

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

(XXI)Financial costs

	2022	2021
Interest Exp.	18,163	12,744
lease interest expense	55	226
Other Financial Exp.	494	392
	<u>18,712</u>	<u>13,362</u>

(XXII)Additional information of the expense nature.

	2022	2021
Employee Benefits	49,798	48,943
depreciation	4,232	11,878
amortization	204	1,353
Total	<u>54,234</u>	<u>62,174</u>

(XXIII)Employee benefit expense

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

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

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and directors pursuant to the Articles of Incorporation.  
The information regarding the employees' and directors' remunerations approved by the Board may be inquired at MOPS.

(XXIV) Income tax

1. income tax expense

(1) Components of income tax expenses:

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

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

	2022	2021
Determine the measure of welfare obligations	256	690

2. Income tax expense and accounting profit adjustment items

	2022	2021
Income tax expense (benefit)	(52,415)	(14,804)
tax-free income	(481)	(790)
previous year overvalued	0	(12)
Deferred tax assets	4,327	10,497
temporary difference	48,726	7,142
income tax	157	2,033

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

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

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

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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
	<u>885,022</u>	<u>885,022</u>	<u>885,022</u>	
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
	<u>1,307,077</u>	<u>1,307,077</u>	<u>1,307,077</u>	

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

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

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

(XXV) Loss per share

	2022		
	Net Income	AVG outstanding Shares	EPS (NTD)
Net income attributable to parent company	(262,231)	104,245	-2.52
	2021		
	Net Income	AVG outstanding Shares	EPS (NTD)
Net income attributable to parent company	(76,055)	100,800	-0.75

(XXVI) Changes in liabilities from financing activities

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

八、Related party transaction

(二十六) Name and relationships of related parties

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

(二十七) Material transactional matters with related parties

1. Sales

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

Chairman: Chen, Shiou-Chung

Managerial Officer: Chen, Chien-Choan

Accounting Officer: Guo, Shun-Yi

	2022	2021
Sale:		
Tah Tong(VN)	572,169	425,746
Other Subsidiary	-	219
	<u>572,169</u>	<u>425,965</u>

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

2. Purchase

	2022	2021
Subsidiary	<u>109,853</u>	<u>82,886</u>

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

3. Accounts receivable

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

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

4. Other receivables

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

- (1) The said other receivables arising from capital loans are subject to full repayment within one year after the loan is granted. The interest income for 2022 and 2021 was \$4,606 and \$3,477 respectively, calculated at an annual rate of 2.5~3%.
- (2) In 2016, the Company purchased machinery and equipment on behalf of its subsidiary TAH Tong (VN). The repayment plan is to repay on a quarterly basis in 5 years commencing on January 1, 2024. Early repayment is permitted. Remaining receivables as of December 31, 2022 and 2021 are presented in "Long-term notes and accounts receivables -

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related parties". Tah Tong (VN) had repaid early as agreed as of Q2 of 2022.

5. Accounts payable

	2022/12/31	2021/12/31
Account payable		
Subsidiary	26,382	25,644
Related Party	242	242
	<u>26,624</u>	<u>25,886</u>

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

6. Corporate bonds payable

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

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

7. Transaction of property

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

	2021	
	Amount	benefit
Great Bell	<u>32,409</u>	<u>6,624</u>

(2) Acquisition of financial assets

			2022
	Item	Stock	transaction target Amount
Subsidiary			
GLOUCESTER	equity method investment	16,7000K	common stock 492,042
InnoPeak Co.Ltd.	equity method investment	2,000K	common stock 20,000
			<u>512,042</u>
			<u>2021</u>
	Item	Stock	transaction target Amount
Subsidiary			

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Chairman: Chen, Shiou-Chung

Managerial Officer: Chen, Chien-Choan

Accounting Officer: Guo, Shun-Yi

InnoPeak Co.Ltd.	equity method investment	2,000K	common stock	20,000
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8. Lease transactions - lessee

- (1) The Company leased land and buildings from affiliates and other related parties and paid rent monthly for a term of years from 2017 to 2022. The rent was determined by both parties, taking into account market pricing. In September 2021, the Company recognized a NT\$333 loss on lease modification due to early termination of the lease contract.
- (2) In October 2021, the Company leased a building from a related party for a term of 2 years. The rent was determined by both parties, taking into account market pricing. The Group obtained \$5,420 right-of-use assets.
- (3) Acquisition of right-of-use assets

	2022	2021
Other related party	-	5,420

- (4) Lease liabilities
  - A. Ending balance

	2022	2021
Other related party	2,054	4,753

- B. Interest expenses

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

- (5) Ending balance of refundable deposits

	2022	2021
Subsidiary	-	34

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

	2022	2021
Chen Xiuzhong	32,000	0

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

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

- (1) Land pledged by affiliates as collateral for loans

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

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

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

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

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

11. Endorsements/guarantees provided by the Company

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

(二十八) Information of remuneration of key management personnel

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

九、Pledged Assets

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

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

十、Significant Contingent Liabilities and Unrecognized Commitments

(二十九) Contingent matters

None.

(三十) 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

十一、Losses Due to Major Disasters

None.

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Chairman: Chen, Shiou-Chung

Managerial Officer: Chen, Chien-Choan

Accounting Officer: Guo, Shun-Yi

## 十二、Significant Events

- 甲、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.
- 乙、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.
- 丙、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.
- 丁、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.
- 戊、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.

## 十三、Others

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

甲、Business:

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

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

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- (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.

#### 乙、Finance:

- (1) To ensure that the Company continues as a going concern, as per the private placement proposal passed by the 2022 annual general shareholders' meeting, the Company issued 13.1 million shares as of Q3 of 2022 and would issue 16.9 million shares more to raise funds. On March 24, 2023, the Company planned to issue another 30 million ordinary shares through private placement at the meeting of the board of directors. Upon approval at the shareholders' meeting on May 22, 2023, the Company will issue ordinary shares through private placement at an appropriate time depending on the market and capital needs, in the hope of improving the Company's financial structure with the funds raised.
- (2) The Company has a good record of dealings with the existing financial institutions, and all financing loan limits have been provided with reasonable guarantees. It is estimated by reference to the history of financing and renewal in previous years, all financing loan contracts can be renewed with new terms before expiration to extend the original financing limits.
- (3) The Company has the undertaking from major shareholders for continuous financial support to the Company, whereby they agree to assist the Company to continue operating and repay debts if necessary.
- (4) The Company will continue to actively examine all of its assets and resources on hand, and revitalize the assets to maximize the benefits and value created for the Company under market assessment. It is expected that this will effectively improve the Company's financial position.

#### (II) Capital management

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

#### (III) Financial instruments

##### 1. Categories of financial instruments

	<u>2022/12/31</u>	<u>2021/12/31</u>
financial assets		
Fair value through profit or loss	1,900	33,202

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Fair value through other comprehensive income	46,347	39,234
Measured at amortized cost	793,051	772,630
	<u>841,298</u>	<u>845,066</u>
financial liabilities		
Measured at amortized cost	1,116,902	953,558
lease liability	2,054	4,753
	<u>1,118,956</u>	<u>958,311</u>

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

## 2. Risk management policy

- (1) The daily operation of the Company is under influence of various financial risks, including market risk (including exchange rate risk, interest rate risk, and price risk), credit risk and liquidity risk. The Company's overall risk management policy focuses on unpredictable matters in financial markets and seeks to mitigate the potential adverse effects on the Company's financial position and financial performance.
- (2) The risk management is implemented by the Finance Department of the Company pursuant to the policies approved by the Board. The Company's Finance Department is responsible for identifying, evaluating and avoiding financial risks through close collaboration with various operating units within the Group. The Board has written principles for overall risk management, and also provides written policies for specific extent and matters, such as exchange rate risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investment of remaining current capital.

## 3. Nature and extent of material financial risks

### (1) Market risk

#### Foreign currency risk

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

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assets and liabilities.

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

	2022/12/31		
	Foreign Currency	Exchange Rate	Book Value (NT)
Foreign Currency: Functional Currency			
Financial assets			
monetary item			
USD : NTD	22,231	30.71	682,714
Subsidiary			
USD : NTD	16,590	30.71	509,491
financial liabilities			
monetary item			
USD : NTD	2,219	30.71	68,144
	2021/12/31		
	Foreign Currency	Exchange Rate	Book Value (NT)
Foreign Currency: Functional Currency			
Financial assets			
monetary item			
USD : NTD	34,169	27.68	945,798
Subsidiary			
USD : NTD	9,104	27.68	251,999
financial liabilities			
monetary item			
USD : NTD	7,709	27.68	213,385

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

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

#### Price risk

- A. The Company's equity instruments exposed to price risk are

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financial assets at FVTPL and financial assets at FVOCI. To manage the price risk of the investment in equity instruments, the Company diversifies the portfolio, based on the limits set by the Company.

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

Cash flow and fair value interest rate risk

- i. The Company's interest rate risk arises from bank loans. The borrowings issued at the floating interest rates cause the Company to sustain the interest rate risk for the cash flow; partial risk is offset by the held cash and cash equivalents at the floating rate. In 2022 and 2021, the Company's borrowings at floating rates were denominated in NTD and USD.
- ii. The Company simulates multiple programs and analyzes interest rate risk, including considering refinancing, renewal of existing positions, other available financing and hedging, to calculate the impact of changes in specific interest rates on profit or loss. For each simulation programs, all currencies adopts the same interest rate change. Such simulation programs are only applied to the material liability position accruing interests.
- iii. According to the simulation results, a 0.5% change in the interest rate would not have any material impact on the Company's net income before tax for 2022 and 2021.

(2) Credit risk

- A. The Company's credit risk is the risk of financial losses incurred to the Company after the counterparty of the customer's financial instruments fail to fulfill its contractual obligations, mainly from the reasonable cash flows of accounts receivable the counterparty is unable to pay off according to the payment terms.
- B. The Company manages credit risk from a group perspective. For the banks and financial institutions to establish a business relationship, only these banks with good credit and the financial institutions with an investment grade or higher are accepted as the counterparties of transactions. The credit policy is specified

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internally.

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

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

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

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

- D. The Company's accounts receivable - related parties are mainly the sales to the subsidiaries. The Company and the aforesaid subsidiaries are the entities for preparing the consolidated financial reports, and thus there is no concern of material failure of contract performance or repayment. Therefore, the allowance of loss is measured at the 12-month ECL, and as of December 31, 2022 and 2021, there was no allowance of loss provided for the accounts receivable - related parties.
- E. The indicators used by the Company to determine if debt instrument investments are credit-impaired are summarized as follows:
- (A) The issuer is suffering serious financial difficulty, or it is increasingly probable that the issuer will go into bankruptcy or other financial restructuring;
  - (B) The issuer has the active market for the financial assets disappearing due to its financial difficulty;
  - (C) The issuer delays the repayment of, or fails to repay, the interest or principal;
  - (D) Adverse changes in national or regional economic conditions resulting in a default by the issuer.
- F. After the recourse procedure, the Company will write off the amount of financial assets that cannot be reasonably expected to be recovered; provided that, the Company will continue to proceed with the legal recourse procedure to preserve the rights of the claims. As of December 31, 2022 and 2021, the Company's claims that were written off and still had recourse activities amounted to \$15,087 and \$12,735, respectively.

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

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

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

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

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

### (3) Liquidity risk

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

B. The surplus cash held by each operating entity will be transferred back to the Group's Finance Department if it is greater than

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required for the management of working capital. The Finance Department of the Group invests the remaining capital in the demand deposit with interests, time-deposit, money deposit, and marketable securities; the instruments selected have due maturities or sufficient liquidity to respond to the aforesaid forecast and provide the sufficient funding level for deployment, and are expected to generate cash flow instantly, to manage the liquidity risk.

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

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

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

	Within 1 Year	1 ~2 Year	2 ~ 5 Year	Total
2022/12/31				
Corporate bonds	1,700	101,700	-	103,400
Long term loan	29,743	30,314	7,446	67,503
Lease liability	2,066	-	-	2,066
2021/12/31				
Corporate bonds	1,700	1,700	101,700	105,100
Long term loan	30,135	30,208	38,728	99,071
Lease liability	2,754	2,066	-	4,820

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

#### (4) Information on fair value

- For the fair value of the Company's financial assets and financial liabilities not measured at fair value, see Note 12(2)1.
- The levels of valuation techniques used to measure the fair value of financial and non-financial instruments are defined as follows:

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

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

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

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

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

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Chairman: Chen, Shiou-Chung

Managerial Officer: Chen, Chien-Choan

Accounting Officer: Guo, Shun-Yi

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

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

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

- (2) Other than the financial instruments with active markets mentioned above, the fair values of other financial instruments are obtained with the valuation techniques or by referring the quotations of the counterparties of transactions. The fair values obtained with the valuation techniques may refer to the current fair values of the financial instruments with substantially similar conditions or characteristics, or with other valuation techniques, including the calculation of the obtainable market information at the consolidated balance sheet date with a model.
- (3) The output of the valuation model is a forecasted estimate value, and the valuation technique may not reflect all the factors related to the financial and non-financial instruments held by the Company. Therefore, the forecasted value of the valuation model may be adjusted properly based on additional parameters, such as the model risks or the liquidity risk. Based on the Company's management policy and control procedures for the fair value valuation model, the management believes to fairly present the fair values of the financial and non-financial instruments in the consolidated balance sheet, the valuation adjustment is properly and necessary. The price information and parameters used during the valuation process are prudentially evaluated, and properly adjusted based on the current market conditions.
- (4) The Company takes the credit risk valuation adjustment into account for the calculation of financial and non-financial instruments' fair values, to reflect the credit risk of the transaction counterparties, and the credit quality of the Company, respectively.

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

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

	Equity Securities	
	2022	2021
Jan. 1	37,114	40,806
recognized in other comprehensive income	8,909	(1,096)
return of share capital	(26)	(2,596)
transfer to retained earnings	350	-
Dec. 31	46,347	37,114

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

8. For Level 3 fair value measurement, the Company has its Finance Department and independent valuation experts responsible for the independent fair value verification of financial instruments, making the valuation results close to the market status using independent source data, and regularly reviewing to ensure reasonable valuation results. Additionally, the Finance Department prescribes the valuation policies for the fair value of financial instrument, the valuation procedures, and the

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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

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

Chairman: Chen, Shiou-Chung

Managerial Officer: Chen, Chien-Choan

Accounting Officer: Guo, Shun-Yi

Non-Open market company	2,689	net asset value	NA	26.6	The higher the net asset value, the higher the fair value
			liquidity discount	15.8%~18.53% (15.99%)	The higher the liquidity discount, the lower the fair value
Venture capital company stock	648	net asset value	NA	8.08~14.24 (12.12)	The higher the net asset value, the higher the fair value
			liquidity discount	24.29%~26.69% (25%)	The higher the liquidity discount, the lower the fair value

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

		2022/12/31		
		recognized in other comprehensive income		
Financial Assets	Input	Change	favorable	unfavorable
equity instruments	Price-to-book ratio	+/- 1%	288	(288)
	Market capitalization base debt ratio	+/- 1%	80	(80)
	liquidity discount	+/- 1%	90	(90)
		2021/12/31		
		recognized in other comprehensive income		
Financial Assets	Input	Change	favorable	unfavorable
equity instruments	Price-to-book ratio	+/- 1%	211	(211)
	Market capitalization base debt ratio	+/- 1%	60	(60)
	liquidity discount	+/- 1%	94	(94)

#### (5) Others

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

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Chairman: Chen, Shiou-Chung

Managerial Officer: Chen, Chien-Choan

Accounting Officer: Guo, Shun-Yi

#### 十四、Other Disclosures

##### (I) Information on Significant Transactions

- 甲、Loans to others: See Statement 1.
- 乙、Endorsements/guarantees provided: See Statement 2.
- 丙、Marketable securities held at the end of the period (excluding investments in subsidiaries, affiliates, and jointly controlled entities): See Statement 3.
- 丁、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.
- 戊、Acquisition of individual property at least NT\$300 million or 20% of the paid-in capital: none.
- 己、Disposal of individual property at least NT\$300 million or 20% of the paid-in capital: none.
- 庚、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.
- 辛、Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: See Statement 6.
- 壬、Trading of derivative instruments: none.
- 癸、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 the investees and other relevant information (excluding investees located in mainland China): 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 of Major Shareholders

Information on major shareholders: See Statement 10.

#### 十五、(13) Information of Operating Segments

Disclosure is exempted.

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Tah Tong Textile Co., Ltd.

Chairman : Chen, Shiou-Chung

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