

Stock code : 1410

NANY ANG Dyeing and Finishing Co., Ltd. Individual
Financial Statements and Auditor's Report For the Years
Ended Year 2022 and Year 2021

Company Address: No. 233, Section 3, Nanshan Road, Lujhu District, Taoyuan
City

TEL : (03)324-2321

Table of Contents		
	Item	Page
1、	Cover	1
2、	Table of Contents	2
3、	Auditor's Report	3~6
4、	Balance Sheet	7
5、	Income Statement	8~9
6、	Statement of Changes in Equity	10
7、	Cash Flow Statement	11
8、	Notes to the Financial Statements	
	(1) Company History	12
	(2) Date and Procedures for Approval of Financial Reports	12
	(3) Application of Newly Issued and Revised Standards and Interpretations	13
	(4) Summary of Significant Accounting Policies	14~28
	(5) Major Sources of Accounting Judgments, Estimates, and Assumptions Uncertainties	29
	(6) Explanation of Significant Accounting Items	30~55
	(7) Related Party Transactions	55
	(8) Pledged Assets	55
	(9) Significant Contingent Liabilities and Unrecognized Contractual Commitments	56
	(10) Significant Disaster Losses	56
	(11) Subsequent Events of Significance	56
	(12) Other Matters	56~57
	(13) Disclosure Notes	
	1. Significant Transactional Information	57
	2. Investment in Subsidiaries and Affiliated Companies	57
	3. Investment Information in Mainland China	58
	4. Major Shareholder Information	59
	(14) Department Information	59
9、	Detailed List of Significant Accounting Items	60~70

Auditor's Audit Report

Board of Directors of Nanyang Dyeing and Finishing Co., Ltd.

Audit Opinion:

We have audited the balance sheet of Nanyang Dyeing and Finishing Co., Ltd. for the years of Republic of China 2022 and 2021, as well as the income statement, statement of changes in equity, cash flow statement, and accompanying notes for the period from Republic of China 2022 January 1 to December 31. Based on our audit, the individual financial statements are prepared in accordance with the Securities Issuers' Financial Reporting Standards and present fairly, in all material respects, the financial position of Nanyang Dyeing and Finishing Co., Ltd. as of December 31, Republic of China 2022, and the financial performance and cash flows for the period from Republic of China 2022 January 1 to December 31.

Basis for Audit Opinion:

Our audit was conducted in accordance with the Auditor's Audit Certificate Financial Statements Rules and auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Individual Financial Statements section. The personnel of our firm, to whom independence requirements apply, have complied with the Code of Ethics for Professional Accountants and maintained independence from Nanyang Dyeing and Finishing Co., Ltd., fulfilling their other responsibilities under that code. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Key Audit Matters:

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the individual financial statements of Nanyang Dyeing and Finishing Co., Ltd. for the Republic of China 2022 fiscal year. These matters were addressed in the overall audit of the individual financial statements and formed the basis for our audit opinion. We do not provide a separate opinion on these matters. We have determined that the key audit matters to be communicated in our audit report are as follows:

Recognition of Revenue: Please refer to Note 4(13) for the accounting policy on revenue recognition and Note 6(17) for explanations of significant revenue items.

Explanation of Key Audit Matter:

Nanyang Dyeing and Finishing Co., Ltd. is primarily engaged in the fabric dyeing and finishing business. Service revenue is recognized as income for the period in which services are provided to customers. Due to the manual nature of the revenue recognition process, there is a risk of inappropriate timing of revenue recognition, and the amount of sales transactions around the financial reporting date has a significant impact on the financial statements. Therefore, the recognition of sales revenue is considered an important assessment matter in our audit of the company's financial statements.

Audit Procedures Undertaken in Response:

The principal audit procedures performed by the auditor in response to the above key audit matter include:

Testing the effectiveness of internal control systems in place for the sales and service revenue and collection cycles. This includes evaluating the design and implementation of controls and examining the terms of significant sales or service contracts to assess the appropriateness of revenue recognition by Nanyang Dyeing and Finishing Co., Ltd.

Understanding the nature of sales revenue from the top ten customers, comparing the actual amounts with the corresponding period of the previous year to identify significant variances, and assessing the presence of any material anomalies.

Selectively examining individual sales transactions by verifying customer orders and shipping documentation, among other relevant documents.

Selecting a sample of sales transactions occurring in a specific period before and after the financial reporting date to assess whether revenue recognition in accordance with the terms of the sales contracts has been recorded in the appropriate period.

Management and the governance unit bear the following responsibilities for the individual financial statements:

Responsibility of Management is to prepare individual financial statements that are presented fairly in accordance with the applicable financial reporting framework and to maintain necessary internal controls related to the preparation of the individual financial statements, ensuring that they are free from material misstatement due to fraud or error.

In preparing the individual financial statements, the responsibilities of management include evaluating Nanyang Dyeing and Finishing Co., Ltd.'s ability to continue as a going concern, disclosing relevant matters, and adopting the going concern basis of accounting, unless management intends to liquidate the company or cease operations, or unless there are no other practical alternative plans apart from liquidation or cessation of operations.

The governance unit of Nanyang Dyeing and Finishing Co., Ltd., including the Audit Committee, has the responsibility to oversee the financial reporting process.

Responsibility of the Auditor for Auditing the Individual Financial Statements

The purpose of the auditor's examination of the individual financial statements is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report. Reasonable assurance is a high level of assurance, but the nature of audit work, conducted in accordance with auditing standards, is such that it cannot guarantee the detection of all material misstatements in the individual financial statements. Misstatements may arise from fraud or error. If the auditor concludes that individual amounts or the aggregate of uncorrected misstatements are material to the financial statements and, in the auditor's judgment, are likely to affect the economic decisions of users, then they are considered to be material.

When conducting an audit in accordance with auditing standards, the auditor exercises professional judgment and maintains professional skepticism. The auditor also performs the following procedures:

1. Identifies and assesses the risks of material misstatement due to fraud or error in the individual financial statements; designs and implements appropriate responses to the assessed risks; and obtains sufficient and appropriate audit evidence to serve as a basis for the audit opinion. The risk of material misstatement due to fraud is higher than that due to error because fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal controls.
2. Obtains an understanding of the internal controls relevant to the audit and designs appropriate audit procedures based on that understanding. However, the purpose is not to express an opinion on the effectiveness of the internal controls of Nanyang Textile Dyeing Co., Ltd.
3. Evaluates the appropriateness of the accounting policies adopted by management, as well as the reasonableness of accounting estimates and related disclosures.
4. Based on the audit evidence obtained, concludes on the appropriateness of the management's use of the going concern assumption and whether events or conditions exist that may cast significant doubt on the entity's ability to continue as a going concern. If the auditor believes that such events or conditions create significant uncertainty, the auditor is required to either draw attention to the related disclosures in the audit report or modify the audit opinion if the disclosures are deemed inappropriate. The auditor's conclusion is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause Nanyang Textile Dyeing Co., Ltd. to no longer have the ability to continue as a going concern.
5. Evaluates the overall presentation, structure, and content of the individual financial statements (including related notes), as well as whether the individual financial statements provide appropriate representation of the relevant transactions and events.
6. Obtains sufficient and appropriate audit evidence regarding the financial information of investees accounted for using the equity method in order to express an opinion on the individual financial statements. The auditor is responsible for directing, supervising, and performing the audit engagement and is responsible for forming the audit opinion on Nanyang Textile Dyeing Co., Ltd.

The matters communicated by the auditor to the governance unit include the planned scope and timing of the audit, as well as significant audit findings (including significant deficiencies in internal controls identified during the audit process).

The auditor also provides the governance unit with a statement that personnel from the auditor's firm, who are subject to independence requirements, have complied with the relevant independence provisions in the Code of Ethics for Professional Accountants. The auditor communicates to the governance unit all relationships and other matters that may be perceived to affect the auditor's independence (including related safeguards).

From the matters communicated with the governance unit, the auditor determines the key audit

matters for the audit of the individual financial statements of Nanyang Textile Dyeing Co., Ltd. for the year 2022. The auditor includes a description of these matters in the audit report unless specific matters are prohibited from public disclosure by law or, in extremely rare circumstances, the auditor determines that the communication of specific matters in the audit report would be expected to do more harm than good to the public interest.

KPMG

Auditor:

Yu

Shenghe

Huang

Yonghua

Approval Visa

Number by

Securities

Futures Bureau

FSC Auditing No.

1010004977

Republic of China (Taiwan), March 30, 2023

NANY ANG Dyeing and Finishing Co., Ltd.

Balance Sheet

As of December 31, Year 2022 and Year 2021

Unit: Thousand New Taiwan Dollars

		2022.12.31		2021.12.31				2022.12.31		2021.12.31	
Assets		\$	%	\$	%	Liabilities and Equity		\$	%	\$	%
Current Assets						Current Liabilities					
20210	Cash and Cash Equivalents(note(6(1)))	\$ 413,583	32	270,161	20	2170	Accounts Payable	\$ 5,011	-	6,682	1
20220	Financial assets at fair value through profit or loss - Current. (note(6(2)))	-	-	10,017	1	2230	Current Income Tax Liabilities	5,326	-	5,862	-
1136	Financial assets at amortized cost - Current. (note(6(4)))	29,400	2	100,308	8	2280	Current Lease Liabilities (note(6(11)))	836	-	639	-
1170	Net accounts receivable (note(6(5)))	10,939	1	25,537	2	2300	Other Current Liabilities	20,350	2	20,443	2
130X	Inventory (note(6(6)))	580	-	5,256	-		Total Current Liabilities	31,523	2	33,626	3
1470	Other current assets	639	-	4,550	1	2570	Deferred Income Tax Liabilities (note(6(14)))	145,335	11	145,335	11
	Total current assets	455,141	35	415,829	32	2580	Non-current Lease Liabilities (note(6(11)))	637	-	-	-
Non-current assets						2600	Other Non-current Liabilities (note(6(13)))&7)	21,509	2	21,572	2
1517	Financial assets measured at fair value through other comprehensive income - Non-current (note(6(3)))	5,461	-	6,418	-		Total Non-current Liabilities	167,481	13	166,907	13
1535	Financial assets measured at amortized cost - Non-current (note(6(4)))	-	-	30,538	2		Total Liabilities	199,004	15	200,533	16
1550	Equity method investments (note(6(7)))	214,180	17	237,459	18	32021	Equity (note(6(15)))	630,000	48	630,000	47
1600	Property, plant, and equipment (note(6(8)))&8	100,533	8	108,649	8	3200	Common stock capital	22,358	2	22,358	2
1755	Right-of-use assets (note(6(9)))	1,470	-	633	-	3300	Capital surplus	455,756	35	477,633	35
1760	Net investment property (note(6(10)))&8	526,576	40	527,871	40	3400	Retained earnings	(1,862)	-	(905)	-
1840	Deferred tax assets (note(6(14)))	719	-	1,046	-		Other equity	1,106,252	85	1,129,086	84
1900	Other non-current assets	1,176	-	1,176	-		Total equity				
	Total non-current assets	850,115	65	913,790	68						
Total assets		\$ 1,305,256	100	1,329,619	100		Total liabilities and equity	\$ 1,305,256	100	1,329,619	100

(Please refer to the attached notes to the individual financial statements for further details.)

Chairman: Ho Jun

Manager: Ho Jun

Accounting Manager: Ou Biying

NANY ANG Dyeing and Finishing Co., Ltd.

Income Statement

December 31, 2022 & December 31, 2021

Unit: Thousand New Taiwan Dollars

	2022		2021	
	\$	%	\$	%
42022 Sales Revenue (note(6(17)))	\$ 223,611	100	196,888	100
5000 Operating Costs (note(6(6)(8)&12))	106,805	48	94,159	48
5900 Gross Profit	116,806	52	102,729	52
6000 Operating Expenses (note(6(5)(8)(9)(10)(13)&12))				
6200 General and Administrative Expenses	58,032	26	37,255	19
6300 Research and Development Expenses	3,202	1	3,192	2
	61,143	27	40,447	21
6900 Operating Profit	55,663	25	62,282	31
Non-operating income and expenses:				
7100 Interest Income	3,242	1	2,240	1
7010 Other Income	1,912	1	2,252	1
7020 Other Gains and Losses	11,575	5	(2,013)	(1)
7050 Financial Costs	(43)	-	(51)	-
7370 Share of Profits/Losses on Equity-accounted Associated Companies and Joint Ventures	(2,776)	(1)	29,149	15
	13,910	6	31,577	16
7900 Profit Before Tax	69,573	31	93,859	47
7950 Less: Income Tax Expenses (note(6(14)))	12,991	6	12,689	6
8200 Current Net Income	56,582	25	81,170	41
8300 Other comprehensive income:				

(Please refer to the attached notes to the individual financial statements for further details.)

Chairman: Ho Jun

Manager: Ho Jun

Accounting Manager: Ou Biying

8310	Items Not Reclassified Into Profit or Loss				
8311	Re-measurement of Defined Benefit Plan	3,127	1	212	-
8316	Unrealized Gains/Losses on Valuation of Equity Instruments at Fair Value Through Other	(957)	-	13,683	7
8330	Share of Other Comprehensive Income From Subsidiaries, Equity-accounted Associated Companies, and Joint Ventures - Not Reclassified Into Profit or Loss	627	-	(150)	-
8349	Less: Income Tax on Items Not Reclassified Into Profit or Los	313	-	21	-
		2,484	1	13,724	7
8300	Other Comprehensive Income for the Current Year	2,484	1	13,724	7
8500	Total Comprehensive Income for the Current Period	<u>\$ 59,066</u>	<u>26</u>	<u>94,894</u>	<u>48</u>
9750	Basic Earnings per Share (unit: NTD) (note(6(16)))	<u>\$ 0.90</u>			<u>1.29</u>
9810	Diluted Earnings per Share (unit: NTD) (note(6(16)))	<u>\$ 0.90</u>			<u>1.29</u>

(Please refer to the attached notes to the individual financial statements for further details.)

Chairman: Ho Jun

Manager: Ho Jun

Accounting Manager: Ou Biying

NANY ANG Dyeing and Finishing Co., Ltd.

Statement of Changes in Equity

December 31, 2022 & December 31, 2021

Unit: Thousand New Taiwan Dollars

	Share Capital	Capital Surplus	Legal Reserve	Special Retained Earnings Reserve	Undistributed Earnings	Total	Other Equity Items Unrealized Gain (loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
Balance as of January 1, 2021	\$ 630,000	22,359	92,488	296,918	61,934	451,340	(12,806)	1,090,893
Appropriation and Distribution of Earnings:								
Allocation to Legal Reserve	-	-	5,951	-	(5,951)	-	-	-
Reversal of Special Reserve	-	-	-	(2,153)	2,153	-	-	-
Cash Dividends for Common Stock	-	-	-	-	(56,700)	(56,700)	-	(56,700)
	-	-	5,951	(2,153)	(60,498)	(56,700)	-	(56,700)
Net Income for the Period	-	-	-	-	81,170	81,170	-	81,170
Other Comprehensive Income for the Period	-	-	-	-	41	41	13,683	13,724
Total Comprehensive Income for the Period	-	-	-	-	81,211	81,211	13,683	94,894
Payment of Cash Dividends for Prior Years	-	(1)	-	-	-	-	-	(1)
Disposal of Equity Instruments Measured at Fair Value through Other Comprehensive Income	-	-	-	-	1,782	1,782	(1,782)	-
Balance as of December 31, 2021	630,000	22,358	98,439	294,765	84,429	477,633	(905)	1,129,086
Appropriation and Distribution of Earnings:								
Allocation to Legal Reserve	-	-	8,298	-	(8,298)	-	-	-
Reversal of Special Reserve	-	-	-	(11,901)	11,901	-	-	-
Cash Dividends for Common Stock	-	-	-	-	(81,900)	(81,900)	-	(81,900)
	-	-	8,298	(11,901)	(78,297)	(81,900)	-	(81,900)
Net Income for the Period	-	-	-	-	56,582	56,582	-	56,582
Other Comprehensive Income for the Period	-	-	-	-	3,441	3,441	(957)	2,484
Total Comprehensive Income for the Period	-	-	-	-	60,023	60,023	(957)	59,066
Balance as of December 31, 2022	\$ 630,000	22,358	106,737	282,864	66,155	455,756	(1,862)	1,106,252

Please refer to the attached notes to the individual financial statements for further details.)

Chairman: Ho Jun

Manager: Ho Jun

Accounting Manager: Ou Biying

Nan Yang Dyeing & Finishing Co., Ltd.
Cash Flow Statement
For January 1 to December 31, 2022 and 2021

Unit: NTD thousands

	2022	2021
Cash flow from operating activities:		
Profit Before Tax for the Current Period	\$ 69,573	93,859
Adjustments:		
Income, Expenses, and Losses		
Depreciation Expenses	10,254	10,133
Interest Expenses	43	51
Interest Income	(3,242)	(2,240)
Dividend Income	(104)	(52)
Share of Gain From Subsidiaries and Associated Companies Accounted Using the Equity Method	2,776	(29,149)
Loss (gain) on Disposal and Scrapping of Property, Plants, and Equipment	(356)	(372)
Gain on Rent Discount	(1)	(812)
Gain on Valuation of Financial Assets at Fair Value Through Profit or Loss	(129)	(171)
	-	(17)
Total Income, Expenses, and Losses	9,241	(22,629)
Change in assets/liabilities that are related to operating activities:		
Notes and Accounts Receivable (including related parties)	14,598	(6,189)
Other Receivables	(512)	4
Inventory	4,676	(617)
Other Current Assets	4,423	(4,197)
Total Net Change in Assets Related to Operating Activities	23,185	(10,999)
Notes and Accounts Payable	(1,671)	(366)
Other Payables	(50)	2,607
Other Operating Liabilities	(43)	38
Other Non-current Liabilities	(142)	(1,260)
Total Net Change in Liabilities Related to Operating Activities	(1,906)	1,019
Total Net Change in Assets and Liabilities Related to Operating Activities	21,279	(9,980)
Total Adjustments	30,520	(32,609)
Cash Generated From Operations	100,093	61,250
Interest Received	3,242	3,422
Dividends Received	21,234	11,429
Interest Paid	(43)	(51)
Income Tax Paid	(13,513)	(12,829)
Net Cash Inflow From Operating Activities	202,013	63,221
Cash flow from investing activities:		
Acquisition of Financial Assets at Fair Value Through Profit or Loss	10,018	(10,000)
Disposal of Financial Assets at Fair Value Through Other Comprehensive Income	-	26,062
Acquisition of Financial Assets at Amortized Cost	-	(9,680)
Disposal of Financial Assets at Amortized Cost	101,446	30,035
Acquisition of Property, Plants, and Equipment	-	(940)
Disposal of Property, Plants, and Equipment	356	458
Increase in Guarantee Deposits Paid	-	21
Net Cash Inflow (outflow) From Investing Activities	202,820	35,956
Cash flow from financing activities:		
Increase in Guarantee Deposits Received	3,206	-
Repayment of Lease Principal	(717)	(669)
Cash Dividends Paid	(81,900)	(56,700)
Other Financing Activities	-	(1)
Net Cash Outflow From Financing Activities	(79,411)	(57,370)
Increase (decrease) in Cash and Cash Equivalents for the Current Period	143,422	41,807
Opening Cash and Cash Equivalents Balance	270,161	228,354
Closing Cash and Cash Equivalents Balance	\$ 413,583	270,161

Please refer to the attached notes to the Standalone Financial Statements.)

Chairman: Ho Jun

Manager: Ho Jun

Accounting Manager: Ou Biying

NANY ANG Dyeing and Finishing Co., Ltd.

Notes to Standalone Financial Statements

2022 and 2021

(Unless otherwise specified, all amounts are presented in NTD thousands.)

1. Corporate History:

Nanyang Dyeing and Finishing Co., Ltd. (hereinafter referred to as "the Company") was established on December 22, 1964, with its registered address at No. 233, Section 3, Nanshan Road, Lujhu District, Taoyuan City. The Company's main business activities include dyeing and finishing of textiles, resin processing and shaping, and real estate leasing.

2. Date and Process of Financial Reporting:

This individual financial report was approved and issued by the Board of Directors on March 17, 2023.

3. Application of Newly Issued and Revised Standards and Interpretations:

(1) Impact of newly adopted standards and interpretations approved by the Financial Supervisory Commission: The Company has applied the following revised International Financial Reporting Standards (IFRS) from January 1, 2022, which have not had a significant impact on the individual financial report:

- Amendment to International Accounting Standard (IAS) 16 "Property, Plant and Equipment - Proceeds before Intended Use"
- Amendment to International Accounting Standard (IAS) 37 "Onerous Contracts - Cost of Fulfilling a Contract"
- Annual Improvements to IFRSs 2018-2020 Cycle
- Amendment to International Financial Reporting Standard (IFRS) 3 "Definition of a Business"

(2) Impact of not yet adopted IFRS approved by the Financial Supervisory Commission: The Company has assessed the following newly revised IFRS that will be effective from January 1, 2023, and determined that they will not have a significant impact on the individual financial report:

- Amendment to IAS 1 "Disclosure of Accounting Policies"
- Amendment to IAS 8 "Definition of Accounting Estimates"
- Amendment to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"

(3) Newly issued and revised standards and interpretations not yet approved by the Financial Supervisory Commission:

The International Accounting Standards Board has issued and revised standards and interpretations that have not yet been approved by the Financial Supervisory Commission. The following may be relevant to the Company: [Provide translation based on the specific standards and interpretations mentioned in the report]

Note: The English translation provided here is a general interpretation and may vary depending on the context and specific terminology used in the original document.

<u>New or Revised Guidelines</u>	<u>Main Content of Amendment</u>	<u>Effective Date of IASB Announcement</u>
Amendments to IAS 1 Regarding “Classification of Liabilities as Current or Non-current”	According to the current IAS 1 requirements, a liability should be classified as current if the entity does not have an unconditional right to defer settlement beyond at least twelve months after the reporting period. The amendment removes the requirement for the right to be unconditional and instead specifies that the right must exist at the end of the reporting period and be substantively enforceable. The amendment also provides guidance on how to classify liabilities that are settled by issuing the entity's own equity instruments (such as convertible bonds).	2024/1/1

The company is currently conducting an ongoing assessment of the impact of the aforementioned standards and interpretations on its financial position and operating results. Any relevant impact will be disclosed once the assessment is completed.

The company expects that the following other yet-to-be-recognized new and revised standards will not have a significant impact on the individual financial statements.

- Amendment to International Financial Reporting Standard (IFRS) 10 and International Accounting Standard (IAS) 28: "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"
- International Financial Reporting Standard (IFRS) 17: "Insurance Contracts" and its amendments
- Amendment to International Accounting Standard (IAS) 1: "Non-current Liabilities with Maturity of Less Than One Year"
- Amendment to International Financial Reporting Standard (IFRS) 17: "Comparative Information – Comparative Information for IFRS 17 and IFRS 9 on Initial Application"
- Amendment to International Financial Reporting Standard (IFRS) 16: "Sale and Leaseback Transactions"

4. Summary of Significant Accounting Policies

Summary of Significant Accounting Policies Adopted in the Individual Financial Statements. The following is a summary of the significant accounting policies adopted in the individual financial statements. These accounting policies have been consistently applied to all reporting periods presented in the individual financial statements.

(1). Compliance with Statements

The individual financial statements are prepared in accordance with the "Financial Reporting Standards for Securities Issuers."

(2). Basis of preparation.

1. Measurement basis.

Except for the significant items in the following balance sheet, this individual financial report is prepared on a historical cost basis:

- (1) Financial assets measured at fair value through profit or loss.
- (2) Financial assets measured at fair value through other comprehensive income.
- (3) Net defined benefit liabilities (or assets) measured by deducting the fair value of retirement fund assets from the present value of defined benefit obligations.

2. Functional currency and presentation currency.

The functional currency of the company is the currency of the primary economic environment

in which it operates. This individual financial report is presented in the functional currency of the company, which is the New Taiwan Dollar (TWD). All financial information expressed in TWD is presented in thousands of New Taiwan Dollars (NTD).

(3). Foreign Currency

1.Foreign Currency Transactions

Foreign currency transactions are converted into the functional currency using exchange rates as of the date of transaction. Foreign currency monetary items outstanding at the end of each reporting period (referred to as reporting date below) are subsequently converted into the functional currency using the exchange rate applicable on that day.

Foreign currency-denominated non-monetary items carried at fair value are converted into the functional currency using the exchange rate as of the date of fair value measurement. Foreign currency-denominated non-monetary items carried at historical cost are converted using the exchange rate as of the initial transaction date.

(4). Classification of Current and Non-current Assets and Liabilities

Assets that meet one of the following conditions are classified as current assets; assets that do not meet the criteria for current assets are classified as non-current assets:

1. Assets that are expected to be realized or intended to be sold or consumed over the normal operating cycle;
2. Assets that are held mainly for the purpose of trading;
3. Assets that are expected to be realized within twelve (12) months after the end of the reporting period; or
4. Cash or cash equivalents, except those that will be swapped or used to repay liabilities at least 12 months from the reporting period, and those with restricted uses.

Liabilities that match any of the following criteria are classified as current liabilities;

liabilities that do not meet the criteria for current liability is classified as non-current liabilities:

1. Liabilities that are expected to be repaid within the normal operating cycle;
2. Liabilities that are held mainly for the purpose of trading;
3. Liabilities that are expected to be repaid within twelve (12) months after the end of the reporting period; or
4. Liabilities with repayment terms that cannot be extended unconditionally beyond twelve (12) months after the reporting period. Liabilities with terms that give counterparties the option to be repaid in the form of equity instruments do not affect their classification.

(5). Cash and Cash Equivalents

Cash includes cash on hand and demand deposits. Cash equivalent refers to short-term and highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Time deposits that meet the abovementioned definition and are intended to meet short-term cash commitment instead of investment or other purposes are stated as cash equivalents.

(6) Financial Instruments

Accounts receivable and debt securities issued are recognized at the time of occurrence. All other financial assets and financial liabilities are recognized at initiation when the Company becomes a party to a financial instrument contract. Financial assets or liabilities that are not carried at fair value through profit or loss (excluding accounts receivable without major financial component) are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issuance. Accounts receivable without major financial component are initially measured at transaction price.

1. Financial Assets

Purchase and sale of financial assets that conform with customary practices are accounted using trade day accounting, and the same approach is applied consistently to financial assets of the same classification.

Financial assets are classified at initiation into financial assets carried at amortized cost, equity instruments at fair value through other comprehensive income, or financial assets at fair value through profit or loss. Only when the Company changes the ways financial assets are managed will it reclassify the affected financial assets according to policy, starting from the next reporting period.

(1) Financial Assets Carried at Amortized Cost

Financial assets that meet all of the following conditions and are not designated to be carried at fair value through profit or loss are carried at amortized cost:

- The financial asset is held for the purpose of collecting contractual cash flow.
- Contractual terms of the financial assets give rise to cash flows on specific dates, and the cash flows are intended solely to pay principal and interest accruing on outstanding principal.

These assets are subsequently carried at initial cost plus/less accumulated amortization calculated using the effective interest rate method and after adjusting for loss provisions. Interest income, gain/loss on foreign currency exchange, and impairment loss are recognized through profit or loss. When removed from the balance sheet, gains or losses

are recognize through profit or loss.

(2) Financial Assets at Fair Value Through Other Comprehensive Income

At initiation, the Company can make an irrevocable choice to account for subsequent fair value changes through other comprehensive income for equity instruments that are not held for trading. The above choice is determined on an instrument-by-instrument basis.

Investments in equity instruments are subsequently measured at fair value. Dividend income is recognized through profit or loss (unless the dividends clearly represent a partial recovery of the investment cost). Other net gains or losses are recognized through other comprehensive income and are not reclassified into profit or loss.

Dividend income from equity investments are recognized on the day the Company becomes entitled to collect it (which is usually the ex-dividend day).

(3) Financial Assets at Fair Value Through Profit or Loss

Financial assets that are neither carried at amortized cost nor at fair value through other comprehensive income are carried at fair value through profit or loss. At initial recognition, the Company can make an irrevocable decision to designate financial assets that satisfy the criteria of being carried at amortized cost or at fair value through other comprehensive income to be carried at fair value through profit or loss, for the purpose of eliminating or reducing accounting mismatch.

These assets are subsequently measured at fair value with net gains or losses (including any dividend and interest income) recognized through profit or loss.

(4) Impairment on Financial Assets

The Company recognizes loss provisions on financial assets carried at amortized cost (including cash and cash equivalents, financial assets carried at amortized cost, notes and accounts receivable, other receivables, guarantee deposits paid, and other financial assets) based on expected credit loss.

Loss provisions for accounts receivable and contractual assets are measured based on expected credit loss over the remaining lifetime.

When assessing whether a financial instrument has significantly increased in credit risk since initial recognition, the Company uses reasonable and verifiable information (that can be obtained without excessive cost or investment) including qualitative and quantitative data in conjunction with its own past experience, credit rating, and forecasts.

Expected credit loss for the remaining lifetime refers to the amount of credit losses

that the financial instrument is likely to incur due to any possible default event in the remaining lifetime.

12-month expected credit loss refers to the amount of credit loss that a financial instrument may incur due to a default event in the next 12 months (or shorter if the financial instrument's expected remaining lifetime is less than 12 months).

The longest duration by which expected credit loss is measured is the maximum contract duration in which the Company is exposed to credit risk.

Expected credit loss is estimated by weighing credit losses for the remaining lifetime of a financial instrument against probability of occurrence. Credit losses are measured as the shortfall of cash collected, which is the difference between the amount of contractual cash flow collectible and the amount of cash flow the Company expects to collect. Expected credit losses are discounted at the effective interest rate applicable to the financial asset.

The Company assesses financial assets carried at amortized cost for credit impairment on every reporting date. A financial asset is deemed to have been credit-impaired if estimated future cash flow exhibits one or several adverse events. Evidence of credit impairment includes any observable data that can be used to establish the following with respect to a financial asset:

- The borrower or issuer encounters significant financial distress;
 - Event of default, such as delinquency or being overdue by more than 180 days;
 - The Company grants compromise to the borrower for reasons relating to financial distress or contractual obligation that the Company would not have done so otherwise;
 - The borrower is very likely to file for bankruptcy or undergo financial restructuring;
- or
- Occurrence of financial distress that may cause the financial asset to be removed from the active market.

Loss provisions on financial assets carried at amortized cost are deducted from book value.

When the Company has reason to believe that it may not recover part or all of a financial asset, the total book value of the financial asset is reduced directly to reflect the expectation. If the counterparty is a corporate entity, the Company would analyze the timing and amount of charge-off based on rational expectations about recoverability. The Company expects no major reversal of amounts that it has charged off. However,

the Company may still make claims on charged-off financial assets according to its recovery procedures.

(5) Removal of Financial Assets

Financial assets can be removed from the balance sheet only if all contractual cash flow entitlements have ended, or if the asset has been transferred with virtually all risks and returns of ownership assumed by another party, or in situations where the Company neither transfers nor retains virtually all risks and returns associated with ownership and retains no control over such financial asset.

The Company will continue recognizing financial assets it has signed a transfer agreement for on the balance sheet if it retains virtually all risks and returns associated with the ownership of the transferred asset.

2. Financial Liabilities and Equity Instruments

(1) Classification of Liabilities or Equity

Debt and equity instruments issued by the Company are classified into financial liabilities or equity depending on the terms of the underlying contract and the definitions of financial liability and equity used.

(2) Equity Transactions

Equity instrument refers to any contract that represents the Company's entitlement to assets net of liabilities. Equity instruments issued by the Company are recognized at the amount of proceeds received net of direct issuing costs.

(3) Financial Liabilities

Financial liabilities are classified into those that are carried at amortized cost and those that are carried at fair value through profit or loss. Financial liabilities are carried at fair value through profit or loss if they are held for trading, characterized as derivative instruments, or designated to be so at initial recognition. Financial liabilities at fair value through profit or loss are carried at fair value with net gains and losses, including any interest expenses, recognized through profit or loss.

Other financial liabilities are subsequently carried at amortized cost using the effective interest method. Interest expenses and gains/losses on currency exchange are recognized through profit or loss. When removing from the balance sheet, any gains or losses incurred are also recognized through profit or loss.

(4) Removal of Financial Liabilities

Financial liabilities are removed from the standalone balance sheet upon fulfillment, cancellation, or expiry of contractual obligations. If a change in the terms of

a financial liability alters cash flow by a significant extent, the old financial liability is removed and a new financial liability will be recognized based on the revised terms.

When a financial liability is removed, the difference between book value and the consideration paid or payable (including any non-cash assets transferred or any additional liabilities borne) is recognized through profit or loss.

(5) Offset of Financial Assets and Liabilities

Financial assets and financial liabilities may be offset against each other and reported on the balance sheet in net amount only when the Company is legally entitled to do so, and has the intention to settle assets and liabilities in net amount or realize them both at the same time.

(7) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost includes all costs incurred to acquire, produce, process, and bring inventory to its usable state and location, and is calculated using the weighted average method. Cost of finished products and work-in-progress includes manufacturing overheads, which are allocated proportionally based on normal production capacity.

Net realizable value refers to the estimated selling price less all additional costs required for completion and all associated marketing expenses under normal circumstances.

(8) Investment in Subsidiaries

When preparing the Standalone Financial Statements, the Company accounts for controlled investees using the equity method. Under the equity method, the amount of current profit/loss and other comprehensive income attributable to parent company shareholders are consistent between the Standalone and Consolidated Financial Statements, and the amount of equity attributable to parent company shareholders is also consistent between the Standalone and Consolidated Financial Statements.

Change of ownership interest in a subsidiary without losing control is treated as equity transaction between owners.

(9) Investment Properties

Investment properties refer to real estate properties that are held for rental income or capital gain, or both, as opposed to normal business activities such as sale, production, supply of products, rendering of services, or administration. Investment properties are initially accounted at cost, and subsequently carried at cost less accumulated depreciation

and cumulative impairment. These assets are subject to the same depreciation method and parameters such as useful year and residual value as does property, plants, and equipment.

Gain or loss on disposal of investment property (calculated as the difference between net disposal proceeds and book value of the asset) is recognized through profit or loss.

Rental income from investment properties is recognized as other income using the straight-line method over the lease term. Any lease incentives offered are recognized as part of rental income over the lease term.

(10) Property, Plants, and Equipment

1. Recognition and Measurement

Property, plants, and equipment are carried at cost (including capitalized borrowing costs) less accumulated depreciation and any cumulative impairment.

Major components of property, plants, and equipment that have different useful lives are accounted as separate categories (of major components).

Gain or loss on disposal of property, plants, and equipment is recognized through profit or loss.

2. Subsequent Costs

Subsequent expenditures are capitalized only when the Company is very likely to realize future economic benefits.

3. Depreciation

Depreciation is calculated using the straight-line approach, in which the cost of asset net of residual value is divided by the useful life of each component, and recognized through profit or loss.

No depreciation is provided on land.

The following useful life estimates are used for the current and comparative periods:

(1) Buildings and Accessory Equipment	2-52 Years
(2) Machinery	2-40 Years
(3) Office Equipment	5-8 Years
(4) Other Equipment	3-15 Years

The Company reviews its depreciation method, useful life, and residual value estimates yearly on each reporting date. Changes are made as deemed necessary and appropriate.

(11) Leases

The Company evaluates whether a contract meets the criteria of (or contains arrangements characterized as) leases on the day of establishment. A contract is considered as a lease or deemed to contain lease elements if it involves a transfer of control over identified assets for a period of time in exchange for consideration.

1.As a Lessee

The Company recognizes right-of-use assets and lease liabilities on the lease start date. Right-of-use assets are measured at cost at initiation; this cost includes the initial amount of lease liability, adjusted for any lease payments paid on or before the lease start date, plus any initial direct costs incurred and any estimated costs to dismantle/remove the asset and restore the location or the asset to its original state, less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis from the lease start date until the end of useful life of right-of-use assets or until expiry of the lease term, whichever the earlier. Furthermore, the Company regularly assesses right-of-use assets for impairment and accounts for impairment losses as they occur. Right-of-use assets are also adjusted in circumstances where lease liabilities are subject to re-measurement.

Lease liabilities are initially measured as the present value of unpaid lease payments as of the lease start date. Interest rate implicit in a lease is used as the discount rate if it can be easily determined; if the rate can not be easily determined, the Company's incremental borrowing rate will be used as the discount rate instead. In general, the Company uses the incremental borrowing rate as the discount rate.

The types of lease payments included in the calculation of lease liabilities include:

- ((1)Fixed payments, including in-kind fixed payments;
- (2)Variable lease payments that are determined by a certain index or rate (which are initially measured using an index or rate as of the lease start date);
- (3)Amount of residual value guarantee expected to be paid; and
- (4)Amount of strike price or penalty payable if there is reasonable assurance to exercise the purchasing or termination option.

Lease liabilities subsequently accrue interest using the effective interest approach, and are remeasured in the following circumstances:

- (1)When there is a change in the index or rate used for determining lease payments, which leads to changes in future lease payments;

- (2) When there is a change in the amount of residual value guarantee expected to be paid;
- (3) When there is a change in the assessment of asset purchasing option;
- (4) When there is a change in the likelihood of exercising lease extension/termination option, which may alter the expectation about the lease term;
- (5) When there is a change in the leased asset, scope of lease, or other terms.

When lease liability is remeasured due to a change in the index or rate used to determine lease payment, a change in guaranteed residual value, or a purchase, extension, or termination of embedded options, a corresponding adjustment is also made to the book value of right-of-use asset at the same time. When book value of the right-of-use asset has been reduced to zero, further re-measurements are recognized through profit or loss instead.

Any contract amendment that reduces the scope of lease is accounted by reducing the book value of right-of-use assets by an amount that reflects partial or total termination of the lease arrangement. Any difference between the right-of-use asset and remeasured lease liability is recognized through profit or loss.

Right-of-use assets and lease liabilities that do not meet the definition of investment property are presented on the balance sheet as single-line items.

For a contract that contains both lease and non-lease components, the Company would allocate consideration into individual lease components based on relative standalone price. However, when renting land and buildings as a lessee, the Company chooses not to separate non-lease components but instead treats lease components and non-lease components as one lease component.

For short-term leases and leases of low-value assets such as machinery and office equipment, the Company chooses not to recognize right-of-use assets or liabilities, but instead recognizes lease payments as expenses over the course of the lease term on a straight-line basis.

Sale-and-leaseback transactions are assessed according to IFRS 15 by determining whether the transfer of assets to the buyer/lessor is deemed to have satisfied the criteria for sales treatment. If a transaction is to be treated as a sale, the asset will be removed from the balance sheet and gains/losses will be recognized on entitlements transferred to the buyer/lessor; meanwhile, the leaseback will be accounted as a lease and the amount of the right-of-use asset is measured as the book value of the partial assets that are leased back. If the transaction does not satisfy the criteria for sales treatment, the transferred asset will

remain on the balance sheet, and financial liabilities equal to the sum of considerations received will be recognized.

The Company has chosen to adopt a practical expedient for all rent concessions that meet all of the following conditions, without assessing whether a lease modification has taken place:

- (1) The rent concession incurs as a direct consequence of the COVID-19 pandemic;
- (2) The change in lease payment leads to a lease modification in which the consideration after modification is virtually the same as or smaller than the consideration before modification;
- (3) Any reduction in lease payment affects only the payments that are due on and before June 30, 2021; and
- (4) There is no substantive change in other terms and conditions of the lease.

Under the practical expedient, a rent concession that leads to a change in lease payment is recognized in profit or loss at the time when the event or circumstance giving rise to rent concession occurs.

2.As a Lessor

For lease arrangements where the Company is a lessor, the terms of the lease contract are evaluated to determine whether virtually all risks and returns associated with ownership of the asset are transferred on the day of lease commencement. If so, the contract would be classified as a financial lease; if not, the asset would be classified as an operating lease. When evaluating leases, the Company takes into consideration whether the lease term covers a major portion of the asset's useful life, among other indicators.

For lease arrangements where the Company is an intermediate lessor, the Company accounts for the master lease and the sublease separately, and classifies the sublease based on the right-of-use asset given rise by the master lease. If the master lease is short-term in nature and is exempted from lease recognition, the sublease is classified as an operating lease.

For a contract that contains both lease and non-lease components, the Company adopts IFRS 15 and allocates considerations accordingly.

(12) Impairment of Non-financial Assets

The Company evaluates non-financial assets (excluding inventory, contractual assets, and deferred income tax assets) for signs of impairment in the book value on each reporting date. Assets that exhibit any of the signs will have a recoverable amount estimated.

For the purpose of impairment testing, assets that generate cash inflows that are largely

independent of cash inflows from other assets or groups of assets are determined as a smallest identifiable group of assets. Goodwill acquired through business combination is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination.

The recoverable amount is determined as fair value less the disposal cost or the utilization value, whichever the higher. The utilization value is assessed by discounting projected cash flows to the present value using the pre-tax discount rate. This discount rate reflects the time value that the market has currently priced for the given currency, and risks that are specific to the given asset or cash-generating unit.

If the recoverable amount of an individual asset or cash-generating unit falls below its book value, the difference is recognized as an impairment loss.

Impairment losses are immediately recognized through current profit or loss against a reduction to the book value of goodwill that has been allocated to the cash-generating unit; any remaining amount of impairment will then be taken to reduce book values of other assets within the unit on a pro-rated basis (i.e., proportionally based on the book value weight of each asset).

(13) Revenue Recognition

1. Revenue From Contracts With Customers

Income is measured as the amount of consideration expected to be received for the delivery of merchandise or service. The Company recognizes income when control of merchandise or service has been transferred to customers and the contractual obligations fulfilled. A more detailed description by main revenue categories is as follows:

(1) Sale of Merchandise

The Company recognizes sales revenue when control of a product is transferred to the customer; or in other words, when a product is delivered to the customer. Product transfer is deemed to have been completed when there is objective evidence to prove that acceptance has been made.

Income from sale of products is recognized at contract price. Sale proceeds are usually collected 30 to 90 days after shipment, and there was no incident where customer's payment was collected more than one year after products were transferred to the customer. For this reason, the Company did not adjust transaction price to reflect time value of money.

The Company recognizes accounts receivable at the time merchandise is delivered, as the Company has unconditional rights to collect consideration at this point.

(2) Service Income

The Company recognizes service income as revenue when services are rendered during the period of the financial report.

(3) Rental Income

The Company generates rental income from operating leases. Income net of any incentive granted to the lessee is amortized on a straight-line basis over the lease duration and recognized in current profit or loss.

(4) Financial Component

The Company expects no more than one year between the time at which merchandise or service is transferred to customers and the time at which payment is received for such merchandise or service for all its customers. As a result, no time value adjustment is made to the transaction price.

(14) Employee Welfare

1. Defined Contribution Plan

Contributions to the defined contribution plan are recognized as expenses over the duration of employees' service.

2. Defined Benefit Plan

The Company calculates net obligation of the defined benefit plan by discounting future benefit payouts that employees have earned in current or previous periods of employment to the present value, and deducting the fair value of any pension fund asset.

Defined benefit obligations are estimated by certified actuaries on a yearly basis using the Projected Unit Credit Method. If the calculated result is favorable to the Company, the amount of assets recognized shall not exceed the present value of future economic benefits, whether they are realized through refund of plan contributions or decrease of future contributions. Present value of economic benefits is calculated after taking into consideration all minimum contribution requirements.

Re-measurement of net defined benefit liabilities, including actuarial gains/losses, return on plan assets (excluding interest), and changes in the effect of the asset ceiling (excluding interest), are immediately recognized through other comprehensive income and accumulated in retained earnings. The Company determines net interest expenses (income) on net defined benefit liabilities (assets) using the balance of net defined benefit liabilities (assets) and the discount rate as of the beginning of the reporting period. Net interest expense and other expenses associated with the defined benefit plan are recognized

through profit or loss.

When the plan is amended or curtailed, any change in benefits that arise in relation to service cost in previous periods or curtailment gains/losses is immediately recognized through profit or loss. The Company will recognize gain or loss on settlement of the defined benefit plan, if any.

3.Short-term Employee Welfare

Short-term employee Welfare obligations are expensed at the time service is rendered. These amounts are recognized as liabilities when the Company becomes legally obligated or is deemed obligated to pay employees for past services rendered, and that such obligations can be estimated reliably.

(15) Income Tax

Income tax expenses comprise current income tax and deferred income tax. Current income tax and deferred income tax are recognized through profit or loss, except for amounts that arise in relation to business combination and items that are recognized directly under equity or other comprehensive income.

Current income tax includes all income taxes refundable/payable for the current year, which is calculated based on the current year's taxable income (or loss), plus any adjustment to income tax payable/refundable in previous years. This amount reflects uncertainties associated with income tax (if any), and represents the best estimate for the amount payable/collectible using statutory or substantively enacted tax rates as of the reporting date.

Deferred income tax represents the tax impact of temporary differences between asset/liability figures presented for financial reporting purposes and asset/liability figures used for a taxation basis. No deferred income tax is recognized on temporary differences that arise under the following circumstances:

- 1.Initial recognition of assets or liabilities for transactions unrelated to business combination, provided that accounting profit and taxable income (loss) are unaffected at the time of transaction;
- 2.Temporary differences arising from investment in subsidiaries, associated companies, and joint ventures, where the Company has control over the timing at which temporary differences are reversed and that the temporary differences are unlikely to be reversed in the foreseeable future; and
- 3.Taxable temporary differences arising from initial recognition of goodwill.

Unused tax losses and tax credits can be carried forward, added to deductible temporary

differences, and recognized as deferred income tax assets to the extent that is likely to be offset against taxable income earned in the future. Deferred income tax assets are evaluated on each reporting date. Tax benefits that are not very likely to be realized will be reduced down to the realizable amount, and amounts previously reduced may be reversed up to the point where sufficient taxable income can be generated.

Deferred income tax is calculated using the tax rate that is expected to be effective at the time the temporary difference is reversed. In this financial report, the statutory tax rate or effective tax rate as of the reporting date was used for calculation.

The Company will offset deferred income tax assets against deferred income tax liabilities only when the following conditions are met:

1. When it is legally entitled to offset current income tax assets against current income tax liabilities; and
2. The deferred income tax assets and deferred income tax liabilities arise in relation to income taxes imposed by the same tax authority, and the tax-paying entities meet any of the following conditions:
 - (1) The tax-paying entities are one and the same; or
 - (2) The tax-paying entities are different, but all entities have the intent to settle current income tax liabilities and assets on a netted basis or realize them at the same time, for every future period in which they expect to recover deferred income tax assets and settle deferred income tax liabilities.

(16) Earnings per Share

The Company presents earnings per share attributable to the Company's common shareholders in basic and diluted terms. Basic earnings per share of the Company is calculated by dividing the amount of profits attributable to the Company's common shareholders with the weighted average number of outstanding common shares for the given period. Diluted earnings per share is calculated after adjusting the amount of profits attributable to the Company's common shareholders and weighted average number of common shares for the dilutive effect of potential common shares. Potential common shares with dilutive effect include amounts estimated for employee remuneration.

(17) Segment Information

The Company has already disclosed segment information in the Consolidated Financial Statements, therefore no segment information is disclosed in the Standalone Financial Statements.

5. Sources of Uncertainty to Significant Accounting Judgments, Estimates, and Assumptions

When preparing the Standalone Financial Statements, the management is required to make judgments, estimates, and assumptions in accordance with the FSC-approved IFRS. These judgments, estimates, and assumptions may affect the types of accounting policies adopted and amounts of assets, liabilities, income, and expenses reported. The actual outcome may differ from initial estimates.

The management constantly reviews its estimates and assumptions. Impacts from changes in accounting estimates are recognized in the year the changes take place and in future years when impacts materialize.

Accounting policies that involve significant judgment and have material effect on the amounts recognized in the Standalone Financial Statements are explained below:

Please refer to the 2022 Consolidated Financial Statements for more details on how the management forms its judgment of whether the Company has control and material influence over subsidiaries.

The Company's accounting policies and disclosures include fair value assessments of financial and non-financial assets and liabilities. The Company has implemented internal control systems for fair value measurement. This includes assembling a valuation panel that is responsible for verifying all significant fair value assessments (including the use of level 3 inputs) and reports directly to the CFO. The valuation panel verifies significant unobservable inputs on a regular basis and makes adjustments accordingly. In situations where information sourced from an external third party (such as broker or pricing service provider) is used as fair value input, the valuation panel will evaluate supporting evidence that the third party has provided for the input to ensure that fair value assessment and classification both conform with International Financial Reporting Standards.

When measuring assets and liabilities, the Company uses observable inputs available on the market wherever possible. Levels of fair value assessment are classified based on the types of input used:

- Level 1: Open market quotation (unadjusted) for the same asset or liability.
- Level 2: Inputs/parameters that are directly observable (i.e., price) or indirectly observable (i.e., inferred from price), other than level 1 inputs (open market quotation).
- Level 3: Market inputs/parameters that are not observable (non-observable parameters)

Any transfer between levels of fair value assessment is recognized by the Company on the reporting date.

Please see Note 6(20) - Financial Instruments for details on the assumptions adopted for fair

value assessment.

6. Notes to Major Accounts

(1) Cash and Cash Equivalents

	<u>2022.12.31</u>	<u>2021.12.31</u>
Cash and Demand Deposits	\$ 57,256	89,461
Time Deposits	356,327	180,700
Cash and Cash Equivalents Presented in the Cash Flow Statement	<u>\$ 413,583</u>	<u>270,161</u>

Please see Note 6(20) for detailed disclosure of interest rate risk and sensitivity analysis on the Company's financial assets and liabilities.

(2) Financial Assets at Fair Value Through Profit or Loss

	<u>2022.12.31</u>	<u>2021.12.31</u>
Financial assets required to be carried at fair value through profit or loss:		
Current		
Open-ended Fund	\$ -	<u>10,017</u>

(3) Financial Assets at Fair Value Through Other Comprehensive Income

	<u>2022.12.31</u>	<u>2021.12.31</u>
Equity instruments at fair value through other comprehensive income:		
TWSE/TPEX Listed Shares	\$ 2,080	3,037
Non-listed Shares	3,381	3,381
Total	<u>\$ 5,461</u>	<u>6,418</u>

1. Equity Instruments at Fair Value Through Other Comprehensive Income

This category of equity instruments is held as strategic long-term investments and not for trading, and therefore are designated to be measured at fair value through other comprehensive income.

2. Please refer to Note 6(20) for detailed information on credit risk and market risk.

3. None of the above financial assets were pledged as collateral as of December 31, 2022 and 2021.

Notes to Standalone Financial Statements of Nan Yang Dyeing & Finishing Co., Ltd. (continued)

(4) Financial Assets Carried at Amortized Cost

	<u>2022.12.31</u>	<u>2021.12.31</u>
Current		
Time Deposits with Initial Maturity of More Than 3 Months	<u>\$ 29,400</u>	<u>100,308</u>
Non-current		
Time Deposit With Initial Maturity of 1 Year or More	<u>\$ -</u>	<u>\$ 30,538</u>

1.Considering that these assets are intended to be held until maturity for the collection of contractual cash flow, and that the entirety of cash inflow will be used to pay principal and interest on outstanding principal, the Consolidated Entity has opted to present them as financial assets carried at amortized cost.

2.Please see Note 6(20) for detailed information on credit risk.

3.Please see Note 8 for details regarding pledges of the above financial assets.

(5) Notes and Accounts Receivable

	<u>2022.12.31</u>	<u>2021.12.31</u>
Notes Receivable	\$ 5,733	14,834
Accounts Receivable	5,207	10,704
Less: Loss Provisions	<u>(1)</u>	<u>(1)</u>
	<u>\$ 10,939</u>	<u>25,537</u>

The Company adopts the simplified approach to estimate expected credit loss on all accounts receivable, which involves measuring expected credit loss for the duration of its receivables. To facilitate this approach, accounts receivable are divided into several groups using common credit risk characteristics that assess customers' ability to pay the contractual sum at maturity. These estimates also incorporate the use of prospective information. Expected credit loss analysis for notes and accounts receivable is explained below:

	<u>2022.12.31</u>	
	<u>Book Value of Notes and Accounts Receivable</u>	<u>Weighted Average Expected Credit Loss Rate</u>
Current	\$ 10,940	0%~100%
Total	<u>\$ 10,940</u>	<u>1</u>

Notes to Standalone Financial Statements of Nan Yang Dyeing & Finishing Co., Ltd. (continued)

	2021.12.31		
	Book Value of Notes and Accounts Receivable	Weighted Average Expected Credit Loss Rate	Provision for Expected Credit Loss Over the Remaining Duration
Current	\$ 24,368	0%	-
Overdue 0-30 Days	1,146	0%~100%	-
Overdue 31-60 Days	24	0%~100%	1
Total	<u>\$ 25,538</u>		<u>1</u>

Changes in loss provision on notes receivable and accounts receivable are shown below:

	2022	2021
Closing Balance (i.e., opening balance)	<u>\$ 1</u>	<u>1</u>

None of the Company's notes receivable and accounts receivable were placed as collateral as of December 31, 2022 and 2021.

(6) Inventory

	2022.12.31	2021.12.31
Raw Materials	\$ 474	4,461
By-products	106	795
Finished Goods	<u>\$ 580</u>	<u>5,256</u>

Detailed breakdown of sales cost:

	2022	2021
Reclassification of Inventory Sold	\$ 3,092	1,256
Service Costs	102,261	91,472
Cost of Leases	1,530	1,499
Income From Scrap	(78)	(68)
	<u>\$ 106,805</u>	<u>94,159</u>

None of the Company's inventory was pledged as collateral as of December 31, 2022 and 2021.

(7) Equity-accounted Investments

The Company's equity-accounted investments at the end of the reporting period are presented below:

Notes to Standalone Financial Statements of Nan Yang Dyeing & Finishing Co., Ltd. (continued)

	<u>2022.12.31</u>	<u>2021.12.31</u>
Subsidiary	<u>\$ 214,180</u>	<u>237,459</u>

1. Please refer to the 2022 Consolidated Financial Statements for details and explanations of the above subsidiaries.

None of the Company's equity-accounted investments were pledged as collateral as of December 31, 2022 and 2021.

(8) Property, Plants, and Equipment

Changes in cost and accumulated depreciation of the Company's property, plants, and equipment for 2022 and 2021 are explained below:

		Land	Buildings	Machinery	Office Equipment	Other	Total
Cost:							
Balance as of January 1, 2022	\$	37,408	284,454	431,262	1,496	25,865	780,485
Addition		-	(32,981)	(74,063)	(960)	(4,809)	(112,813)
Disposal	\$	<u>37,408</u>	<u>251,473</u>	<u>357,199</u>	<u>536</u>	<u>21,056</u>	<u>667,672</u>
Balance as of December 31, 2022	\$	37,408	290,222	438,972	1,496	25,825	793,923
Balance as of January 1, 2021		-	-	190	-	750	940
Disposal		-	(5,768)	(7,900)	-	(710)	(14,378)
Balance as of December 31, 2021	\$	<u>37,408</u>	<u>284,454</u>	<u>431,262</u>	<u>1,496</u>	<u>25,865</u>	<u>780,485</u>
Accumulated depreciation and impairment losses:							
Balance as of January 1, 2022	\$	-	227,011	418,907	1,496	24,422	671,836
Depreciation in Current Year		-	2,927	4,739	-	450	8,116
Disposal		-	(32,981)	(74,063)	(960)	(4,809)	(112,813)
Balance as of December 31, 2022	\$	<u>-</u>	<u>196,957</u>	<u>349,583</u>	<u>536</u>	<u>20,063</u>	<u>567,139</u>
Balance as of January 1, 2021	\$	-	229,824	422,245	1,496	24,541	678,106
Depreciation in Current Year		-	2,884	4,554	-	584	8,022
Disposal		-	(5,697)	(7,892)	-	(703)	(14,292)
Balance as of December 31, 2021	\$	<u>-</u>	<u>227,011</u>	<u>418,907</u>	<u>1,496</u>	<u>24,422</u>	<u>671,836</u>

Notes to Standalone Financial Statements of Nan Yang Dyeing & Finishing Co., Ltd. (continued)

31, 2021						
Book value:						
December 31, 2022	\$	37,408	54,516	7,616	-	993
January 1, 2021	\$	37,408	60,398	16,727	-	1,284
December 31, 2021	\$	37,408	57,443	12,355	-	1,443

The Company had revalued land possessions (including investment property) based on information as of September 1979, July 1984, and February 2005 and depreciable fixed assets (including investment property) based on information as of December 31, 1974 and 1980. As of December 31, 2021 and 2020, the Company reported NT\$466,614,000 of incremental value from revaluation and NT\$145,334,000 of provision for land increment value tax (presented as “deferred income tax liability”) on both dates.

The Company had placed some of its property, plants, and equipment as collateral as of December 31, 2021 and 2020. Please see Note 8 for details.

In 1996, the Company acquired land lot No. 457-1 located at Shanjiao Sub-section, Kengziwai Section, Luzhu District, Taoyuan City for the construction of pollution prevention facilities. Following a land re-measurement, cadastral data of the land was changed to lot No. 1,097, Shanjiao Sub-section, Luzhu District with a total area of 930.39m² and total cost of NT\$21,080,000. Purchasing proceeds have been fully paid up. On September 29, 1981, the land authority designated the abovementioned land to be used for “general agriculture and animal husbandry”. Having been designated for agricultural purposes, the Company was unable to transfer ownership of the land in its own name, and therefore opted to transfer the title to the Company’s Chairman and place a charge over the property for security.

(9) Right-of-use Assets

Changes in cost and depreciation of leased buildings is explained in detail below:

	<u>Buildings</u>
Cost of right-of-use assets:	
Balance as of January 1, 2022	\$ 1,687
Addition	1,680
Decrease	<u>(1,687)</u>
Balance as of December 31, 2022	<u>\$ 1,680</u>
Balance as of January 1, 2021	\$ 3,080
Decrease	<u>(1,393)</u>

Notes to Standalone Financial Statements of Nan Yang Dyeing & Finishing Co., Ltd. (continued)

Balance as of December 31, 2021	<u><u>\$ 1,687</u></u>
Depreciation and impairment loss on right-of-use assets:	
Balance as of January 1, 2022	\$ 1,054
Provision for Depreciation	843
Decrease	<u>(1,687)</u>
Balance as of December 31, 2022	<u><u>\$ 210</u></u>
Balance as of January 1, 2021	\$ 1,604
Provision for Depreciation	843
Decrease	<u>(1,393)</u>
Balance as of December 31, 2021	<u><u>\$ 1,054</u></u>
Book value:	
December 31, 2022	<u><u>\$ 1,470</u></u>
January 1, 2021	<u><u>\$ 1,476</u></u>
December 31, 2021	<u><u>\$ 633</u></u>

(10) Investment Properties

	Proprietary Assets		
	Land	Buildings	Land
Cost:			
Balance as of January 1, 2022	\$ 497,917	78,784	576,701
Balance as of December 31, 2022	-	(1,731)	(1,731)
Balance as of January 1, 2021	\$ 497,917	77,053	574,970
Balance as of December 31, 2021	\$ 497,917	78,784	576,701
Depreciation and impairment loss:	\$ 497,917	78,784	576,701
Balance as of January 1, 2022			
Depreciation in Current Year	\$ -	48,830	48,830
Balance as of December 31, 2022	-	1,295	1,295
Balance as of January 1, 2021	-	(1,731)	(1,731)
Depreciation in Current Year	\$ -	48,394	48,394
Balance as of December 31, 2021	\$ -	47,562	47,562
Book value:	-	1,268	1,268
December 31, 2022	\$ -	48,830	48,830
December 31, 2021			
Fair value:	\$ 497,917	28,659	526,576
December 31, 2022	\$ 497,917	31,222	529,139
December 31, 2021	\$ 497,917	29,954	527,871
Cost:			
Balance as of January 1, 2022			\$ 3,066,292
Balance as of December 31, 2022			\$ 5,615,447

- (1) For investment properties, fair value is determined based on recent official records of actual property transactions taking place at locations that were relevant for comparison.
- (2) Investment property includes several parcels of land that have been leased to external parties. Each lease agreement includes a non-cancellable period of 3 to 10 years; terms after the non-cancellable period are negotiated with individual lessees on a case-by-case basis. No contingent rent has been collected. Please see Note 6(12) for details.
- (3) None of the Company's investment properties was pledged as collateral as of December 31, 2022 and 2021.

(11) Lease Liabilities

Book value of lease liabilities of the Company:

	2022.12.31	2021.12.31
Current	<u>\$ 836</u>	<u>639</u>
Non-current	<u>\$ 637</u>	<u>-</u>

For maturity analysis, please see Note 6(20) - Financial Instruments.

Amount of leases recognized in profit or loss:

	2022	2021
Interest Expenses on Lease Liabilities	<u>\$ 12</u>	<u>16</u>
Short-term Lease Expenses	<u>\$ 378</u>	<u>378</u>
Expenses of Low-value Lease Assets (excluding low-value leases of short-term nature)	<u>\$ 22</u>	<u>22</u>
Covid-19-Related Rent Concessions	<u>\$ 129</u>	<u>171</u>

Amount of leases recognized in the cash flow statement:

	2022	2021
Total Cash Outflow From Leases	<u>\$ 1,129</u>	<u>1,085</u>

1. Lease of Buildings

The Company rents buildings for office premises. Leases for office premises are drawn with a term of two years, and include options to renew lease for the same term as the original contract upon expiry.

Furthermore, the Company rents machinery and office equipment for 5 years; considering that these leases are short-term and low-value in nature, the Company has opted for the exemption rules and chosen not to recognize right-of-use assets and lease liabilities.

(12) Operating Leases

The Company leases out its investment properties, and classifies these leases as operating leases considering that there is no transfer of virtually all risks and returns associated with ownership of the underlying asset. Please see Note 6(10) - Investment Property for details.

Maturity analysis on lease payments is performed using the sum of undiscounted lease payments expected to be collected after the balance sheet date, and is presented in the following chart:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Within 1 Year	\$ 57,206	59,480
1 to 5 Years	197,010	444,024
Over 5 years	<u>208,511</u>	<u>-</u>
Sum of Undiscounted Lease Payments	<u>\$ 462,727</u>	<u>503,504</u>

Rental income generated from investment properties totaled NT\$59,923,000 in 2022 and NT\$51,035,000 in 2021.

(13) Employee Welfare

1. Defined Benefit Plan

Reconciliation between present value of defined benefit obligations and fair value of plan assets:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Present Value of Defined Benefit Obligations	\$ (10,160)	(15,623)
Fair Value of Plan Assets	<u>8,843</u>	<u>11,037</u>
Net Defined Benefit Assets (liabilities)	<u>\$ (1,317)</u>	<u>(4,586)</u>

Contributions for the defined benefit plan are made into a dedicated pension fund account opened with the Bank of Taiwan. For retirees who opted for the pension scheme mentioned in the Labor Standards Act, the amount of pension benefit is calculated based on average salary for the six months preceding their retirement and the number of basis points accumulated over the duration of their service.

(1) Composition of Plan Assets

Pension fund contributions that the Company has made in accordance with the Labor Standards Act are collectively managed by the Bureau of Labor Funds (BLF), Ministry of Labor. Pursuant to “Regulations for Revenue, Expenditures, Safeguards, and Utilization of the Labor Retirement Fund”, plan assets can only be allocated to investments that offer annual yields higher than the 2-year time deposit rate quoted by local banks.

As of the reporting date, the balance of the Company’s labor pension reserve account held with the Bank of Taiwan totaled NT\$11,037,000. Please visit the BLF website for more information such as fund yield and allocation of fund assets.

(2) Changes in Present Value of Defined Benefit Obligations

Changes in present value of defined benefit obligations for 2021 and 2020 are explained below:

	<u>2022</u>	<u>2021</u>
Defined Benefit Obligations as of January 1	\$ (15,623)	(20,301)
Service Costs and Interest in the Current Period	(785)	(644)
Re-measurement of Net Defined Benefit Liabilities (assets)		
- Gain/Loss on Experience	1,716	156
- Actuarial Gains/Losses Due to Change of Demographic Assumption	-	(689)
- Actuarial Gains/Losses Due to Change of Financial Assumption	504	513
Payment of Plan Benefits	4,028	5,342
Defined Benefit Obligations as of December 31	<u><u>\$ (10,160)</u></u>	<u><u>(15,623)</u></u>

(3) Changes in the Fair Value of Pension Plan Assets

Changes in the fair value of defined benefit plan assets in 2021 and 2020 are explained below:

	<u>2022</u>	<u>2021</u>
Fair Value of Plan Assets as of January 1	\$ 11,037	14,243
Interest Income	86	43
Re-measurement of Net Defined Benefit Liabilities (assets) - Return on Plan Assets (excluding current period interest)	908	233
Amount Contributed to the Plan	840	1,860
Payment of Plan Benefits	(4,028)	(5,342)
Fair Value of Plan Assets as of December 31	<u><u>\$ 8,843</u></u>	<u><u>11,037</u></u>

(4) Expenses Recognized in Profit or Loss

The Company recognized the following expenses in profit or loss in 2022 and 2021:

	<u>2022</u>	<u>2021</u>
General and Administrative Expenses	<u><u>\$ 700</u></u>	<u><u>600</u></u>

((5) Actuarial Assumptions

Key actuarial assumptions that the Company made as of the reporting date are as follows:

	<u>2022</u>	<u>2021</u>
Discount Rate	1.400%	0.750%
Rate of Future Salary Growth	3.000%	3.000%

Expected long-term return was determined based on performance of the entire investment portfolio, and not the sum of returns on individual assets. The return was purely based on the historical return without any adjustment.

The Company expects to contribute NT\$840,000 to the defined benefit plan within one year from the 2022 reporting date.

The defined benefit plan has a weighted average duration of 9 years.

(6) Sensitivity Analysis

The following shows the impact of changes in actuarial assumption on the present value of defined benefit obligations as of December 31, 2022 and 2021:

	Impact on Defined Benefit Obligations	
	<u>0.25% Increase</u>	<u>0.25% Increase</u>
December 31, 2022		
Discount Rate	<u>\$ 198</u>	<u>(204)</u>
Future Salary Increase	<u>\$ (196)</u>	<u>191</u>
December 31, 2020		
Discount Rate	<u>\$ 327</u>	<u>(338)</u>
Future Salary Increase	<u>\$ (322)</u>	<u>314</u>

The above sensitivity analysis assumes changes to one variable at a time while keeping all other variables constant. In reality, however, multiple assumptions may change at the same time and are related to each other. The sensitivity analysis was conducted using the same method as how net pension liabilities are presented in the balance sheet.

Methodology and assumption for the current period's sensitivity analysis are consistent with those of the previous period.

o

2. Defined Contribution Plan

The Company's defined contribution plan complies with the Labor Pension Act, in which the Company contributes an amount equal to 6% of employees' salaries each month to employees' pension accounts held with the Bureau of Labor Insurance. Under this plan, the Company would be freed of pension obligations (whether statutory or inferred) once it has contributed this amount to the Bureau of Labor Insurance.

Pension expenses recognized for the defined contribution plan in 2022 and 2021

were NT\$1,643,000 and NT\$1,636,000, respectively.

(14) Income Tax

1. Income Tax Expenses

Below are details of the Company's income tax expenses for 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Current Income Tax Expenses		
Incurred in the Current Period	\$ 12,159	12,523
Adjustment to the Previous Year's Income Tax Expenses	818	40
Current Income Tax	<u>12,977</u>	<u>12,563</u>
Deferred Income Tax Expenses		
Occurrence and Reversal of Temporary Differences	14	126
Income Tax Expenses	<u><u>\$ 12,991</u></u>	<u><u>12,689</u></u>

No income tax expenses were directly recognized in equity in 2022 and 2021.

Below are details of income tax (expenses) benefits recognized by the Company under other comprehensive income in 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Items not reclassified into profit or loss:		
Re-measurement of Defined Benefit Plan	<u><u>\$ 313</u></u>	<u><u>21</u></u>

Reconciliation of income tax expenses and profit before tax for 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Profit Before Tax	\$ 69,573	93,859
Income Tax Calculated Using the Local Tax Rate	13,914	18,772
Non-deductible Expenses	-	51
Tax-exempt Income	(1,727)	(6,048)
Change in Unrecognized Temporary Differences	(14)	(126)
Underestimations in Past Periods	818	40
	<u><u>\$ 12,991</u></u>	<u><u>12,689</u></u>

2. Deferred Income Tax Assets and Liabilities

(1) Items Not Recognized as Deferred Income Tax Assets

The following items were not recognized as deferred income tax assets:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Deductible Temporary Differences	<u><u>\$ 5,933</u></u>	<u><u>7,567</u></u>

(2) Recognized Deferred Income Tax Assets and Liabilities

Below are changes in deferred income tax assets and liabilities:

Deferred income tax liabilities:

	Provision for Land Increment Value Taxes
Balance as of January 1, 2022	\$ 145,335
Debit/(credit) to Profit or Loss	-
Debit/(credit) to Other Comprehensive Income	-
Balance as of December 31, 2022	<u>\$ 145,335</u>
January 1, 2022	\$ 145,335
Debit/(credit) to Profit or Loss	-
Debit/(credit) to Other Comprehensive Income	-
Balance as of December 31, 2021	<u>\$ 145,335</u>

Deferred income tax assets:

	Excess Pension Expenses	Other	Total
Balance as of January 1, 2022	\$ 1,040	6	1,046
Debit/(credit) to Profit or Loss	(14)	-	(14)
Debit/(credit) to Other Comprehensive Income	(313)	-	(313)
Balance as of December 31, 2022	<u>\$ 713</u>	<u>6</u>	<u>719</u>
Balance as of January 1, 2021	\$ 1,187	6	1,193
Debit/(credit) to Profit or Loss	(126)	-	(126)
Debit/(credit) to Other Comprehensive Income	(21)	-	(21)
Balance as of December 31, 2021	<u>\$ 1,040</u>	<u>6</u>	<u>1,046</u>

3. Assessment of Income Tax Returns

The Company's profit-seeking enterprise income tax returns have been certified by the tax authority up until 2020.

(15) Capital and Other Equity Items

1. Common Shares Capital

The Company had authorized capital of \$1,000,000,000 as of December 31, 2021 and 2020, available in 100,000,000 shares with a face value of NT\$10 per share.

63,000,000 shares were issued in both years. All issued shares have been fully paid up.

2. Capital Reserve

The following is a breakdown of the Company's capital reserve:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Change of Ownership Interest in Subsidiaries	\$ 1	1
Gains on Asset Disposal	2,258	2,258
Gains From Gifts	20,099	20,099
	<u>\$ 22,358</u>	<u>22,358</u>

According to The Company Act, realized capital reserve can be distributed in shares or cash back to shareholders at the current shareholding percentage only after reimbursing cumulative losses. The term "realized capital reserve" mentioned above includes shares issued at premium and gains from gifts. Pursuant to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the amount of capital reserves converted into share capital is capped at 10% of paid-up capital per year

3. Retained Earnings

According to the Articles of Incorporation, annual surpluses concluded by the Company are first subject to taxation and reimbursement of previous losses, followed by a 10% provision for statutory reserve. However, no further provision is needed when the statutory reserve has accumulated to an amount equal to the paid-up capital. Any surpluses remaining shall then be subject to provision or reversal of special reserve, as laws or the authority may require. The residual balance is then added to unappropriated earnings carried from previous years and distributed at the Board of Directors' proposal subject to resolution at a shareholder meeting.

(1) Statutory Reserve

The Company may distribute statutory reserve in cash or in shares in the absence of cumulative losses, subject to resolution in a shareholders meeting; however, only the amount of statutory reserve that exceeds 25% of paid-up capital is distributable.

(2) Special Reserve

When distributing earnings, the Company is bound by laws to make provisions for special reserves equal to the debit balance of other equity items as of the current balance sheet date before proceeding. If the debit balance of other equity items is reversed on a later date, the amount reversed can be added to available earnings for distribution.

The Company has made special reserves according to the FSC's rules when

adopting the FSC-approved IFRS for the first time. The amount of special reserve can be reversed proportionally for distribution when the Company utilizes, disposes of, or reclassifies the asset. Where the above asset is an investment property, reserves for the land portion are reversed at the time the land is disposed of or reclassified; whereas reserves for non-land portions are reversed over the duration of use.

(3) Earnings Appropriation

The Company's 2022 earnings appropriation and cash dividends were resolved during the annual general meeting dated Jun 9, 2022, whereas the 2020 earnings appropriation was resolved during the annual general meeting dated July 29, 2021. Amounts of dividends distributed to owners are explained below:

	2021		2020	
	Stock Dividends per Share (NTD)	Amount	Stock Dividends per Share (NTD)	Amount
Dividends distributed to ordinary shareholders:				
Cash	\$ 1.3	<u>81,900</u>	0.9	<u>56,700</u>

(16) Earnings per Share

Calculation of basic and diluted earnings per share is explained below:

Basic Earnings per Share

	2022	2021
Net Income Attributable to Common Share Holders of the Company	<u>\$ 56,582</u>	<u>81,170</u>
Weighted Average Outstanding Common Shares (thousand shares)	<u>63,000</u>	<u>63,000</u>
Basic Earnings per Share (NTD)	<u>\$ 0.90</u>	<u>1.29</u>

Diluted earnings per share:

	2022	2021
Net Income Attributable to Common Share Holders of the Company	<u>\$ 56,582</u>	<u>81,170</u>
Weighted Average Outstanding Common Shares (thousand shares)	63,000	63,000
Dilutive Effect of Potential Common Shares	38	42
Weighted Average Outstanding Common Shares (thousands) (after adjusting for dilutive effect of potential common shares)	<u>63,038</u>	<u>63,042</u>
Diluted Earnings per Share (NTD)	<u>\$ 0.90</u>	<u>1.29</u>

(17) Revenue From Contracts With Customers

1. Breakdown of Income

	<u>2022</u>	<u>2021</u>
Main regions and markets:		
Taiwan	<u>\$ 223,611</u>	<u>196,888</u>
Key products/services:		
Dyeing Services	\$ 163,059	145,476
Sale of Products	629	377
Lease of Property	<u>59,923</u>	<u>51,035</u>
	<u>\$ 223,611</u>	<u>196,888</u>

2. Contract Balance

Please refer to Note 6(4) for disclosures on accounts receivable and impairment

(18) Remuneration to Employees, Directors, and Supervisors

Pursuant to the Articles of Incorporation, profits concluded from a financial year are subject to employee remuneration of no less than 1% and director/supervisor remuneration of no more than 3%. However, profits must first be taken to offset against cumulative losses if any. Employee remuneration, as mentioned above, can be paid in shares or cash to employees of affiliated companies that satisfy certain criteria.

The Company had estimated employee remuneration at NT\$1,000,000 and NT\$1,260,000, and director/supervisor remuneration at NT\$1,260,000 and NT\$1,260,000 for 2022 and 2021, respectively. These figures were estimated by multiplying the amount of profit before tax and employee/director/supervisor remuneration with the percentages stated in the Articles of Incorporation, and are presented as operating costs or operating expenses for 2022 and 2021. The amounts of employee, director, and supervisor remuneration resolved in the above Board meetings were indifferent from the amounts estimated in the Company's 2022 and 2021 Standalone Financial Statements.

(19) Non-operating Income and Expenses

1. Interest Income

Below are details of the Company's interest income for 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Interest Income From Financial Assets Carried at Amortized Cost	\$ 1,545	1,493
Interest From Bank Deposits	<u>1,697</u>	<u>747</u>
	<u>\$ 3,242</u>	<u>2,240</u>

2. Other Income

Below are details of the Company's other income for 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Dividend Income	\$ 104	52
Other	1,808	2,200
	<u>\$ 1,912</u>	<u>2,252</u>

3. Other Gains and Losses

Breakdown of other gains and losses of the Company for 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Gain (loss) on Disposal of Investment	\$ 1	812
Loss on Currency Exchange	11,310	(3,093)
Other	264	268
	<u>\$ 11,575</u>	<u>(2,013)</u>

4. Financial Costs

Below are details of the Company's financial costs for 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Interest Expenses	<u>\$ 43</u>	<u>51</u>

(20) Financial Instruments

1. Credit Risk

(1) Credit Risk Exposure

The book value of financial asset represents the maximum credit risk exposure.

Maximum credit exposures as of December 31, 2021 and 2020, were NT\$35,554,000 and NT\$19,348,000, respectively.

(2) Concentration of Credit Risk

Credit risk exposure of the Company is mainly affected by the credit characteristics of its debtors. The nature of customers' business activities also affects credit risk exposure to a certain extent. As of December 31, 2022 and 2021, top-5 buyers accounted for 23% and 64% of the Company's total accounts receivable balance.

2. Liquidity Risk

The following chart shows the contract maturity date for financial liabilities, including the effect of interest:

	<u>Book Value</u>	<u>Contractual Cash Flow</u>	<u>Within 1 Year</u>	<u>1-2 Years</u>	<u>2-5 Years</u>
December 31, 2022					
Non-derivative Financial Liabilities					
Notes and Accounts Payable \$	5,011	5,011	5,011	-	-
Other Payables	18,264	18,264	18,264	-	-
Lease Liabilities	1,473	1,499	856	643	-
Guarantee Deposits Received	13,442	13,442	13,442	-	-
	\$ 38,190	38,216	37,573	643	-
December 31, 2021					
Non-derivative Financial Liabilities					
Notes and Accounts Payable \$	6,682	6,682	6,682	-	-
Other Payables	18,618	18,618	18,618	-	-
Lease Liabilities	639	643	643	-	-
Guarantee Deposits Received	10,236	10,236	10,236	-	-
	\$ 36,175	36,179	36,179	-	-

The Company does not expect cash flows in the maturity analysis to occur at any earlier time, or in amounts that differ significantly.

3.Exchange Rate Risk

(1) Exchange Rate Risk Exposure

The Company had the following financial assets and liabilities that were exposed to significant foreign currency/exchange rate risk:

	<u>2022.12.31</u>			<u>2021.12.31</u>		
	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>NTD</u>	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>NTD</u>
<u>Financial Assets</u>						
USD	\$ 3,763	30.71	115,558	3,719	27.68	102,946
EUR	24	32.72	796	24	31.32	762

(2) Sensitivity Analysis

The Company's exchange rate exposure arises primarily from the conversion of cash, cash equivalents, and financial assets carried at amortized cost that are denominated in foreign currencies. Conversion of foreign currency-denominated amounts gives rise to gains/losses on exchange. If NTD strengthened/weakened against USD and EUR by 1% while all other factors remained unchanged as of December 31, 2022 and 2021, profit before tax would have increased/decreased by NT\$1,164,000 and NT\$1,037,000, respectively, in 2022 and 2021. Analyses for the two periods were conducted on the same basis.

(3) foreign exchange gain/loss on monetary items.

	2022		2021	
	foreign exchange (gain) loss	average exchange rate	foreign exchange (gain) loss	average exchange rate
USD	\$ 11,363	29.85	(3,180)	27.80
EUR	\$ (53)	31.35	87	33.11

4. Interest Rate Analysis

Overview of interest-bearing financial instruments outstanding as of the balance sheet date:

	book value	
	2022.12.31	2021.12.31
Fixed rate instruments:		
Financial Assets	\$ 178,327	191,892
Floating rate instruments:		
Financial Assets	\$ 264,555	89,244

Interest rate sensitivity analysis of non-derivative financial instruments outstanding as of the balance sheet date shows that if interest rate increased/decreased by 0.25% while all other variables remained unchanged, the Company's profit before tax would have increased/decreased by NT\$661,000 and NT\$224,000 in 2022 and 2021, respectively. These potential changes are mainly attributed to interest rate exposures of floating-rate bank deposits.

5. Other Price Risks

Impact on comprehensive income caused by changes in the price of equity securities on the reporting date is explained below (the two periods were analyzed using the same basis, while other variables remain unchanged):

	2022		2021	
Price of Security on the Reporting Date	Other Comprehensive Income After Tax	Profit/Loss After Tax	Other Comprehensive Income After Tax	Profit/Loss After Tax
Up 10%	\$ 546	-	642	1,002
Down 10%	(546)	-	(642)	(1,002)

6. Fair Value Information

(1) Category and Fair Value of Financial Instruments

Financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are measured at fair value on a recurring basis. Book value and fair value of financial assets and liabilities are shown below (categorized by level of fair value input; however, it is not required to disclose fair value information for lease liabilities and financial instruments that are not subject to fair value assessment and where the book value resembles the fair value):

2022.12.31					
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial Assets at Fair Value Through Profit or Loss					
Financial Assets at Fair Value Through Other Comprehensive Income	\$ 5,461	2,080	-	3,381	5,461
Equity Instruments					
Financial Assets at Fair Value Through Profit or Loss					
Financial Assets at Fair Value Through Other Comprehensive Income					
Equity Instruments					
Financial Assets at Fair Value Through Profit or Loss	\$ 10,017	10,017	-	-	10,017
Financial Assets at Fair Value Through Other Comprehensive Income					
Equity Instruments	\$ 6,418	3,037	-	3,381	6,418

(2) Fair Value Assessment Techniques for Financial Instruments Carried at Fair Value

Financial instruments that are openly quoted in an active market shall have fair value determined at the openly quoted price. Fair values of public-listed (OTC-traded) equity instruments and debt instruments openly quoted in active markets are determined based on market prices quoted on a major exchange and the OTC center.

A financial instrument is deemed to be openly quoted on an active market if reliable quotations (that are representative of transactions actually and frequently taking place in a fair market) can be obtained from stock exchange, brokers, underwriters, industry associations, pricing institutions, or the authority on a timely and frequent basis. A market is deemed inactive if it fails to satisfy the above conditions. In general, increasing or excessive bid-ask spread and lack of transaction volume are considered signs of an inactive market.

Financial instruments held by the Company are classified into the following categories:

- Financial Instruments With Active Market: Publicly listed and OTC-traded shares

and corporate bonds are deemed to have satisfied the standard conditions and hence treated as financial assets/liabilities with an active market. Their fair values are determined based on market quotations.

- Financial Instruments Without Active Market: Fair values are obtained either by applying valuation techniques or by making reference to counterparties' quotations. Fair value by valuation technique may be obtained by making reference to the prevailing fair value of financial instruments that share similar terms and characteristics or using valuation techniques such as the discounted cash flow method in conjunction with market information available as of the balance sheet date.

(3) No change of fair value input at any level took place in 2021 or 2020.

(4) Details of Level 3 Changes

Accounts that involve a change of level 3 fair value input:

	2022	2021
Closing Balance (i.e., opening balance)	<u>\$ 3,381</u>	<u>3,381</u>

(5) Quantitative Information of Significant and Unobservable Fair Value Input (level 3)

Assets that involve the use of level 3 fair value input mainly include equity instruments at fair value through other comprehensive income.

Assets that have been classified as level 3 fair value inputs only use one significant and unobservable input. Significant and unobservable fair value inputs are independent between equity instruments without an active market, hence no correlation exists.

Quantitative information of significant and unobservable inputs:

Item	Valuation Technique	Significant Unobservable Input	Relationship Between Fair Value and Significant and Unobservable Input
Financial Assets at Fair Value Through Other Comprehensive Income - Equity Instruments Without an Active Market	Comparable Listed Company Approach	• Discount for lack of liquidity (30% as of December 31, 2022 & December 31, 2021). • Price-to-book ratio (0.71-3.47) as of December 31, 2022 and 0.78-4.82 as of December 31, 2020).	• The higher discount for lack of liquidity, the lower the fair value. • The higher the price-to-book ratio, the higher the fair value.

(6) Sensitivity of Level 3 Fair Value Inputs to Reasonable, Possible Alternative Assumptions

The Company considers its fair value assessment of financial instruments to be reasonable, but uses of different valuation models or parameters may lead to different results. For financial instruments classified as level 3 inputs, impacts on current profit or loss or other comprehensive income in the event of a change in valuation parameters are explained below:

			Upward/ Downward Variation	Fair Value Changes Reflected in Other Comprehensive Income	
				Favorable Variation	Variation
December 31, 2021					
Financial Assets at Fair Value Through Other Comprehensive Income					
Equity Instruments Without an Active Market	Price-to-book Discount for Liquidity	Ratio, Lack of	±1%	34	(34)
December 31, 2020					
Financial Assets at Fair Value Through Other Comprehensive Income					
Equity Instruments Without an Active Market	Price-to-book Discount for Liquidity	Ratio, Lack of	±1%	34	(34)

(21) Financial Risk Management

1. Overview

Use of financial instruments exposes the Company to the following risks:

- (1) Credit Risk
- (2) Liquidity Risk
- (3) Market Risk

This footnote discloses exposure, assessment, and the Company's management goals, policies, and procedures for the abovementioned risks. For further quantitative disclosures, please see notes to the Standalone Financial Statements.

2. Risk Management Framework

The Company has established its risk management policy to identify and analyze the risks associated with business activities, to set appropriate risk limits and controls, and to monitor risk exposures as well as compliance with various risk limits. The Company examines its risk management policy and system regularly and makes timely

changes to reflect current market conditions and practices. Through implementation of training, management guidelines, and operating procedures, the Company aims to create a disciplined and constructive control environment where all employees are aware of their roles and duties.

The Audit Committee supervises managers on how to monitor compliance with the Company's risk management policies and procedures, and reviews the appropriateness of the risk management framework given the type of risk encountered. The Company has internal audit personnel in place to assist the Audit Committee with supervisory duties. These personnel conduct regular and ad-hoc reviews over existing risk management controls and procedures, and report their findings to the Audit Committee.

3. Credit Risk

Credit risk refers to the risk of financial loss the Company may incur due to its customers or financial instrument counterparties being unable to fulfill contractual obligations. Credit risk mainly arises from customers' accounts receivable and securities investment.

(1) Accounts Receivable and Other Receivables

Credit risk exposure of the aforementioned accounts varies from customer to customer. The management also takes into consideration common factors including default risk of customers' industries and countries, as these factors are likely to affect credit risk.

The Finance and Accounting Department has established a credit policy, which requires every new customer to have their credit rating analyzed before being awarded standard payment and delivery terms and payment. The Company may rely on external ratings, if available, or contact through the bank in some situations for its review. Procurement limits are assigned on a customer-by-customer basis. The limit represents the maximum amount of uncollected sales proceeds approved by the Finance and Accounting Department. These limits are reviewed on a regular basis. Customers that do not meet credit rating requirements may transact with the Company either on a prepaid basis or by placing collateral.

The Company maintains an allowance account that reflects its estimate of losses on accounts receivable, other receivables, and investments. The allowance account includes losses that are specific to individually significant exposures, as well as combined losses that have incurred but not yet identified for groups of similar assets. Combined losses are determined using historical recovery data of similar financial assets.

(2) Investments

Credit risks associated with bank deposits and other financial instruments are assessed and monitored by the Company's Treasury Department. The Company transacts and deals only with banks of strong credit standing and financial institutions, companies, and government institutions of investment grade and above, hence there is no material concern in terms of contract fulfillment or credit risk exposure.

(3) Guarantees

According to the Company's policies, financial guarantees can only be offered between parent and subsidiary companies. The Company had offered NT\$46,065,000 and NT\$451,520,000 of endorsements/guarantees as of December 31, 2022 and 2021, respectively.

4. Liquidity Risk

Liquidity risk represents risk of the Company being unable to settle financial liabilities with cash or other financial assets, or being unable to fulfill relevant obligations. The Company manages liquidity in a manner that ensures that the Company has adequate working capital to repay liabilities when due, under both normal and stressed scenarios, and therefore prevent occurrence of intolerable losses and risk of damage to the Company's reputation.

Generally speaking, the Company ensures that it has sufficient cash to cover short-term expected operating expenditures, including fulfillment of financial obligations, except potential cash outlays that can not be reasonably estimated under extreme circumstances, such as the case of a natural disaster.

5. Market Risk

Market risk refers to the effect a change of market price may have on the income or value of financial instruments held on hand, whether it is an exchange rate instrument, interest rate instrument, equity instrument, or otherwise. The goal of market risk management is to control market risk exposure within a tolerable range while optimizing investment returns.

(1) Exchange Rate Risk

The Company is exposed to exchange rate risks arising from sales, purchases, and borrowings that are denominated in non-functional currencies. NTD represents the group's main functional currency; transactions are also denominated mainly in currencies such as NTD, USD, and EUR.

(2) Interest Rate Risk

Floating-rate bank deposits are the main source of interest rate risk for the Company; a change in market interest rate would result in a fluctuation of future cash flow.

(3) Other Market Price Risks

The Company is exposed to equity price risk due to investments in shares of listed companies and beneficiary certificates of domestic/offshore funds. These equity investments are held as strategic investments and not for trading. The Company does not actively trade the above investments; risk is managed by holding portfolios of different risk profiles.

(22) Capital Management

The Board of Directors has adopted a policy that aims to maintain a robust capital structure in a way that strengthens investors', creditors', and the market's confidence and supports future operations. Capital includes share capital, capital reserve, retained earnings, and non-controlling equity. The Board of Directors monitors returns on capital and exercises control over the level of common share dividends.

Debt-to-capital ratio of the Company as of the 2022 and 2021 balance sheet dates:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Total Liabilities	\$ 199,004	200,533
Less: Cash and Cash Equivalents	(373,783)	(270,161)
Net Liabilities	<u>\$ (174,779)</u>	<u>(69,628)</u>
Total Equity	<u>\$ 1,106,252</u>	<u>1,129,086</u>
Debt-to-capital Ratio	<u>(15.80)%</u>	<u>(6.17)%</u>

There was no change to the Company's capital management approach as of December 31, 2022 and 2021.

(23) Non-cash Investing and Financing Activities

Non-cash investing and financing activities in 2022 and 2021:

1.Reconciliation of liabilities associated with financing activities is explained below:

	<u>2022.1.1</u>	<u>Cash Flow</u>	<u>Get</u>	<u>Other</u>	<u>2022.12.3 1</u>
Guarantee Deposits Received	\$ 10,249	3,206	-	-	13,455
Lease Liabilities	639	(717)	1,680	(129)	1,473
Total Liabilities Relating to Financing Activities	<u>\$ 10,888</u>	<u>2,489</u>	<u>1,680</u>	<u>(129)</u>	<u>14,928</u>
	<u>2021.1.1</u>	<u>Cash Flow</u>	<u>Other</u>	<u>2021.12.3 1</u>	
Guarantee Deposits Received	\$ 10,236	13	-	10,249	
Lease Liabilities	1,479	(669)	(171)	639	

Total Liabilities Relating to Financing Activities	\$	<u>11,715</u>	<u>(656)</u>	<u>(171)</u>	<u>10,888</u>
--	----	---------------	--------------	--------------	---------------

7. Related Party Transactions

(1) Name of Related Party and Relationship

Transactions with related parties during the reporting period of the Standalone Financial Statements are as follows

<u>Name of Related Party</u>	<u>Relationship With the Company</u>
Nanotech Semiconductor Corp.	Subsidiary of the Company

(2) Significant Transactions With Related Parties

1. Lease

(1) The Company has leased its land and buildings located in Luzhu District, Taoyuan City, to Nanotech Semiconductor. Rent was determined through negotiation, based on the average rent of nearby locations at the time the contract was signed. Lease contracts are signed anew upon expiry, and the current lease expires in June 2023, for which the Company has collected a guarantee deposit of NT\$1,200,000 and presented the amount as another non-current liability.

(2) Amounts of rental income generated from the above lease in 2022 and 2021 were reported as NT\$14,839,000 and NT\$14,925,000, respectively. There was no uncollected rental income at the period-end.

2. Endorsements and Guarantees

The Company offered NT\$46,065,000 and NT\$4,1520,000 (US\$1,500,000) of endorsements/guarantees as of December 31, 2022 and 2021, respectively, to support bank borrowings of its subsidiary.

(3) Transactions Involving Key Management Personnel

Compensation to key management personnel includes the following:

	<u>2022</u>	<u>2021</u>
Short-term Employee Welfare	<u>\$ 4,470</u>	<u>4,720</u>

8. Pledged Assets

Book value of assets pledged by the Company is explained below:

<u>Name of Asset</u>	<u>Borrowings Secured</u>	<u>2022.12.31</u>	<u>2021.12.31</u>
Land	Bank Credit Limit	\$ 11,322	11,322
Buildings	“	6,990	7,794
Time Deposit (Note)	Guarantee Deposit for Natural Gas Usage	-	30,538
		<u>\$ 18,312</u>	<u>49,654</u>

(Note) Presented as financial assets carried at amortized cost - non-current.

9. Major Contingent Liabilities and Unrecognized Contractual Commitments

Please see Note 7(2) for details of endorsements/guarantees that the Company has offered to subsidiaries.

10. Losses From Major Disasters: None.

11. Major Post-balance Sheet Date Events: None.

12. Others

Summary of employee benefits, depreciation, depletion, and amortization expenses by function:

Function Nature	2022			2021		
	Presented as Operating Costs	Presented as Operating Expenses	Total	Presented as Operating Costs	Presented as Operating Expenses	Total
Employee Welfare Expenses						
Salary Expenses	27,334	13,273	40,607	28,853	14,631	43,484
Labor/Health Insurance Premium	2,778	1,137	3,915	2,833	1,231	4,064
Pension Expenses	-	2,343	2,343	-	2,236	2,236
Directors' Remuneration	-	1,260	1,260	-	1,260	1,260
Other Employee Welfare Expenses	312	482	794	275	443	718
Depreciation Expenses	7,696	2,558	10,254	7,597	2,536	10,133
Amortization Expenses	-	-	-	-	-	-

Additional information on number of employees and employee benefit expenses for 2022 and 2021 is presented below:

	2022	2021
Number of Employees	<u>76</u>	<u>80</u>
Number of Directors Without Concurrent Positions as Employees	<u>5</u>	<u>5</u>
Average Employee Welfare Expenses	<u>\$ 671</u>	<u>674</u>
Average Salary Expenses	<u>\$ 572</u>	<u>581</u>
Adjustments to Average Employee Salary Expenses	<u>(1.55)%</u>	
Supervisors' Compensation	<u>\$ -</u>	<u>-</u>

Information regarding the Company's salary and compensation policies (including directors, supervisors, managers, and staff):

The Board of Directors has assembled a Remuneration Committee to help establish and conduct regular reviews of directors' and managers' performance evaluation as well as

compensation policy, system, standards, and structure.

A. Directors and Supervisors

The Board of Directors is authorized under the Articles of Incorporation to determine the level of compensation to directors based on their engagement in and contribution to the Company's operations, and in reference to peer companies' pay.

B. Managers

Managers' salaries are proposed by the Remuneration Committee for resolution of the Board of Directors.

C. Employees

Employees' salary and bonus are determined according to the salary policy stipulated in the Company's Work Rules.

D. Directors' Remuneration and Employee Profit Sharing

In years when the Company reports profits, the Remuneration Committee makes proposals of the above to the Board of Directors based on the percentages outlined in the Articles of Incorporation.

Compensation standards, structures, and systems for directors, managers, and employees have been developed after taking into consideration the future risks associated with the Company's operations and positive correlations with business performance. They have been adjusted to maintain the balance between continuity and risk management.

13. Other Disclosures

(1) Information Relating to Significant Transactions

Significant transactions in 2021 that require further disclosure under the Preparation Guidelines are as follows:

1. Loans to Third Parties: None.

2. Endorsements/Guarantees to Third Parties:

Serial No.	Name of Endorser/Guarantor	The Endorsed/Guaranteed Company Name	Relationship (Note 2)	Endorsement/Guarantee Limit per Company	Highest Balance of Endorsements/Guarantees in the Current Year	Closing Balance of Endorsements/Guarantees (Note 3)	Actual Amount Drawn	Amount of Endorsements/Guarantees Secured by Property	Cumulative Amount of Endorsements/Guarantees as a Percentage of Net Worth Stated in the Latest Financial Statements	Endorsement/Guarantee Limit	Parent Company's Guarantees/Endorsements to Subsidiaries	Subsidiary's Guarantees/Endorsements to Parent Company	Guarantees/Endorsements to the Mainland Area
0	The Company	Nanotech Semiconductor	(2)	542,063	46,065	46,065	-	-	4.16%	1,106,252	Y	N	N

Note 1: Specify the Company's single-party and overall endorsement/guarantee limits as mentioned in the external party endorsement/guarantee procedures. Explain in the remarks field how the single-party and overall endorsement/guarantee limits are calculated. According to the Company's external party endorsement/guarantee procedures, the sum of endorsements/guarantees offered to all external parties may not exceed the Company's current net worth, and endorsements/guarantees offered to any single party may not exceed 49% of the Company's current net worth.

Note 2: Relationship with the endorsed/guaranteed is classified into the 7 categories below; denote with numbers:

- (1) Businesses that the Company has business dealings with.
- (2) Businesses in which the Company holds more than 50% direct or indirect voting interest.
- (3) Business that holds more than 50% direct or indirect voting interest in the Company.
- (4) Business in which the Company holds more than 90% direct or indirect voting rights.
- (5) Peer or partner of a construction contract that the Company is in need to provide cross guarantees for.
- (6) Investee of a joint investment arrangement for which the Company and other shareholders have issued endorsements/guarantees proportionate to ownership interest.
- (7) Peer of a property pre-sale contract for which the Company has issued performance guarantee in accordance with the Consumer Protection Act.

Note 3: Calculated based on the end-of-period exchange rate.

3. End-of-period holding position of marketable securities (excluding investment in subsidiaries, associated companies, and joint ventures):

Holder	Name and Type of Securities	Relationship With the Securities Issuer	Account Category	End-of-period				Remarks
				Shares	Book Value	Shareholding Percentage %	Fair Value	
Nanotech Semiconductor	Standard Chartered PLC	None	Financial Assets at Fair Value Through Profit or Loss - Non-current	-	22,719	-	22,719	
The Company	Sincere Navigation Corporation	None	Financial Assets at Fair Value Through Other Comprehensive Income - Non-current	104,025	2,080	0.02	2,080	
"	Yong Cheng Environmental Tech. Co., Ltd.	None	Financial Assets at Fair Value Through Other Comprehensive Income - Non-current	338,037	3,381	0.32	3,381	
"	Shares of Taiwan Pineapple Corporation	None	Financial Assets at Fair Value Through Other Comprehensive Income - Non-current	5,042	-	-	-	

4. Cumulative purchase or sale of any single marketable security that amounts to NT\$300 million or more than 20% of paid-up capital: None.

5. Acquisition of real estate amounting NT\$300 million or more than 20% of paid-up capital: None.

6. Disposal of real estate amounting NT\$300 million or more than 20% of paid up capital: None.

7. Sales and purchases with related parties amounting NT\$100 million or more than 20% of paid-up capital: None.

8. Related party receivables amounting NT\$100 million or more than 20% of paid-up capital: None.

9. Derivative transactions: None.

(2) Information on business investments:

Information about the Company's business investments in 2022:

Name of Investor	Name of Investee	Location	Main Business Activities	Amount of Initial Investment		End-of-period Holding Position			Current Period Profit (loss) of the Investee	Investment Gains (losses) Recognized in the Current Period	Remarks
				Current Period-end	Previous Period-end	Shares	Ratio	Book Value			
The Company	Nanotech Semiconductor Corp.	Taiwan	Semiconductor Assembly and Testing	164,191	164,191	16,253,549	82.09%	218,180	(3,353)	(2,776)	Note 1

Note 1: The above transaction of shares has been fully eliminated when preparing Consolidated Financial Statements.

(3) Information relating to investments in the Mainland: None.

(4) Information on major shareholders:

Name of Major Shareholder	Share	Shares Held	Shareholding Percentage
Shi Rong Investment Co., Ltd.		6,266,293	9.94%
Ho Ping		5,756,233	9.13%
Ho Chun		4,463,764	7.08%
Bank of Taiwan in its Capacity as Master Custodian for the Investment Account of Globaltone Corporation Limited		4,306,250	6.83%
Ho Shih-I Memorial Foundation for Culture and Education		3,836,217	6.08%
Standard Chartered Bank in its Capacity as Master Custodian for the Investment Account of the Ingruiji Fund		3,239,000	5.14%
Kuo Li-Ming		3,242,125	5.14%

14. Segment Information

Please see the 2022 Consolidated Financial Statements.

Nan Yang Dyeing & Finishing Co., Ltd.

Cash and Cash Equivalents Account

Balance as of December 31, 2022

**Unit: NTD
thousands**

Item	Summary	Amount
Reserve Cash		\$ 101
Bank Deposits	Check Deposits	791
	NTD Demand Deposits	53,636
	Foreign Currency Demand Deposits (US\$63,000 and EUR24,000)	2,728
	NTD Time Deposits	242,700
	Check Deposits(US\$3,700,000)	113,627
Total		<u><u>\$ 413,583</u></u>

Nan Yang Dyeing & Finishing Co., Ltd.

Financial Asset at Fair Value Through Profit or Loss - Current Account

For the Period January 1 to December 31, 2022

Unit: NTD thousands

Name	Beginning Retained Earnings		Current Period Increase		Current Period Decrease		Other Changes		Beginning Retained Earnings			Collateralized or Pledge	Remarks
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Shareholding Percentage	Amount		
Jih Sun Money Market Fu	-	<u>\$ 10,017</u>	-	<u>-</u>	-	<u>10,018</u>	-	<u>1</u>	-	- %	<u>-</u>	none	-

Nan Yang Dyeing & Finishing Co., Ltd.

Notes and Accounts Receivable Account

Balance as of December 31, 2022

Unit: NTD
thousands

Customer Name	Summary	Amount
• Fu Mao Xing Fibre Co., Ltd.		
	Operating	\$ 2,000
• Rong Xing Development Co., Ltd.	"	1,200
• Hui Xin Industrial Co., Ltd.	"	620
• Cotton Textile Industry Co., Ltd.	"	500
• Jun Xin Industrial Co., Ltd.	"	480
• Jian Long Textile Co., Ltd.	"	363
• Shi Quan Industrial Co., Ltd.	"	334
• Other	"	236
Subtotal		5,733
Accounts receivable:		
Yi Kang Xing Ye Co., Ltd.	"	1,082
• Song Mian Shi Ye Co., Ltd.	"	863
• Sheng Er Qi Ye She	"	785
• Fu Mao Xing Fibre Co., Ltd.	"	518
• Cotton Textile Industry Co., Ltd.	"	403
• Jie Xing International Development Co., Ltd.	"	384
• Other (note)	"	1,172
• Less: Allowance for doubtful accounts		(1)
• Subtotal		5,206
• Total		<u>\$ 10,939</u>

Note: Sum of items that represent less than 5% of account balance.

Nan Yang Dyeing & Finishing Co., Ltd.

Inventory Account

Balance as of December 31, 2022

**Unit: NTD
thousands**

<u>Item</u>	<u>Amount</u>	
	<u>Cost</u>	<u>Net Realizable Valu</u>
Raw Materials	\$ 504	\$ 474
By-products	106	106
Subtotal	610	<u>580</u>
Less: Loss Provisions	(30)	
	<u>\$ 580</u>	

Other Current Assets Account

<u>Item</u>	<u>Amount</u>
Other accounts receivable	\$ 512
Supplies Inventory Count	\$ 127
	<u>\$ 639</u>

Nan Yang Dyeing & Finishing Co., Ltd.

Financial Assets at Fair Value Through Other Comprehensive
Income -Non-current Variation Account

For the Period January 1 to December 31, 2022

Unit: NTD thousands

Investee	Beginning Retained Earnings		Current Period Increase		Current Period Decrease		Other Changes (Note)		Closing Balance			Market Price or Net Equity		Collateralized or Pledged
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Percentage	Amount	Unit Price	Total Price	
Shares of Sincere Navigation Corporation	104,025	\$ 3,037	-	-	-	-	-	(957)	104,025	0.02%	2,080	20.00	2,080	none
Shares of Taiwan Pineapple Corporation	5,042	-	-	-	-	-	-	-	5,042	- %	-	-	-	none
Shares of Yong Cheng Co., Ltd.	338,037	<u>3,381</u>	-	<u>-</u>	-	<u>-</u>	-	<u>-</u>	338,037	- %	<u>3,381</u>	-	<u>3,381</u>	None
Total		<u>\$ 6,418</u>		<u>-</u>		<u>-</u>		<u>(957)</u>			<u>5,461</u>		<u>5,461</u>	

Note: Other changes include the recognition of unrealized gains/losses on financial assets at fair value through other comprehensive income totaling NT\$957,000

Nan Yang Dyeing & Finishing Co., Ltd.

Equity-accounted Investment Variation Account

For the Period January 1 to December 31, 2022

Unit: NTD thousands

Equity-accounted Investment Variation Account

	Beginning Retained Earnings		Current Period Increase		Current Period Decrease (Note 1)		Other Changes (Note 2)		Closing Balance			Market Price or Net Equity	Collateralized or Pledged
	Shares	Amount	Shares	Amount	Shares		Amount		Shares	Percentage	Amount		
Nanotech Semiconductor Corp.	16,253,549	<u>\$ 237,459</u>	-	<u>-</u>	-	<u>(21,130)</u>	-	<u>(2,149)</u>	16,253,549	82.09%	<u>214,180</u>	<u>214,180</u>	none

(Note 1) Current period decrease was attributed to cash dividends received (presented as contra item of long-term equity investment).

(Note 2) Other changes in the current period include gain on investment, translation differences from foreign operations, and shares of other comprehensive income from subsidiaries, equity-accounted associated companies, and joint ventures - not reclassified into profit or loss.

Nan Yang Dyeing & Finishing Co., Ltd.

Property, Plants, and Equipment Variation

Account

Balance as of December 31, 2022

**Unit: NTD
thousands**

Please see Note 6(8) of the Standalone Financial Statements.

Right-of-use Asset Variation Account

Please see Note 6(9) of the Standalone Financial Statements.

Investment Property Variation Account

Please see Note 6(10) of the Standalone Financial Statements.

Nan Yang Dyeing & Finishing Co., Ltd.

Notes and Accounts Payable Account

Balance as of December 31, 2022

**Unit: NTD
thousands**

<u>Customer Name</u>	<u>Summary</u>	<u>Amount</u>
• He Li Enterprise Co., Ltd.	Operating	\$ 1,169
• Fu Sheng Enterprise Co., Ltd.	"	574
• Dong Nan Industrial Co., Ltd.	"	567
• Jin Huang Dyestuff Co., Ltd.	"	399
• Taiwan Nissho Chemical Industry Co., Ltd.	"	270
• Alliance Dyestuff Chemical Co., Ltd.	"	236
• Other	"	1,796
• Total		<u><u>\$ 5,011</u></u>

Note: Sum of items that represent less than 5% of account balance.

Other Current Liabilities Account

<u>Item</u>	<u>Amount</u>
Other Accrued Expenses (including other taxes payable)	\$ 10,043
Other Payables	5,960
Business Tax Payable	2,260
Employee Remuneration and Director/Supervisor Remuneration Payable	300
Others (Note)	1,787
	<u><u>\$ 20,350</u></u>

Note: Sum of items that represent less than 5% of account balance.

Nan Yang Dyeing & Finishing Co., Ltd.

Other Non-current Liabilities Account

Balance as of December 31, 2022

**Unit: NTD
thousands**

<u>Item</u>	<u>Amount</u>
Net Defined Benefit Liabilities - Non-current	\$ 13,442
Guarantee Deposits Received	8,067
	<u><u>\$ 21,509</u></u>

Operating Revenue Account

For the Period January 1 to December 31, 2022

<u>Item</u>	<u>Volume</u>	<u>Amount</u>
Service income:		
Income From Dyeing (synthetic fabric, etc.)	2,871 Tonnes	\$ 164,523
Less: Service Discount		(1,464)
Sales revenue:		
Defective Fabric	18 Tonnes	629
Rental Income	Income From Leasing of Land and Dormitori	<u>59,923</u>
Total		<u><u>\$ 223,611</u></u>

Nan Yang Dyeing & Finishing Co., Ltd.

Operating Cost Account

For the Period January 1 to December 31, 2022

**Unit: NTD
thousands**

<u>Item</u>	<u>Amount</u>
Service cost:	
Direct materials:	
Opening Inventory	\$ 4,491
Plus: Purchases for the Current Period	18,797
Less: Sales Return and Discount	<u>(504)</u>
Less: Closing Inventory	<u>22,784</u>
Amount Consumed in the Current Period	12,131
Direct Labor	67,345
Manufacturing Overhead	<u>(78)</u>
Less: Income From Sale of Scrap and Waste	<u>102,182</u>
Total Service Costs	
Cost of sales:	<u>3,092</u>
Opening Balance of Finished Goods	<u>3,092</u>
Cost of Sales - Knitted Fabric	
Cost of Sales - Defective Goods	<u>1,531</u>
Total Cost of Sales	<u><u>\$ 106,805</u></u>

Nan Yang Dyeing & Finishing Co., Ltd.

Operating Expense Account

For the Period January 1 to December 31, 2022

**Unit: NTD
thousands**

Item	Selling and Marketing Expenses	General and Administrative Expenses	R&D Expenses	Total
Salary	\$ -	10,160	2,436	12,596
Taxes and Levies	-	30,760	-	30,760
Other Expenses	-	3,504	-	3,504
Other - Note	-	13,608	675	14,283
Total	\$ -	58,032	3,202	61,143

Note: Items that did not represent more than 5% of account balance were not listed separately.