

Tah Tong Textile Co., Ltd.
Minutes of the 2024 General Meeting of Shareholders

- ◆ **Meeting time :** 9 : 30 a.m. on Monday, May 27, 2024.
- ◆ **Meeting location :**
15th Floor, No. 99, Fuxing North Road, Songshan District, Taipei City (Primasia Conference & Business Center).
- ◆ **Attendance :**
A total of 43,422,025 shares were represented by shareholders and shareholders' proxies present (including 2,424,594 shares with voting rights exercised electronically), accounting for 62.58% of the company's total issued shares of 69,382,182 shares.
- ◆ **Directors present :**
Chen, Shiou-Chung (Chairman) ,
Yung Huang Investment Co., Ltd. (representative : Wu Li-Wen) ,
FOUNDATION EVER GLORY EDUCATION FOUNDATION (representative : Huang, Yung-Chang)
- ◆ **Independent directors present :**
Lin, Chien-Ping. 、 Lin, Win-Jon
- ◆ **Other Present :** PWC Lin, Ya-Hui CPA, Lawyer Tsai Yi-fen
- ◆ **Meeting chairman :** Chen, Shiou-Chung (Chairman) **Record :** Yang Shu-Hui

I. Announcement of the meeting :

The number of shares present has reached the statutory amount, and the chairman declares the meeting to be convened in accordance by law.

II. Chairman's speech : omitted

III. Matters for Report :

- (I) **Annual business report of 2023.** (Appendix 1 for details)
- (II) **Audit Committee's annual final accounts review report of 2022.** (Appendix 2 for details)
- (III) **Private Equity Execution Report of 2024.**
Explanation : The company's board of directors passed a resolution on March 19, 2024, to increase capital through private placement of ordinary shares to repay borrowings and improve the company's financial structure. In the future, it will help the company's operations to grow steadily and also have a positive impact on shareholders' rights. Please provide details on the implementation report of this case (Annex 3).
- (IV) **Operational Improvement Report**
Explanation :
 - I) The company's regular shareholders' meeting on May 22, 2023 passed a capital reduction of NT\$506,047,750 to make up for losses.
 - II) This case was approved by the Taiwan Stock Exchange on June 21, 2023,

Taiwan Stock Exchange No. 1121802835, and approved by the Ministry of Economic Affairs, No. 11230125920, on July 24, 2023.

- III) After the completion of the capital reduction in this case, the company was re-listed on August 24, 2023 at NTD 13.74 per share, and the net value per share also increased from NTD 5.16 per share in the first quarter of 2023 to NTD 7.78 per share in the second quarter of 2023.
- IV) Initial results have been achieved in improving shareholder net worth and improving the financial structure. Since the sound operating plan is a mid- to long-term operating estimate and improvement plan, the overall improvement benefits should be more visible at the end of each subsequent year.

There is no shareholder spoke in matters for report

IV. Matters for Admit :

(I) Please acknowledge the 2023 business report and financial statements. 【proposed by the BOD】

Explanation :

- i. The company's business report for 2023 has been completed and submitted to the audit committee for review and approval, and was approved by the board of directors. The detail business report is as Annex 1.
- ii. The company's parent company only financial statements and consolidated financial statements for 2023 have been reviewed by Lin Ya-Hui CPA and Lin, Yung-Chih CPA of PWC. After being submitted to the company's audit committee for review, they found that there were no discrepancies and issued a review report for the record. .
- iii. Detailed accountant's audit report, balance sheet, comprehensive income statement, statement of changes in equity and cash flow statement for 2023 are as Annex 4.

Resolution :

- There is no shareholder spoke in this case
- The voting results are as follows. The number of votes in favor has reached the statutory amount, and the case is passed accordingly.
- The number of voting rights of shareholders present at the time of voting was 43,422,025.

Voting results	% of voting rights of shareholders present
Number of votes in agree : <u>42,669,692</u> (Including <u>1,672,261</u> voting rights exercised electronically)	98.27%
Number of votes in objections : <u>127,939</u> (Including <u>127,939</u> voting rights exercised electronically)	0.29%
Number of votes in Invalid : <u>0</u> (Including <u>0</u> voting rights exercised electronically)	0.00%
Number of votes in abstentions/no voting : <u>624,394</u> (Including <u>624,394</u> voting rights exercised electronically)	1.44%

(II) Please acknowledge the 2023 loss appropriation case 【proposed by the BOD】

Explanation :

Tah Tong Textile Co., Ltd.
loss appropriation of 2023

Item	Unit : NTD Amount
Opening losses to be made up	(\$506,047,756)

Plus : 2023 remeasurement of defined benefit programs	(187,826)
Plus : Equity instruments measured at fair value through other comprehensive profit or loss	2,145,302
Plus : capital reduction case to make up for losses	506,047,750
Adjusted losses to be made up	1,957,470
Plus : net loss for the year	(301,478,925)
Closing losses to be made up	(299,521,455)
Losses to be made up at the end of the period (after appropriation)	(299,521,455)

Chairman :
Chen, Shiou-Chung

General Manager :
Chen, Chien-Choan

Accountant :
Kuo, Shun-Yi

Resolution :

- There is no shareholder spoke in this case
- The voting results are as follows. The number of votes in favor has reached the statutory amount, and the case is passed accordingly.
- The number of voting rights of shareholders present at the time of voting was 43,422,025.

Voting results	% of voting rights of shareholders present
Number of votes in agree : <u>42,646,464</u> (Including <u>1,649,033</u> voting rights exercised electronically)	98.21%
Number of votes in objections : <u>147,092</u> (Including <u>147,092</u> voting rights exercised electronically)	0.34%
Number of votes in Invalid : <u>0</u> (Including <u>0</u> voting rights exercised electronically)	0.00%
Number of votes in abstentions/no voting : <u>628,469</u> (Including <u>628,469</u> voting rights exercised electronically)	1.45%

V. Matters for discussion

(I) Plan to handle private equity common stock case, proposed for discussion. 【proposed by the BOD】

Explanation :

- i. In order to enrich working capital, repay bank loans, improve financial structure and meet other capital needs for the company's future development, the company plans to, depending on the market conditions and the company's capital needs, at an appropriate time, in accordance with Article 43 of the Securities and Exchange Act 6 stipulates that for the issuance of ordinary shares through cash capital increase through private placement, the shareholders' regular meeting shall be requested to authorize the board of directors to issue in installments within one year from the date of the shareholders' regular meeting resolution on this private placement case, depending on the actual fund-raising situation. The number of times is expected to be no more than 3. The purpose of each private placement fund and the expected benefits are the same as the original planning of this case.
- ii. Principles for authorizing the board of directors to handle private placement of ordinary shares :
 - 1) Number of private placement shares : The number of issued shares shall not exceed 30 million shares.
 - 2) Par value per share : NT\$10
 - 3) Total private placement amount : calculated based on the final private placement price..
 - 4) The basis and rationality for setting the private placement price : The

company's private placement price is determined by calculating the simple arithmetic average of the closing price of the common stock 1, 3 or 5 business days before the pricing date, deducting free allotments, ex-rights and dividends, and add back the stock price after capital reduction and anti-ex-rights, and then compare it with the simple arithmetic average of the closing prices of common stocks in the 30 business days before the pricing date, deducting free allotment ex-rights and dividends, and add back the stock price after capital reduction and anti-ex-rights. The two The higher price is used as the reference price, and the private placement price shall not be lower than 80% of the reference price. The actual pricing date and actual private placement price are authorized to be determined by the board of directors based on future consultation with specific persons and market conditions..

The price of the Company's private placement ordinary shares is determined in accordance with relevant laws and regulations. However, based on the basis for price determination, it cannot be ruled out that the price of this private placement may be lower than the face value. If such events occur, the impact on shareholders' equity will be the accumulated losses arising from the difference between the actual private placement price and the face amount. This accumulated loss will be made up based on the company's future operating conditions. It does not rule out that reductions will be required due to the increase in accumulated losses. capital.

5) Method of selecting specific persons for private placement :

- (1) The candidates for this offering of common shares must meet the applicant qualifications stipulated in Article 43-6 of the Securities and Exchange Act and other relevant laws and regulations and letters from the competent authority.
- (2) The purpose of selecting candidates : to enrich the company's working capital, improve the company's financial structure, and expand the operating territory. If they are insiders or related parties, they will enrich the company's working capital and understand the company, which will be beneficial to the company's future operations.
- (3) The list of insiders or related parties who intend to participate in the private placement is as follows :

Investor	Purpose	Relative
Chen, Chien-Choan (4.96% shareholding)	To replenish the Company's working capital and improve its financial structure, thereby expanding the operating territories.	President of the Company
Chen, Shiou-Chung (3.98% shareholding)		Chairman of the Company
Yen, Li-Rong (1.89% shareholding)		The spouse of the chairperson of the Company
Chen, Chien-Ming (3.50% shareholding)		Chairman's 1st-degree relative

List of legal person applicants and matters to be disclosed :

Legal investor	Top ten shareholder	Relative
EVER GLORY INVESTMENT COM, LTD.	Chen, Chien-Ming 23.41%; Chen, Shiou-Chung 22.13%; Yen, Li-Rong 17.90%; Chen, Hsiu-Hsiung 13.52%; Chen, Hsiu-Yi 10.49%; Chen, Chien-Choan 9.18% Chen, Hung-Ru 0.50%; Chen, Hung-Wen 0.50%; Wang, Chih-Hung 0.50%; Wu, Hsin-Chang 0.50%.	The Company's major shareholders

Legal investor	Top ten shareholder	Relative
Great Bell Printing & Dyeing Co., Ltd.	Hanbo Livestock & Farming 23.13%, Tah Tong Textile 19.18%, Chen, Hsiu-Hsiung 14.79%, KINGTEX CORPORATION 7.12%, Chen, Yan-Ming 6.27%, Jian-Yi Investment 3.62%, Yen, Li-Rong 2.55%, Chen, Hung-Ru 2.52%, Chen, Hung-Wen 2.44%, KINGTEX Investment 2.40%	Affiliates
Hanbo Livestock and Farming Product Co., Ltd.	Great Bell Printing & Dyeing 41.99%, Chen, Yan-Ming 12.00%, Hanpower Energy Technology 4.33%, KINGTEX CORPORATION 4.11%, Chen, Hsiu-Hsiung 3.66%, Ever Huang Investment Co., Ltd. 3.35%, Yen, Li-Rong 3.35%, Wang, Xiang-Yuan 2.67%, Wang, Yu-Xian 2.51%, Wu Chenghao 2.41%,	Other related party
KINGTEX CORPORATION	Zhang Yi-Zhao 24.15%, Zhang Ya-Hui 21.95%, Zhang Xiu-Ru 21.95%, Zhang Ling-Qi 21.95%, Chen Jun-Ping 10%, Zhang Ying-Fu 10%.	The Company's major shareholder
Jian-Yi Investment Co., Ltd.	Chen Xiu-Yi (23.38%), Chen, Chien-Choan (21.74%), Chen, Chien-Ming (18.20%), Chen Wei-Ren (7.29%), Chen Wei-Zhi (7.29%), Chen Wei-Hong (6.82%), Chen Wei-Bo (6.82%), Yan Li-Rong (5.59%), Deng Zhu-Zhen (1.81%), Chen, Shiou-Chung (1.07%).	Other related party

6) Necessary reasons for private placement :

- (1) Reasons for not adopting public offering : Considering factors such as timeliness, convenience, issuance cost and equity stability of raising capital, private placement is used to raise funds.
- (2) Use of private placement funds and expected benefits : The use of private placement funds is to enrich the company's working capital, repay bank loans, and other capital needs to meet the company's future development. It is expected to improve the company's financial structure and help the company's stable growth. It will have positive benefits to shareholders' rights and interests, and the number of times is expected to be no more than three times. The purpose of each private placement fund and the expected benefits are the same as the original planning of this case.

7) The rights and obligations of this private placement of ordinary shares :

In principle, they are the same as those of the company's issued ordinary shares. However, in accordance with Article 43-8 of the Securities and Exchange Act, this private placement of ordinary shares, unless certain circumstances are met, It will not be freely transferable until three years after the date of delivery or transfer, and three years after the date of delivery of the private placement ordinary shares, the board of directors is authorized to decide whether to apply to the competent authority for supplementary issuance and listing and trading of securities in accordance with the relevant regulations in accordance with the prevailing conditions. .

- 8) In order to cooperate with this private placement of securities, the shareholders' meeting is proposed to authorize the chairman or his designated person to sign, negotiate and change all contracts and documents related to the issuance of ordinary shares in the form of private placement on behalf of the company, and provide the company with Handle all matters related to the private placement of common shares.
- 9) Others : This private placement issuance of ordinary shares, in addition

to the private placement pricing ratio, includes the actual issuance price, number of shares, issuance conditions and methods, planned projects, raised amount, expected progress, expected benefits and others. If any unfinished matters are subsequently revised by the competent authority or need to be changed or revised based on operational assessment or changes in objective environmental requirements or laws, it is proposed that the shareholders' meeting authorize the board of directors to handle them with full authority.

- 10) The company's private placement of securities proposal, in accordance with the provisions of Article 43-6 of the Securities and Exchange Act, please refer to the Disclosure Information Observatory (website : <https://mops.twse.com.tw>) and the company's website for matters that should be explained. (Website : <http://tw.tahtong.com.tw/>).

Resolution :

- There is no shareholder spoke in this case
- The voting results are as follows. The number of votes in favor has reached the statutory amount, and the case is passed accordingly.
- The number of voting rights of shareholders present at the time of voting was 43,422,025

Voting results	% of voting rights of shareholders present
Number of votes in agree : <u>42,643,190</u> (Including <u>1,645,759</u> voting rights exercised electronically)	98.21%
Number of votes in objections : <u>171,590</u> (Including <u>171,590</u> voting rights exercised electronically)	0.40%
Number of votes in Invalid : <u>0</u> (Including <u>0</u> voting rights exercised electronically)	0.00%
Number of votes in abstentions/no voting : <u>607,245</u> (Including <u>607,245</u> voting rights exercised electronically)	1.40%

VI. Provisional motion : No shareholder filed an interim motion

VII. Meeting adjourned : 09 : 50 am

Tah Tong Textile Co., Ltd.

Annual business report of 2022

All shareholding ladies and gentlemen,

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

In 2023, the world has ushered in an era of post-epidemic recovery and striving for recovery. However, the U.S. Federal Reserve's decision to raise interest rates to fight inflation has made the market turbulent. In addition, the AI chip war ignited by the two major powers of China and the United States and geopolitical tensions have followed closely. , as well as the challenge of the explosion of Chinese real estate companies to the pressure on the financial system, are like the butterfly effect, touching the sensitive nerves of the world and bringing hidden worries to the global economic prospects.

In the global textile market, although the destocking of international brands has gradually taken effect, the economies of European and American countries are still in a weak state, with insufficient customer and consumer confidence and relatively weak market purchasing power, which has affected the recovery of the overall market. In addition, the international raw cotton price collapsed to the lowest level in nearly three years in October 2022. Although it has gradually recovered since then, it is still hovering at a low level. This has also caused the market yarn price to be at a low level, affecting operating performance.

Facing the treacherous and changeable post-epidemic era, with many uncertainties and risks in the market, Dadong Textile continues to optimize its product portfolio, focusing on the development of special yarn products to increase gross profit margins. At the same time, we will build vertical integration of the supply chain, deepen the customer service of the cloth products business, strengthen marketing and business capabilities, focus on brand customers, and expand the customer base of the cloth products business, in order to effectively increase the group's overall revenue and improve operating performance.

The company will adhere to the core values of "integrity and ethics, self-transcendence, unity, and outstanding contribution", continue the established operating strategy, and promise to provide customers with high-quality, diversified, and innovative products in order to achieve stable growth and profitability.

The business results for 2023 and the 2024 business plan are summarized as follows :

I. Business results for 2023

(I) Business plan implementation results

i. Yarn Business Division

Continue to optimize the product mix, increase the sales proportion of special yarn products, and effectively increase gross profit margin

ii. Fabrics Business Division

The Taiwan business unit has steadily enhanced its cooperative relationship with world-renowned outdoor activity brand customers. At the same time, the Vietnam business unit has also successfully expanded its business and added fashion and leisure brand customers. Therefore, the overall performance of the fabric business has increased compared with the previous year.

(II) Financial revenue and expense and profitability analysis.

Unit : NT\$ thousand; %

Item		2023	2022
Financial revenue	Operating revenue	1, 157, 753	1, 588, 312
	Gross profit (loss)	(149, 966)	(108, 200)
	Net operating profit (loss)	(311, 417)	(315, 437)
	Net income (loss) after tax	(332, 876)	(319, 852)
	Attributed to the parent company	(301, 478)	(262, 231)
	Non-controlling interests	(31, 398)	(57, 621)
Profitability analysis	Gross margin %	(12. 95)	(6. 81)
	Net profit margin (%)	(28. 75)	(20. 14)
	Return on equity (%)	(98. 16)	(46. 26)
	Earnings per share (NT\$)	(4. 76)	(4. 53)

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

Note 2 : Due to capital reduction in 2023 to make up for losses, earnings per share in 2022 were adjusted retrospectively.

II. Summary of the 2024 business plan

With the advent of the post-epidemic era, rising geopolitical tensions, global inflationary pressures, and lack of confidence in the consumer market have all created uncertainty in the global economic environment for the 2024.

Looking back at 2024, in addition to continuing to implement cost control and strengthening risk management, the company will also adjust its product structure and portfolio to steadily improve the quality and gross profit of the spinning business. At the same time, the company will actively expand the customer base of the fabric business to enhance the group's performance. 2024 of operation. The operating principles and important production and marketing policies of the spinning business and fabric business are explained as follows:

(一) Operating strategy

Focus on the product development of the textile industry as the main axis and deepen cooperation with the industrial supply chain.

i. Yarn Business Division

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

ii. Fabrics Business Division

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

(二) Important production and sales policy

Textile products focus on the development trend of functionality and comfort. The spinning business division will continue to develop high added value and functional and special yarn types in accordance with the trend. The fabric business division will be based on meeting the product needs of brand customers. Develop customized product development and services, develop functional knitted fabrics, etc.

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 :

(一) 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.

(二) Price of energy :

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

(三) 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.

(四) 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.

(五) 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 2024, 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 2022 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!

Chairman :
Chen, Shiou-Chung

General Manager :
Chen, Chien-Choan

Accountant :
Kuo, Shun-Yi

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, 2023. Lin, Ya-Hui, CPA, and Lin, Yung-Chih, CPA from PwC Taiwan, have audited the said (parent-only and consolidated) financial statements and issued an unqualified opinion. The said financial statements and proposal for loss appropriation were audited by the Audit Committee and found to be satisfactory and are therefore submitted for approval in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Regards

2024 Annual General Shareholders' Meeting, Tah Tong Textile Co., Ltd.

Tah Tong Textile Co., Ltd.
Convener of the Audit Committee
March 08, 2024

First private placement of marketable securities in 2024

Item	First private placement in 2024 Date: April 30, 2024				
Type of securities privately placed	Ordinary shares				
Date and amount approved by the board of directors	Annual general shareholders' meeting on May 22, 2023 No more than 30 million shares issued On March 19, 2024, the board of directors approved the issuance of 6,086,957 shares at 11.50 yuan per share.				
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: March 28, 2024				
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	Yes
	Chen, Chien-Choan	Eligible under Subparagraph 3, Paragraph 1, Article 43-6 of the Securities and Exchange Act	1,156,522 shares	A corporate director/major shareholder of the Company	Yes
	Chen, Chien-Ming	Eligible under Subparagraph 2, Paragraph 1, Article 43-6 of the Securities and Exchange Act	1,321,739 shares	General Manager of the company	None
	Hanbo Livestock and Farming Product Co., Ltd.	Eligible under Subparagraph 2, Paragraph 1, Article 43-6 of the Securities and Exchange Act	608,696 shares	Chairman's 1st-degree relative	None
The actual subscription (or conversion) price	NT\$11.50 per share				
The difference between the actual subscription (or conversion) price and the reference price	The actual subscription price was NT\$13.76 per share, equal to 83.59% of the reference price.				
The effect of the private placement on shareholders' equity (e.g. increasing the accumulated loss...)	Increase the amount of equity and increase the net value per share.				
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 loans and completed as of Q2 2024.				
The realization of the benefits of the plan	The funds raised from the first private placement in 2024 were fully used to repay 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.				

INDEPENDENT AUDITORS' REPORT

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, 2023 and 2022, 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 material 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, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, 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 Financial Statement Audit and Attestation Engagements of 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. 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 2023 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 2023 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, 2023, the balances of inventories and allowance for inventory valuation losses were NT\$365,509 thousand and

NT\$51,319 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 textile market is competitive, 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, 2023, the Group's property, plant and equipment amounted to NT\$772,188 thousand. As the operation of the Vietnam subsidiary was not as expected due to the recent fluctuations in international cotton prices and the high competitiveness in quotations for downstream yarn spinning products, 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 common industry practice 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 for 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\$224,714 thousand and NT\$450,884 thousand, constituting 11.74% and 17.85% of the consolidated total assets as at December 31, 2023 and 2022, respectively, and the comprehensive loss recognised from associates and joint ventures accounted for under the equity method amounted to (NT\$26,247) thousand and (NT\$46,819) thousand, constituting 7.87% and 17.18% of the consolidated total comprehensive loss for the years then ended, 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, 2023 and 2022.

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

Independent Accountants

Lin Yung-Chih

PricewaterhouseCoopers, Taiwan

Republic of China

March 8, 2024

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

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

Tah Tong Textile Co., Ltd. and subsidiaries
Consolidated balance sheet
For the Years Ended December 31, 2023 and 2022

Unit: NT\$ thousand

				Unit: NT\$ thousand		
Asset		Notes	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 133,836	7	\$ 212,398	8
1110	Financial assets at FVTPL - Current	6(2)	-	-	1,900	-
1150	Net value of notes receivable	6(3)	-	-	1,779	-
1170	Net value of accounts receivable	6(3)	78,596	4	89,746	4
1200	Other receivables	7	17,421	1	2,420	-
130X	Inventories	6(4)	314,190	17	565,108	22
1410	Prepayments	6(11)	58,653	3	74,364	3
1470	Other current assets	8	99,047	5	70,504	3
11XX	Total current assets		<u>701,743</u>	<u>37</u>	<u>1,018,219</u>	<u>40</u>
Non-current assets						
1517	Financial assets at fair value through other comprehensive income- non-current	6(5)	45,862	2	46,347	2
1550	Investment accounted for using the equity method	6(6) and 7	224,714	12	236,537	9
1600	Property, Plant and Equipment	6(7) and 8	772,188	40	940,694	37
1755	Right-of-use asset	6(8)、7 and 8	122,337	6	180,833	7
1760	Net investment property	6(9) and 8	-	-	42,404	2
1780	Intangible assets		4,172	-	5,222	-
1840	Deferred tax assets	6(26)	16,488	1	16,725	1
1975	Net defined benefit assets - non-current	6(16)	12,185	1	11,585	1
1990	Other non-current assets - others	6(11) and 8	14,098	1	27,531	1
15XX	Total non-current assets		<u>1,212,044</u>	<u>63</u>	<u>1,507,878</u>	<u>60</u>
1XXX	Total assets		<u>\$ 1,913,787</u>	<u>100</u>	<u>\$ 2,526,097</u>	<u>100</u>

(Continued on next page)

Tah Tong Textile Co., Ltd. and subsidiaries
Consolidated balance sheet
For the Years Ended December 31, 2023 and 2022

Unit: NT\$ thousand

Liabilities and Equity			December 31, 2023		December 31, 2022			
			Notes	Amount	%	Amount	%	
Current liabilities								
2100	Short-term borrowings	6(12)	\$	880,986	46	\$	1,103,200	44
2150	Notes payable			9,503	-		6,724	-
2170	Accounts payable	7		196,808	10		190,777	7
2200	Other payables	6(15)		44,089	2		63,892	2
2280	Lease liabilities - Current	7		-	-		14,380	1
2320	Long-term liabilities due within a year or one operating cycle	6(14)		29,803	2		92,193	4
2399	Other current liabilities - other	6(21) and 7		167,837	9		102,723	4
21XX	Total current liabilities			1,329,026	69		1,573,889	62
Non-current liabilities								
2530	Corporate bonds payable	6(13) and 7		100,000	5		100,000	4
2540	Long-term borrowings	6(14)		5,353	1		43,098	2
2570	Deferred tax liabilities	6(26)		37,874	2		41,963	2
2580	Lease liabilities - Non-current	7		-	-		30,778	1
2600	Other non-current liabilities	7		95,451	5		44,939	2
25XX	Total non-current liabilities			238,678	13		260,788	11
2XXX	Total Liabilities			1,567,704	82		1,834,677	73
Equity attributable to owners of parent company								
	Share capital	6(17)						
3110	Common share capital			632,952	33		1,139,000	45
	Capital reserve	6(18)						
3200	Capital reserve			19,186	1		11,181	-
	Retained earnings	6(19)						
3350	Deficit yet to be compensated		(	299,521)	(16)	(	506,048)	(20)
	Other equity	6(20)						
3400	Other equity		(	22,491)	(1)	(	19,777)	-
31XX	Total equity attributable to owners of parent company			330,126	17		624,356	25
36XX	Non-controlling interests			15,957	1		67,064	2
3XXX	Total equity			346,083	18		691,420	27
	Significant Contingent Liabilities and Unrecognized Commitments	9						
	Significant Events	11						
3X2X	Total liabilities and equities		\$	1,913,787	100	\$	2,526,097	100

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

Chairman: Chen, Shiou-Chung

Managerial Officer: Chen, Chien-Choan

Accounting Officer: Kuo, Shun-Yi

Tah Tong Textile Co., Ltd. and subsidiaries
Consolidated Statements of Comprehensive Income
For the Years Ended December 31, 2023 and 2022

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

	Item	Notes	2023		2022	
			Amount	%	Amount	%
4000	Operating revenue	6(21)	\$ 1,157,753	100	\$ 1,588,312	100
5000	Operating costs	6(4)(24) and 7	(1,307,719)	(113)	(1,696,512)	(107)
5900	Gross profit (gross loss)		(149,966)	(13)	(108,200)	(7)
	Operating expenses	6(24)(25)				
6100	Selling expenses		(59,460)	(5)	(93,851)	(6)
6200	Administrative expenses		(93,219)	(8)	(105,531)	(6)
6300	Research and development expenses		(7,212)	(1)	(10,223)	(1)
6450	Expected credit impairment gains	12(3)	(1,560)	-	2,368	-
6000	Total operating expenses		(161,451)	(14)	(207,237)	(13)
6900	Operating loss		(311,417)	(27)	(315,437)	(20)
	Non-operating income and expenses					
7100	Interest revenue		1,597	-	635	-
7010	Other income		1,060	-	5,644	1
7020	Other gains or losses	6(10)(22)	53,503	5	46,546	3
7050	Financial costs	6(23)	(48,330)	(4)	(43,096)	(3)
7060	Share of the profit or loss of affiliates and joint ventures recognized using the equity method		(31,092)	(3)	(15,633)	(1)
7000	Total non-operating incomes and expenses		(23,262)	(2)	(5,904)	-
7900	Net loss before tax		(334,679)	(29)	(321,341)	(20)
7950	Income tax benefit	6(26)	1,803	-	1,489	-
8200	Current net loss		(\$ 332,876)	(29)	(\$ 319,852)	(20)

(Continued on next page)

Tah Tong Textile Co., Ltd. and subsidiaries
Consolidated Statements of Comprehensive Income
For the Years Ended December 31, 2023 and 2022

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

Item	Notes	2023		2022	
		Amount	%	Amount	%
Other comprehensive profit and loss (net)	6(20)				
Items not reclassified subsequently to profit or loss					
8311 Remeasurement of defined benefit programs	6(16)	(\$ 235)	-	\$ 1,281	-
8316 Unrealized equity instrument profit or loss measured at fair value through other comprehensive income	6(5)	(101)	-	7,925	1
8320 Share of other comprehensive income of affiliates and joint ventures recognized with the equity method - items not reclassified subsequently to profit or loss		4,901	-	290	-
8349 Income taxes related to the items not re-classified	6(26)	47	-	(256)	-
8310 Total items not reclassified subsequently to profit or loss		4,612	-	9,240	1
Items that may be reclassified subsequently to profit or loss					
8361 Exchange differences on translation of the financial statements of foreign operations		(5,086)	-	38,049	2
8370 Share of other comprehensive income of affiliates and joint ventures recognized with the equity method - items may be reclassified subsequently to profit or loss		(56)	-	17	-
8360 Total items that may be reclassified subsequently to profit or loss		(5,142)	-	38,066	2
8300 Other comprehensive profit and loss (net)		(\$ 530)	-	\$ 47,306	3
8500 Total comprehensive income for this period		(\$ 333,406)	(29)	(\$ 572,546)	(17)
Net loss attributable to:					
8610 Owners of the parent-company		(\$ 301,478)	(26)	(\$ 262,231)	(16)
8620 Non-controlling interests		(31,398)	(3)	(57,621)	(4)
		(\$ 332,876)	(29)	(\$ 319,852)	(20)
Total comprehensive loss attributable to:					
8710 Owners of the parent-company		(\$ 302,235)	(26)	(\$ 228,153)	(14)
8720 Non-controlling interests		(31,171)	(3)	(44,393)	(3)
		(\$ 333,406)	(29)	(\$ 272,546)	(17)
Loss per share	6(27)				
9750 Basic loss per share		(\$ 4.76)		(\$ 4.53)	

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

Chairman: Chen, Shiou-Chung

Managerial Officer: Chen, Chien-Choan

Accounting Officer: Kuo, Shun-Yi

Tah Tong Textile Co., Ltd. and subsidiaries
Consolidated Statement of Changes in Equity
For the Years Ended December 31, 2023 and 2022

Unit: NT\$ thousand

Notes	Equity attributable to owners of parent company										
	Common share capital	Capital reserve - recognized changes in equity ownership of subsidiaries	Retained earnings			Other equity			Total	Non-controlling interests	Total equity
			Statutory reserves	Special reserves	Deficit yet to be compensated	Exchange differences on translation of the financial statements of foreign operations	Unrealized financial assets profit or loss measured at fair value through other comprehensive income	Other equity - others			
	\$ 1,008,000	\$ 3,988	\$-	\$-	(\$ 212,993)	(\$ 62,420)	\$9,219	\$ 219	\$ 746,013	\$ 74,492	\$ 820,505
6(20)	-	-	-	-	(262,231)	-	-	-	(262,231)	(57,621)	(319,852)
	-	-	-	-	1,272	24,838	7,968	-	34,078	13,228	47,306
	-	-	-	-	(260,959)	24,838	7,968	-	(228,153)	(44,393)	(272,546)
	-	7,193	-	-	(257)	-	-	-	6,936	-	6,936
	-	-	-	-	-	-	-	-	-	-	-
6(20)	-	-	-	-	(399)	-	399	-	-	-	-
6(17)	131,000	-	-	-	(31,440)	-	-	-	99,560	-	99,560
	-	-	-	-	-	-	-	-	-	36,965	36,965
	\$ 1,139,000	\$ 11,181	\$ -	\$ -	(\$ 506,048)	(\$ 37,582)	\$17,586	\$ 219	\$ 624,356	\$ 67,064	\$ 691,420
	\$ 1,139,000	\$ 11,181	\$ -	\$ -	(\$ 506,048)	(\$ 37,582)	\$17,586	\$ 219	\$ 624,356	\$ 67,064	\$ 691,420
	-	-	-	-	(301,478)	-	-	-	(301,478)	(31,398)	(332,876)
6(20)	-	-	-	-	(170)	(5,369)	4,782	-	(757)	227	(530)
	-	-	-	-	(301,648)	(5,369)	4,782	-	(302,235)	(31,171)	(333,406)
6(28)	-	8,005	-	-	-	-	-	-	8,005	6,995	15,000
6(17)	(506,048)	-	-	-	506,048	-	-	-	-	-	-
6(20)	-	-	-	-	2,127	-	(2,127)	-	-	-	-
6(28)	-	-	-	-	-	-	-	-	-	(26,931)	(26,931)
	\$ 632,952	\$ 19,186	\$ -	\$ -	(299,521)	(\$ 42,951)	\$20,241	\$ 219	330,126	15,957	\$ 346,083

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

Chairman: Chen, Shiou-Chung

Managerial Officer: Chen, Chien-Choan

Accounting Officer: Kuo, Shun-Yi

Tah Tong Textile Co., Ltd. and subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

Unit: NT\$ thousand

	Notes	January 1, 2023 to December 31, 2023	January 1, 2022 to December 31, 2022
<u>Cash flows from operating activities</u>			
Net loss before income tax		(\$ 334,679)	(\$ 321,341)
Adjustments			
Income/expenses items			
Depreciation expense	6(24)	109,048	132,823
Amortization cost	6(24)	946	1,087
Expected credit impairment reversed gains	12(3)	1,560	(2,368)
Interest revenue		(1,597)	(635)
Disposal of investment interests	6(22)	(78,039)	-
Dividend income	6(5)	(855)	(2,403)
Interest expenses	6(23)	48,330	43,096
Losses on disposal of property, plant and equipment	6(22)	-	198
Impairment losses on non-financial assets	6(10)(22)	-	929
Gain from disposing non-current assets held for sale		-	-
Net loss (gain) from financial assets at FVTPL	6(22)	(697)	1,501
Loss from lease modification		-	
Share of the profit or loss of affiliates and joint ventures using the equity method		31,092	15,633
Unrealized exchange gains		16,770	(52,745)
Changes in assets/debts having to do with business activities			
Net changes in the assets related to the operating activities			
Notes receivable		1,779	(935)
Accounts receivable		(20,814)	70,826
Other receivables		(17,036)	4,145
Inventories		233,455	(115,406)
Prepayments		(37)	36,864
Other current assets		(33,371)	(8,019)
Other non-current assets		(835)	(785)
Net changes in the liabilities related to the operating activities			
Notes payable		2,838	(2,677)
Accounts payable		65,435	(81,594)
Other payables		(15,152)	9,510
Other current liabilities		(10,070)	25,656
Other non-current liabilities		(8,796)	(13,467)
Cash outflows generated from operations		(10,725)	(260,107)
Interest received		548	635
Dividends received		855	2,403
Interest paid		(47,390)	(40,419)
Net cash outflow from operating activities		(56,712)	(297,488)

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Tah Tong Textile Co., Ltd. and subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

Unit: NT\$ thousand

	Notes	January 1, 2023 to December 31, 2023	January 1, 2022 to December 31, 2022
<u>Cash flows from investing activities</u>			
Acquisition of financial assets at FVTPL		\$ -	(\$ 4,288)
Disposal of financial assets at FVTPL		2,597	34,089
Financial assets at fair value through other comprehensive income - share payment refunded due to capital decrease		255	1,345
Disposal of investment price using equity method	7	87,569	-
Purchase of property, plant and equipment	6(29)	(2,584)	(67,698)
Increase in intangible assets		(17)	-
Decrease (increase) in other non-current assets		(7,910)	(6,493)
Net cash inflow (outflow) from investing activities		<u>79,910</u>	<u>(43,045)</u>
<u>Cash flows from financing activities</u>			
Borrow short-term borrowings		2,658,097	3,686,682
Repay short-term borrowings		(2,868,489)	(3,465,082)
Proceeds from long-term borrowings		-	82,034
Repayments of long-term borrowings		(73,698)	(82,256)
Borrowings from related parties		224,000	67,272
Repayments of loans to related parties		(34,600)	(23,840)
Repaid principal of lease		(5,795)	(22,040)
Changes in non-controlling interests - cash capital increase		15,000	43,901
Cash capital increase	6(17)	-	99,560
Net cash inflow from financing activities		<u>(85,485)</u>	<u>386,231</u>
Effect on foreign currency exchange differences		(16,275)	25,668
Increase of cash and cash equivalents of the current term		(78,562)	71,366
Cash and cash equivalents at the beginning of the year		212,398	141,032
Cash and cash equivalents at the end of the year		<u>\$ 133,836</u>	<u>\$ 212,398</u>

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

INDEPENDENT AUDITORS' REPORT

PWCR23005088

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, 2023 and 2022, 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 material 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, 2023 and 2022, 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 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 Financial Statement Audit and Attestation Engagements of 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. 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 2023 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 2023 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(11) 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, 2023, the textile inventories and allowance for inventory valuation losses amounted to NT\$61,010 thousand and NT\$16,916 thousand, respectively. As of December 31, 2023, the inventories and allowance for inventory valuation losses in the consolidated financial statements amounted to NT\$365,509 thousand and NT\$51,319

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 textile market is competitive, there is a higher risk of inventory losing value or becoming obsolete. The Company's and its subsidiary's inventory are 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. 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:

Ascertained whether the policies on allowance for inventory valuation losses were reasonable and consistently applied in all the periods .

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 .

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.

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 for 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, 2023, the Company's property, plant and equipment in the consolidated financial statements amounted to NT\$772,188 thousand

As the operation of the Vietnam subsidiary was not as expected due to the fluctuations in international cotton prices and the high competitiveness in quotations for downstream yarn spinning products, the management assessed the impairment of the assets held by the subsidiary and the assessment result may affect the amount of investments accounted for 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:

3. 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.
4. 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 common industry practice 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\$224,714 thousand and NT\$258,323 thousand, constituting 15.47% and 14.56% of the parent company only total assets as at December 31, 2023 and 2022, respectively, and the comprehensive loss recognised from associates and joint ventures accounted for under the equity method amounted to (NT\$26,247) thousand and (NT\$46,819) thousand, constituting 8.68% and 20.52% of the parent company only total comprehensive loss for the years then ended, 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 8 , 2024

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

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

Tah Tong Textile Co., Ltd.
Parent Company Only Balance Sheet
For the Years Ended December 31, 2023 and 2022

Unit: NT\$ thousand

			December 31, 2023		December 31, 2022			
			Amount	%	Amount	%		
Asset			Notes					
Current assets								
1100	Cash and cash equivalents	6(1)	\$	103,262	7	\$	112,098	6
1110	Financial assets at FVTPL - Current	6(2)		-	-		1,900	-
1150	Net value of notes receivable	(6)3		-	-		1,779	-
1170	Net value of accounts receivable	(6)3		24,887	2		28,874	2
1180	Accounts receivable - related parties, net	7		610,028	42		568,547	32
1200	Other receivables			1,695	-		2,108	-
1210	Other receivables - related parties	7		96,137	7		64,420	4
130X	Inventories	6(4)		44,094	3		103,629	6
1410	Prepayments			620	-		680	-
1470	Other current assets	8		15,624	1		15,225	1
11XX	Total current assets			896,347	62		899,260	51
Non-current assets								
1517	Financial assets at fair value through other comprehensive income- non-current	6(5)		45,862	3		46,347	2
1550	Investment accounted for using the equity method	6(6)and7		432,728	30		757,472	43
1600	Property, Plant and Equipment	6(7) and 8		39,588	3		41,021	2
1755	Right-of-use asset	6(8) and 7		-	-		2,033	-
1780	Intangible assets			60	-		100	-
1840	Deferred tax assets	6(24)		16,488	1		16,488	1
1975	Net defined benefit assets - non-current	6(13)		12,185	1		11,585	1
1990	Other non-current assets - others			9,342	-		68	-
15XX	Total non-current assets			556,253	38		875,114	49
1XXX	Total assets		\$	1,452,600	100	\$	1,774,374	100

(Continued on next page)

Tah Tong Textile Co., Ltd.
Parent Company Only Balance Sheet
For the Years Ended December 31, 2023 and 2022

Unit: NT\$ thousand

Liabilities and Equity			December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
Current liabilities						
2100	Short-term borrowings	6(9)	\$ 602,489	41	\$ 756,529	43
2150	Notes payable		9,503	1	6,692	-
2170	Accounts payable	7	113,528	8	127,266	7
2200	Other payables	6(12)	29,067	2	29,450	2
2280	Lease liabilities - Current	7	-	-	2,054	-
2320	Long-term liabilities due within a year or one operating cycle	6(11)	29,803	2	29,715	2
2399	Other current liabilities - other	7	113,905	8	895	-
21XX	Total current liabilities		898,295	62	952,601	54
Non-current liabilities						
2530	Corporate bonds payable	6(10) and 7	100,000	7	100,000	5
2540	Long-term borrowings	6(11)	5,353	-	35,126	2
2570	Deferred tax liabilities	6(24)	27,302	2	30,167	2
2580	Lease liabilities - Non-current		-	-	-	-
2600	Other non-current liabilities	7	91,524	6	32,124	2
25XX	Total non-current liabilities		224,179	15	197,417	11
2XXX	Total Liabilities		1,122,474	77	1,150,018	65
Equity						
	Share capital	6(14)				
3110	Common share capital		632,952	44	1,139,000	64
	Capital reserve	6(15)				
3200	Capital reserve		19,186	1	11,181	1
	Retained earnings	6(16)				
3350	Deficit yet to be compensated		(299,521)	(21)	(506,048)	(29)
	Other equity	6(17)				
3400	Other equity		(22,491)	(1)	(19,777)	(1)
3XXX	Total equity		330,126	23	624,356	35
	Significant Contingent Liabilities and Unrecognized Commitments	9				
	Significant Events	11				
3X2X	Total liabilities and equities		\$ 1,452,600	100	\$ 1,774,374	100

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

Chairman: Chen, Shiou-Chung

Managerial Officer: Chen, Chien-Choan

Accounting Officer: Kuo, Shun-Yi

Tah Tong Textile Co., Ltd.
Parent Company Only Statements of Comprehensive Income
For the Years Ended December 31, 2023 and 2022

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

	Item	Notes	2023		2022	
			Amount	%	Amount	%
4000	Operating revenue	6(18) and 7	\$ 484,542	100	\$ 943,406	100
5000	Operating costs	6(4)(22) and 7	(441,001)	(91)	(898,547)	(95)
5900	Gross profit		43,541	9	44,859	5
5910	Unrealized gains from sales		(9,656)	(2)	(11,804)	(1)
5920	Released gains from sales		11,804	2	11,968	1
5950	Gross operating profit, net		45,689	9	45,023	5
	Operating expenses	6(22) (23) and 7				
6100	Selling expenses		(21,973)	(5)	(31,381)	(3)
6200	Administrative expenses		(55,140)	(11)	(56,121)	(6)
6300	Research and development expenses		(6,291)	(1)	(7,698)	(1)
6450	Expected credit impairment gains	12(3)	(254)	-	2,185	-
6000	Total operating expenses		(83,658)	(17)	(93,015)	(10)
6900	Operating loss		(37,969)	(8)	(47,992)	(5)
	Non-operating income and expenses					
7100	Interest revenue		3,032	1	4,828	-
7010	Other income	6(19)	1,059	-	5,392	1
7020	Other gains or losses	6(20)	76,406	16	59,708	6
7050	Financial costs	6(21)	(21,925)	(5)	(18,712)	(2)
7070	Share of profits and losses of subsidiaries, affiliated enterprises and joint ventures using the equity method		(324,899)	(67)	(265,298)	(28)
7000	Total non-operating incomes and expenses		(266,327)	(55)	(214,082)	(23)
7900	Net loss before tax		(304,296)	(63)	(262,074)	(28)
7950	income tax expense	6(24)	2,818	1	157	-
8200	Current net loss		(\$ 301,478)	(62)	(\$ 262,231)	(28)
	Other comprehensive profit and loss (net)	6(17)				
	Items not reclassified subsequently to profit or loss					
8311	Remeasurement of defined benefit programs	6(13)	(\$ 235)	-	\$ 1,281	-
8316	Unrealized equity instrument profit or loss measured at fair value through other comprehensive income	6(5)	(101)	-	8,909	1
8330	Share of other comprehensive income of affiliates and joint ventures recognized with the equity method - items not reclassified subsequently to profit or loss		4,901	1	(694)	-
8349	Income taxes related to the items not re-classified	6(24)	47	-	(256)	-
8310	Total items not reclassified subsequently to profit or loss		4,612	1	9,240	1
	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation of the financial statements of foreign operations		(5,313)	(1)	24,821	3
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		(56)	-	17	-
8360	Total items that may be reclassified subsequently to profit or loss		(5,369)	(1)	24,838	3
8300	Other comprehensive profit and loss (net)		(\$ 757)	-	\$ 34,078	4
8500	Total comprehensive income for this period		(\$ 302,235)	(62)	(\$ 228,153)	(24)
	Loss per share	6(25)				
9750	Basic loss per share		(\$ 4.76)		(\$ 4.53)	

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

Chairman: Chen, Shiou-Chung

Managerial Officer: Chen, Chien-Choan

Accounting Officer: Kuo, Shun-Yi

Tah Tong Textile Co., Ltd.
Unconsolidated Statement of Changes in Equity
For the Years Ended December 31, 2023 and 2022

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			O t h e r e q u i t y		Other equity - others	Total equity
			Statutory reserves	Special reserves	Retained earnings (losses to be compensated)	Exchange differences on translation of the financial statements of foreign operations	Unrealized financial assets profit or loss measured at fair value through other comprehensive income		
	\$ 1,008,000	\$ 3,988	\$ -	\$ -	(\$ 212,993)	(\$ 62,420)	\$ 9,219	\$ 219	\$ 746,013
6(17)	-	--	-	-	(262,231)	-	-	-	(262,231)
	-	--	-	-	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
	\$ 1,139,000	\$ 11,181	\$ -	\$ -	(\$ 506,048)	(\$ 37,582)	\$ 17,586	\$ 219	\$ 624,356
6(17)	-	-	-	-	(301,478)	-	-	-	(301,478)
	-	-	-	-	(170)	(5,369)	4,782	-	(757)
	-	-	-	-	(301,648)	(5,369)	4,782	-	(302,235)
	-	8,005	-	-	-	-	-	-	8,005
6(14)	(506,048)	-	-	-	506,048	-	-	-	-
6(17)	-	-	-	-	2,127	-	(2,127)	-	-
	\$ 632,952	\$ 19,186	\$ -	\$ -	(\$ 299,521)	(\$ 42,951)	\$ 20,241	\$ 219	\$ 330,126

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

Chairman: Chen, Shiou-Chung

Managerial Officer: Chen, Chien-Choan

Accounting Officer: Kuo, Shun-Yi

Tah Tong Textile Co., Ltd.
Parent-Only Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

Unit: NT\$ thousand

	Notes	January 1, 2023 to December 31, 2023	January 1, 2022 to December 31, 2022
<u>Cash flows from operating activities</u>			
Net loss before income tax		(\$ 304,296)	(\$ 262,074)
Adjustments			
Income/expenses items			
Depreciation expense	6(22)	3,534	4,232
Amortization cost	6(22)	40	204
Expected credit impairment reversed gains	12(3)	254	(2,185)
Interest revenue		(3,032)	(4,828)
Gain on disposal of investments	6(20)	(78,039)	-
Dividend income	6(19)	(855)	(2,403)
Interest expenses	6(21)	21,925	18,712
Net (loss) gain from financial assets at FVTPL	6(20)	(697)	1,501
Share of profits and losses of subsidiaries, affiliated enterprises and joint ventures using the equity method		324,899	265,298
Gains on disposal of property, plant and equipment		-	-
Reversal of gains from non-financial asset impairment		-	-
Released gains from sales		(2,148)	(164)
Unrealized exchange (profit) losses		16,770	(52,745)
Gain from disposing non-current assets held for sale		-	-
Loss from lease modification		-	-
Changes in assets/debts having to do with business activities			
Net changes in the assets related to the operating activities			
Notes receivable		1,779	(935)
Accounts receivable		3,093	9,492
Accounts receivables - related parties (long-term included)		(53,862)	(145,419)
Other receivables (long-term receivables included)		(1,467)	219,986
Inventories		59,535	163
Other current assets		(339)	7,969
Other non-current assets		(835)	(785)
Net changes in the liabilities related to the operating activities			
Notes payable		2,811	(2,710)
Accounts payable		(13,633)	(34,740)
Other payables		(780)	(1,056)
Other current liabilities		10	(3,220)
Cash inflows (outflows) generated from operations		(25,333)	14,293
Interest received		1,978	4,828
Dividends received		855	2,403
Interest paid		(21,516)	(18,657)
Net cash inflow (outflow) from operating activities		(44,016)	2,867

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Cash flows from investing activities

Acquisition of financial assets at FVTPL		\$	-	(\$	4,288)
Disposal of financial assets at FVTPL			2,597		34,089
Decrease (increase) in capital loaned to related parties		(	31,717)		191,333
Financial assets at fair value through other comprehensive income - share payment refunded due to capital decrease			255		26
Increase in investment accounted for using the equity method			-	(	512,042)
Disposal of investment price using equity method	7		87,569		-
Purchase of property, plant and equipment	6(7)	(	68 )	(	721)
Proceeds from disposal of property, plant and equipment			-		-
Decrease in agency purchase receivable			-		-
Receivables from disposal of non-current assets held for sale			-		-
Decrease in refundable deposits		(	9,274)		35
Decrease in other current assets			-		-
Net cash inflow (outflow) from investing activities			<u>49,362</u>	(	<u>291,568</u>)

Cash flows from financing activities

Proceeds from long-term borrowings			-		-
Repayments of long-term borrowings		(	29,685 )	(	29,239)
Borrow short-term borrowings			1,874,530		2,064,005
Repay short-term borrowings		(	2,028,488 )	(	1,866,963)
Borrow from related parties borrowings			207,000		-
Repay from related parties borrowings		(	34,600)		-
Repaid principal of lease		(	2,066 )	(	2,754)
Increase (decrease) in other non-current liabilities			-		31,978
Cash capital increase	6(14)		-		99,560
Net cash inflow from financing activities		(	<u>13,309</u>)		<u>296,587</u>
Effect on foreign currency exchange differences		(	<u>873</u>)		<u>2,192</u>
Increase of cash and cash equivalents of the current term		(	<u>8,836</u>)		<u>10,078</u>
Cash and cash equivalents at the beginning of the year			<u>112,098</u>		<u>102,020</u>
Cash and cash equivalents at the end of the year		\$	<u>103,262</u>	\$	<u>112,098</u>

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