One. Report to Shareholders

Dear Ladies and Gentlemen:

Please refer to the following for a report of the Company's consolidated operational performance for 2022 and 2021:

Unit: NTD thousands

Item	2022	2021	Variation (%)
Net Operating Revenue	395,971	477,354	(17.0)
Operating Profit	45,897	109,052	(57.9)
Non-operating Income and Expenses	23,218	649	3477.5
Profit Before Tax	69,115	109,701	(37.0)
Income Tax Expenses	(13,135)	22,219	(40.9)
Net Income	55,980	87,482	(36.0)

1. Operational Overview of the Parent Company:

Fabric Type	2022	2021	Variation (%)
Cotton	826,855 kg	794,514 kg	(1.2)
Long Fiber Knitted Fabric	92,667 kg	128,749 kg	(16.6)
Interwoven Chemical Fiber Fabrics	536,931 kg	415,745 kg	19.7
Total Shipment Volume	1,456,453 kg	1,339,009 kg	4.3
Net Operating Revenue (Note)	NT$163,687,000	NT$141,767,000	12.2

Note: Does not include rental income.

2. Operational Overview of Subsidiaries:

Item	2022	2021	Variation (%)
Sales Revenue	NT$39,142,000	NT$42,401,000	(7.6)
Service Income	NT$148,059,000	NT$252,990,000	(41.5)
Total Shipment Volume	339,013,488pcs	552,152,480 pcs	(38.6)
Net Operating Revenue	NT$187,201,000	NT$295,391,000	(36.6)

Since its establishment in 1964, our company has been providing high-quality and diverse products and services to customers with professional dyeing and finishing technology. Over the past century, we have faced countless challenges and environmental changes, but we have been able to continue to create benefits for shareholders and become an industry benchmark. However, in recent years, due to geopolitical factors, changes in environmental regulations, changes in consumer habits brought about by the epidemic period, and extremely difficult labor recruitment, the company has decided to withdraw from the dyeing and finishing business on August 26, 2022, while its operating conditions are still good. The company will focus on leasing business as its main business item to activate assets and achieve better business profits, maximizing company profits.

Although our company announced the end of dyeing and finishing operations in 2022, the total shipment volume and operating net income (excluding rental income) of this business have grown relatively by 4.3% and 12.2%, respectively. However, our subsidiary Nanyan Semiconductor Co., Ltd. has experienced a decline of 36.6% in operating net income and a decline of 38.6% in shipment volume due to the fact that most of its end customer products are high-inventory consumer electronics products.

Since January 19, 2023, when our company announced the cessation of dyeing and finishing operations, we have begun to actively deal with machine equipment and factory-related waste while publicly seeking suitable tenants for asset activation and utilization optimization. Our subsidiary has also started education training and application for IATF16949 global automotive industry quality management system certification since 2022. After achieving certification, it will expand its related IC product business for electric vehicles. We hope that with the efforts of all employees, we can create better performance to reward shareholders for their love for our company over the years.

Best Wishes
The Chairman
June Ho

Two. Company Profile

1. Date of Incorporation: December 22, 1964
2. Company History:

1964	Founded with capital of eight million New Taiwan Dollars.
1965	Commenced operations.
1973	Shares were listed for trading on the TWSE.
1974	Began construction of the Taoyuan Plant, for which resolutions were made during the 1974 annual general meeting to issue new shares for cash and against capitalization of earnings, thereby increasing total capital to NT$126 million. The Company subsequently created a Knitted Fabric Department and expanded its cotton dyeing plant to produce premium cotton fabrics with the hope of increasing business opportunities and profit.
1976	Cash issue was approved during the annual general meeting, increasing share capital to NT$160 million.
1977	Acquired an office building in Taipei to serve as a contact; renewed production machinery and adopted computer systems for automation, improved efficiency, and the capacity to produce products of higher quality, added value, and variety.
1983	Invested additional capital into improving environmental protection facilities to support the government’s environmental policies.
1991	Renovated workshops and replaced and acquired equipment at the Sanchong Plant with the introduction of new production lines and redesigned processes; established the Hong Kong Office for the purpose of gathering international information.
1992	Capitalized earnings for the construction of a printing plant, which increased share capital to NT$719,051,270.
1994	Capitalized earnings to renew equipment at the Taoyuan Plant and Sanchong Plant, including the acquisition of one forming machine for each plant. Furthermore, one set of wastewater treatment equipment was acquired and connected to the existing water treatment facilities to comply with environmental protection requirements when producing printed fabrics. Share capital was increased to NT$760 million after capitalization.
1995	Capitalized earnings to replace dyeing machine, drying machine, and exhaust treatment equipment, including the acquisition of two forming machines for production activities at the printing plant. Share capital was increased to NT$820,800,000.
1995	Removed the Hong Kong Office due to change of business strategies.
1996	Capitalized capital reserves, increasing share capital to NT$845,424,000.
1998	Capitalized earnings to support expansion, office construction, dyeing machine renewal, and acquisition of auto weighing equipment at the Taoyuan Plant. Share capital was increased to NT$900 million. Founded subsidiary (Nanotech Semiconductor Corp.) with total capital of NT$500 million. Main business activities include assembly and testing of communication semiconductors.
2000	Relocated production machinery and equipment from the Sanchong Plant to the Taoyuan Plant for centralized management and reduction of operating costs.
2002	Leased land of the Sanchong Plant to HCT Logistics Co., Ltd. and signed a property leasing contract.
2003	The subsidiary (Nanotech Semiconductor Corp.) reduced capital to NT$360 million.
2003	The head office initially registered at Sanchong District, New Taipei City, was relocated to and registered in Taoyuan County in 2003.
2006	Underwent re-organization and consolidated the synthetic fiber plant, cotton plant, and printing plant into the Manufacturing Department.

2007 Acquired a plant premise for Nanotech Semiconductor Corp. and signed a property leasing contract to secure property rights.

2008 The Printing Section of the Manufacturing Department ceased production activities. The subsidiary (Nanotech Semiconductor Corp.) reduced capital to NT$198 million.

2014 The parent company made a capital reduction with cash payout totaling NT$180 million, which reduced share capital to NT$720 million.

2019 The parent company made a capital reduction with cash payout totaling NT$90 million, which reduced share capital to NT$630 million.

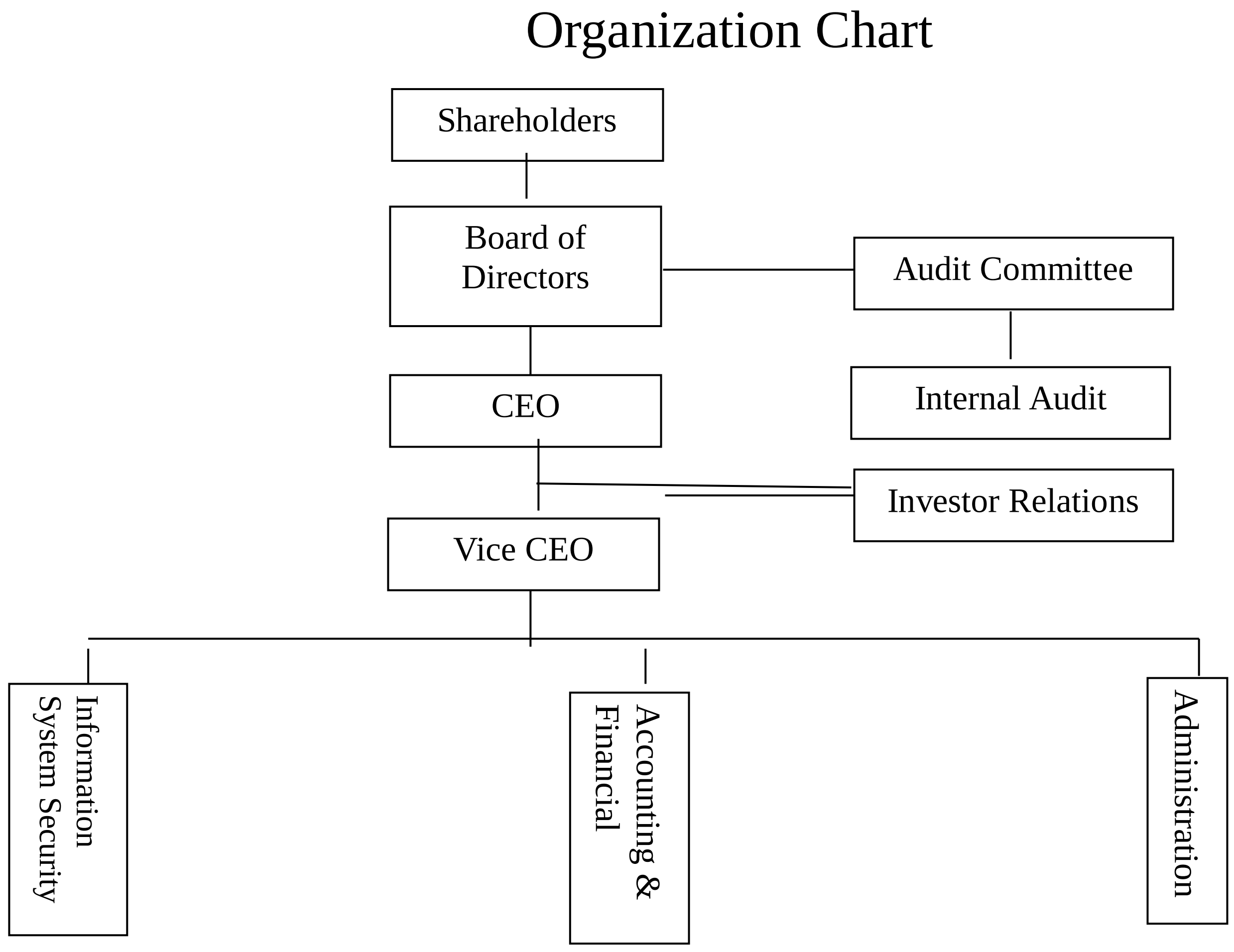
2021 The parent company announced the end of the dyeing and finishing industry operation on August 26th.

2022 The parent company suspended the dyeing and finishing industry operation in January.

Three. Corporate Governance Report

1. Organizational Structure

(1) Organization Chart



(2) Department Responsibilities

Unit	Main Responsibilities
Investor Relation Office	◆Assisting the company in communicating and exchanging information with external shareholders and other entities.
Internal Audit Office	◆Executes regular audits on various operations and management systems, based on the Company’s internal control system.
Accounting & Financial Department	◆Responsible for tasks related to banking, accounting, disbursement, and tax planning.
Administration Department	◆Oversees procurement, general affairs, personnel management, and property/equipment management at plants.
IT Department	◆Implementation of an information processing system and data maintenance.

2. Background Information of Directors, Supervisors, the President, and Heads of Departments

(1) Directors' and Supervisors' Background

April 11, 2022

Position	Nationality or Place of Registration	Name	Gender Age	Date Elected/Appointed	Term of Service	Date First Elected	Shareholding When Elected		Current Shareholding		Shareholding of Spouse and Underage Children		Shares Held by Proxy		Main Career (Academic) Background	Concurrent Duties in the Company and in Other Companies	Spouse or Relatives of Second Degree or Closer Acting as Manager, Director, or Supervisor			Remarks
							Shares	Shareholding Percentage	Shares	Shareholding Percentage	Shares	Shareholding percentage	Shares	Shareholding percentage			Position	Name	Relationship	
Chairman and President	The Republic of China	Ho June	Male 70	July 29, 2021	3 Years	May 23, 1980	5,101,445	7.09%	4,463,764	7.09%	1,160,134	1.84%	-	-	Department of Textiles, Oriental Institute of Technology	Nanotech Semiconductor Corp. - Chairman	Spokesperson	Chang Ai-Yu	Spouse	
Director	The Republic of China	Ho Chen-Yuan	Male 47	July 29, 2021	3 Years	May 25, 1983	230,400	0.32%	201,600	0.32%	-	-	-	-	Department of Finance, Boston University	Nanotech Semiconductor Corp. - Director and President	Chairman and President	Ho Chun	Father and Son	
Director	The Republic of China	Shi Rong Investment Co., Ltd.	36	July 29, 2021	3 Years	June 10, 2015	7,161,478	9.95%	6,266,293	9.95%	-	-	-	-	-	None	-	-	-	
Independent Director	The Republic of China	Chou Che-Yi	Male 47	July 29, 2021	3 Years	July 29, 2021	0	0%	0	0%	-	-	-	-	Master of Accounting, National Taipei University	None	-	-	-	During the annual general meeting held on July 29, 2021, an Audit Committee was assembled and independent directors were elected to replace supervisors.
Independent Director	The Republic of China	Chang Nai-Ren	Male 48	July 29, 2021	3 Years	June 12, 2012	0	0%	0	0%	-	-	-	-	Graduate School of Business, Rice University	None	-	-	-	
Independent Director	The Republic of China	Chen Hung-I	Male 53	July 29, 2021	3 Years	June 12, 2012	0	0%	0	0%	-	-	-	-	Department of Law, Chinese Culture University	None	-	-	-	
Independent Director	The Republic of China	Chen Hsi-Chuan	Male 50	July 29, 2021	3 Years	July 29, 2021	0	0%	0	0%	-	-	-	-	Master of Law, National Chengchi University	None	-	-	-	

Note 1: For corporate shareholders, the names and representatives are stated individually (for representatives, the names of the respective corporate shareholders they represent are stated separately), and additional disclosures are made in Table 1.

Note 2: Age may be presented in ranges, such as 41-50 or 51-60.

Note 3: Any disruption of duty as a director or supervisor after the date first elected is addressed in a separate remark.

Note 4: The work experience of anyone above relating to their current roles, e.g. previous employment in the CPA's firm or employment in a related company, are disclosed with detailed job titles and responsibilities.

Note 5: In situations where the Company's President or manager of the highest equivalent grade is the same person as or a spouse or first-degree relative of the Chairman, please explain the reasons, rationality, and necessity of such an arrangement and any response measures taken (such as introduction of independent directors); furthermore, disclose whether more than half of directors are involved in concurrent duty as employees or managers: The Company increased independent director seats, and did not have more than half of its directors involved in concurrent duty as employees or managers.

Chart 1: Major Shareholders of Corporate Shareholders

Name of Corporate Shareholder	Major Shareholders of Corporate Shareholders	
Shi Rong Investment Co., Ltd.	Ho Chen-Yuan	(23.08%)
	Ho Chen-Yu	(23.00%)
	Ho Chen-Rong	(21.70%)
	Ho June	(1.76%)

Note 1: Where directors and supervisors are representatives of corporate shareholders, the names of corporate shareholders are displayed.

Note 2: The chart shows the names and shareholding percentages of major shareholders (top 10 shareholders) in each of the Company's corporate shareholders. Chart 2 below is used if the major shareholder is also a corporate entity.

Note 3: For corporate shareholders that are not corporate entities, the name of the capital contributor or donor (after making inquiries with the Judicial Yuan) and percentage of capital contribution or donation are shown instead of shareholder name and shareholding percentage. Deceased donors are noted "Deceased".

Table 2: Major Shareholders of Major Corporate Shareholders Listed in Chart 1

Name of Corporate Entity (Note 1)	Major Shareholders of the Corporate Entity (Note 2)
–	–

Note 1: Where the major shareholders listed in Chart 1 are corporate entities, the names of the corporate entities are displayed.

Note 2: The chart shows the names and shareholding percentages of major shareholders (top 10 shareholders) in each of the Company's corporate shareholders.

Note 3: For corporate shareholders that are not corporate entities, the name of the capital contributor or donor (after making inquiries with the Judicial Yuan) and percentage of capital contribution or donation are shown instead of shareholder name and shareholding percentage. Deceased donors are noted "Deceased".

1. Directors' Expertise and Independent Directors' Independence

Criteria / Name	Age	Gender	Professional Qualifications and Experience (Note 1)	Independence Criteria (Note 2)	Number of Concurrent Positions as an Independent Director in Other Public Companies
Ho June	70	Male	Possesses management experience and expertise in business operations.	Able to uphold integrity, pragmatism, and continuity, and complies with regulations to reduce management risks.	No concurrent duty.
Ho Chen-Yuan	47	Male	Possesses international business administration skills.	Able to use corporate resources for the improvement of competitive advantage.	No concurrent duty.
Shi Rong Investment Co., Ltd.	36	–	Not applicable.	Not applicable.	Not applicable.
Chou Che-Yi	47	Male	A certified public accountant; able to contribute professional experience on financial and accounting matters.	Ensures the transparency of financial and business information and the adequacy and correctness of financial reports; promotes compliance with regulations and enforces execution of annual internal audit plans.	Concurrent independent directorship in Hotron Precision (3092),
Chang Nai-Ren	48	Male	Licensed attorney in a foreign country; experience and familiarity with international competition and business management.	Ensures the transparency of financial and business information and the adequacy and correctness of financial reports; promotes compliance with regulations and enforces execution of annual internal audit plans.	No concurrent duty.
Chen Hung-I	53	Male	Certified professional capacity in banking laws.	Ensures the transparency of financial and business information and the adequacy and correctness of financial reports; promotes compliance with regulations and enforces execution of annual internal audit plans.	No concurrent duty.
Chen Hsi-Chuan	50	Male	Licensed attorney; able to provide insights on compliance issues.	Ensures the transparency of financial and business information and the adequacy and correctness of financial reports; promotes compliance with regulations and enforces execution of annual internal audit plans.	No concurrent duty.

Note: None of the above directors and independent directors met any of the conditions stated in Article 30 of The Company Act.

2. Diversity and Independence of the Board of Directors:

Implementation of Board Diversity Policy for the Current Board:

(1) Board Diversity:

All members of the Board are professionally qualified and well-experienced in their respective fields. They also concur with the Company's business philosophy and are adequately informed of the current state of the industry.

(2) Board Independence:

The Company has seven directors on the Board, four of whom (more than 50%) are independent directors. None of the independent directors are employed by the Company or its affiliated enterprises. None of the directors or their spouses or underage children are a spouse or 2nd-degree relative or closer to another director.

Note 1: Professional Qualifications and Experience: Describe the professional qualifications and experience of individual directors and supervisors; for Audit Committee members with accounting or financial expertise, describe their background and work experience in the field of accounting or finance. Also, explain whether any of the conditions mentioned in Article 30 of The Company apply.

Note 2: For independent directors, describe compliance with the independence criteria, including but not limited to: whether they themselves or spouses or 2nd-degree relatives or closer serve as a director, supervisor, or employee at the Company or any of its affiliated enterprises; the amount and percentage of shareholding in the Company by self, spouse, 2nd-degree relative or closer (or proxy holder); whether they assume a position as director, supervisor, or employee in any entity that the Company has a special relationship with (see Subparagraphs 5-8, Paragraph 1, Article 3 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); and amount of compensation received from the Company or affiliated enterprises thereof in the last two years for commercial, legal, financial, or accounting services rendered.

Note 3: For method of disclosure, please refer to the best practice examples presented on the website of the Taiwan Stock Exchange Corporate Governance Center.

(2) Background Information of the President, Vice Presidents, Assistant Vice Presidents, and Heads of Departments and Branch Offices

April 11, 2022

Position	Nationality	Name	Gender	Date Elected/Appointed	Shareholding		Shares Held by Spouse and Underage Children		Shares Held by Proxy		Main Career (Academic) Background	Concurrent Positions in Other Companies	Spouse or Relatives of Second Degree or Closer Serving as Managers			Remarks
					Shares	Shareholding Percentage	Shares	Shareholding Percentage	Shares	Shareholding Percentage			Position	Name	Relationship	
Chairman and President	The Republic of China	Ho June	Male	March 15, 1983	4,463,764	7.09%	1,160,134	1.84%	-	-	Department of Textiles, Oriental Institute of Technology	Nanotech Semiconductor Corp. - Chairman	Treasury Manager	Ho Cheng-Rong	Father and Son	
Treasury Manager	The Republic of China	Ho Chen-Rong	Male	July 1, 2019	-	-	-	-	-	-	Department of Accounting, George Washington University	None	-	-	-	
Deputy Manager of Internal Audit Office	The Republic of China	Chen Wen-Jing	Female	November 10, 2020	-	-	-	-	-	-	College of Management, Fu Jen Catholic University; PwC Taiwan	None	-	-	-	

(3) In situations where the Company's President or officer of equivalent grade is the same person as or a spouse or first-degree relative of the Chairman, please explain the reasons, rationality, and necessity of such an arrangement and any response measures taken:

The Company is a small/medium enterprise operating in the conventional industry. The role of Chairman was formerly assumed by the President, who not only contributed technical know-how and extensive experience in factory management, but also helped save expenses on the hiring of senior managers. Additional independent director seats were provided in 2021.

3. Compensation Paid to Directors (Including Independent Directors), Supervisors, the President, and Vice Presidents in the Last Year

(1) Compensation to Directors

Compensation to Directors (Including Independent Directors)

Position	Name	Directors' Compensation								Sum of A, B, C and D and Relative Percentage to Net Income		Compensation Received as Employee								Sum of A, B, C, D, E, F, and G and Relative Percentage to Net Income		Compensation From Parent Company or Business Investments Other Than
		Benefits (A)		Severance Pay and Pension (B)		Director Remuneration (C)		Fees for Services Rendered (D)				Salaries, Bonuses, Special Allowances, etc. (E)		Severance Pay and Pension (F)		Employee Remuneration (G)						
																The Company		All Companies Included in the Financial Statements				
		The Company	All Companies Included in the Financial Statements	The Company	All Companies Included in the Financial Statements	The Company	All Companies Included in the Financial Statements	The Company	All Companies Included in the Financial Statements	The Company	All Companies Included in the Financial Statements	The Company	All Companies Included in the Financial Statements	The Company	All Companies Included in the Financial Statements	Amount Paid in Cash	Amount Paid in Shares	Amount Paid in Cash	Amount Paid in Shares	The Company	All Companies Included in the Financial Statements	
Chairman	Ho Chun	-	-	-	-	180,000	300,000	180,000	300,000	360,000 0.64	480,000 0.85	1,950,000	2,700,000	-	-	150,000	-	150,000	-	2,460,000 4.35	.3,330,000 5.89	None
Director	Ho Cheng-Yuan	-	-	-	-	180,000	317,500	180,000	180,000	360,000 0.64	617,500 0.88		1,500,000	-	-		-		-	360,000 0.64	1,997,000 3.53	None-
Director	Shi Rong Investment Co., Ltd.	-	-	-	-	180,000	180,000	180,000	180,000	360,000 0.64	360,000 0.64	-	30,000	-	-	-	-	-	-	360,000 0.64	390,000 0.69	None
Independent Director	Chang Nai-Ren	-	-	-	-	180,000	180,000	180,000	180,000	360000 0.64	360,000 0.64	-	-	-	-	-	-	-	-	360,000 0.64	360,000 0.64	None-
Independent Director	Chen Hung-I	-	-	-	-	180,000	180,000	180,000	180,000	360,000 0.64	360,000 0.64	-	-	-	-	-	-	-	-	360,000 0.64	360,000 0.64	None-
Independent Director	Chou Che-Yi					180,000	180,000	180,000	180,000	360,000 0.64	360,000 0.64									360,000 0.64	360,000 0.64	None-
Independent Director	Chen Hsi-Chuan					180,000	180,000	180,000	180,000	360,000 0.64	360,000 0.64									360,000 0.64	360,000 0.64	None-

1. Please explain the policy, system, standards, and structure by which independent director compensation is paid, and association between the amount paid and independent directors' responsibilities, risks, and time committed:
   Except otherwise specified in the Articles of Incorporation, independent directors are only paid fixed compensation such as travel allowances and meeting allowances, and there was no payment of variable compensation.
2. Compensation received by directors for providing services to any company included in the financial statements (e.g. consultancy services without the title of an employee) in the last year, except those disclosed in the above table: None.

(2) Compensation to the President and Vice Presidents

Compensation to the President and Vice Presidents

Position	Name	Salary (A)		Severance Pay and Pension (B)		Bonus and Special Allowance (C)		Employee Remuneration (D)				Sum of A, B, C, and D and Relative Percentage to Net Income (%)		Compensation From Parent Company or Business Investments Other Than Subsidiaries
		The Company	All Companies Included in the Financial Statements	The Company	All Companies Included in the Financial Statements	The Company	All Companies Included in the Financial Statements	The Company		All Companies Included in the Financial Statements		The Company	All Companies Included in the Financial Statements	
								Amount Paid in Cash	Amount Paid in Shares	Amount Paid in Cash	Amount Paid in Shares			
President	Ho Chun	1,800,000	2,520,000	-	-	150,000	180,000	150,000	-	150,000	-	2,100,000 3.71	2,850,000 5.04	None

＊ Disclosure is mandatory for persons who hold positions equivalent to a President or vice president (e.g. group president, CEO, general manager, etc).

(4) Compensation For Top-5 Paid Managers of the TWSE/TPEX Listed Company (Individual Disclosure by Name and Amount):

Position	Name	Salary (A)		Severance Pay and Pension (B)		Bonus and Special Allowance (C)		Employee Remuneration (D)				Sum of A, B, C, and D and Relative Percentage to Net Income (%)		Compensation From Parent Company or Business Investments Other Than Subsidiaries
		The Company	All Companies Included in the Financial Statements	The Company	All Companies Included in the Financial Statements	The Company	All Companies Included in the Financial Statements	The Company		All Companies Included in the Financial Statements		The Company	All Companies Included in the Financial Statements	
								Amount Paid in Cash	Amount Paid in Shares	Amount Paid in Cash	Amount Paid in Shares			
President	Ho Chun	1,800,000	2,520,000	-	-	150,000	180,000	150,000	-	150,000	-	2,100,000 3.71	2,850,000 5.04	None
Treasury Manager	Ho Chen-Rong	900,000	1,236,000	-	-	89,826	103,826	130,000	-	130,000	-	1,119,826 1.98	1,469,826 2.6	None
Deputy Manager of the Internal Audit Office	Chen Wen-Jing	742,194	742,194			40,332	40,332	130,000	-	130,000		912,526 1.6	912,526 1.6	None

(5) Names of Managers Who Received Employee Remuneration:

Unit: NTD

	Position	Name	Amount Paid in Shares	Amount Paid in Cash	Total	Total as a Percentage of Net Income (%)
Managers	President	Ho Chun	—	410,000	410,000	0.72
	Head of Treasury	Ho Cheng-Rong				
	Chief Internal Auditor	Chen Wen-Jing				

(6) Amount of compensation paid in the last two years by the Company and all companies included in the Consolidated Financial Statements to the Company's directors, supervisors, President, and vice presidents, and their respective percentages to standalone and consolidated net income, as well as the policies, standards, and packages by which they were paid, the procedures through which compensations were determined, and their association with business performance.

Item / Year	Relative Percentage to the Company's Net Income (%)		Relative Percentage to Net Income of All Companies Included in the Consolidated Statements (%)	
	2022	2021	2022	2021
Director	8.17	5.52	12.65	9.06
Supervisor	3.71	2.71	5.04	3.75
President	11.88	8.53	17.63	13.11
Total	8.17	5.52	12.65	9.06

Salary and Compensation Policy of the Company (Including Directors, Managers, and Staff)

1. The Board of Directors has been 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. As for directors' remuneration, the Remuneration Committee first makes a proposal to the Board of Directors by applying applicable percentages stipulated in the Articles of Incorporation to profits concluded in a given year; the Board then approves and reports the proposal in the upcoming shareholder meeting.
2. The Company compensates managers and staff in the forms of salary, bonus, and employee remuneration. Salary and bonus are determined according to the Company's Work Rules, and managers' salaries in particular are recommended by the Remuneration Committee for resolution of the Board of Directors. As for employee remuneration, the Remuneration Committee first makes a proposal to the Board of Directors by applying applicable percentages stipulated in the Articles of Incorporation to profits concluded in a given year; the Board then approves and reports the proposal in the upcoming shareholder meeting.
3. The Board of Directors has assembled a Remuneration Committee to help establish and conduct regular reviews on directors' and managers' performance evaluations as well as the compensation policy, system, standards, and structure. The Committee also examines and adjusts directors' and managers' compensation on a regular basis.

4. 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 balance between continuity and risk management.

4. Corporate Governance

(1) Functionality of the Board of Directors

A total of seven Board meetings (A) were held in the last year; below are directors' attendance records:

Position	Name (Note 1)	Frequency of In-person Attendance (B)	Frequency of Proxy Attendance	Percentage of In-person Attendance (%)(B/A)(Note 2)	Remarks
Chairman	Ho June	6	0	100%	
Director	Ho Chen-Yuan	6	0	100%	
Director	Shi Rong Investment Co., Ltd.	6	0	100%	
Independent Director	Chou Che-Yi	6	0	100%	
Independent Director	Chang Nai-Ren	6	0	100%	
Independent Director	Chen Hung-I	3	0	50%	
Independent Director	Chen Hsi-Chuan	6	0	100%	

Other Mandatory Disclosures:

1. For Board of Directors meetings that meet any of the following descriptions, state the date, session, the discussed motions, independent directors' opinions, and how the Company has responded to such opinions:

   (1) Conditions Described in Article 14-3 of the Securities and Exchange Act:

Board of Directors	Motion Details and Subsequent Actions Taken	Conditions Described in Article 14-3 of the Securities and Exchange Act	Objections or Reservations From Independent Directors
March 11, 2022 Board of Directors	Passed amendments to the Asset Acquisition and Disposal Procedures.	V	None
November 9, 2022 Board of Directors	Passed the Company's 2023 internal audit plan.	V	None
	Resolution: All above motions were passed as proposed without objection from independent directors.		

   (2) Any other documented objections or reservations raised by independent directors against Board resolutions in relation to matters other than those described above: Independent directors were fully supportive of the motions proposed in Board meetings, and expressed no objection or reservation whatsoever.

2. Avoidance of involvement in interest-conflicting motions by directors, including details such as the name of director, the motion, the nature of conflicting interests, and involvement in the voting process: None.
3. TWSE/TPEX listed companies are required to disclose the cycle, duration, scope, method, and details of Board performance self-evaluations performed, and complete the Chart 2 - Execution of Board Performance Evaluation.
4. Enhancements to the functionality of the Board of Directors in the current and the most recent year (e.g. assembly of an Audit Committee, improvement of information transparency, etc.), and progress of such enhancements:
   (1) The Company has established a set of Board of Directors Conference Rules in accordance with the requirements of the authority to enforce the Board's supervisory duties.
   (2) The Company has assembled an Audit Committee and implemented a Audit Committee Charter.
   (3) The Company complies with rules and discloses relevant information on the Market Observation Post System.

Note 1: Where directors are corporate entities, the names of corporate shareholders and their representatives are stated.

Note 2: (1) The date of resignation is specified for directors who resigned prior to the close of the financial year. The percentage of in-person attendance (%) is calculated based on the number of Board of directors meetings held and the frequency of in-person attendance during active duty.

(2) If a re-election of directors took place prior to the close of the financial year, directors of both the previous and the current Board are listed; in which case, the remarks column will address the re-election date and specify whether the director was elected in the previous Board, the new Board, or both. In-person attendance rate (%) is calculated based on the number of Board of Directors meetings held and the number of in-person attendances made during active duty.

(3) Corporate governance practices and the differences and reasons for variance between our company's governance practices and the corporate governance best practices guidelines for listed and OTC companies.

Evaluation Items	Operating Conditions			Differences and Reasons for Variances with the Corporate Governance Best Practice Guidelines for Listed Companies
	yes		Summary Explanation	
1 、 Does the company establish and disclose corporate governance practices in accordance with the "Corporate Governance Best Practice			The company has not established the "Corporate Governance Best Practice Principles for Listed and OTC Companies" but has included similar regulations in its internal working rules.	No significant differences.

Evaluation Items	Operating Conditions			Differences and Reasons for Variances with the Corporate Governance Best Practice Guidelines for Listed Companies
	yes		Summary Explanation	
Principles for Listed and OTC Companies"?				
2、Company's Ownership Structure and Shareholder's Equity （1）Has the company	✓ ✓		(1) The merged company designates a spokesperson or proxy spokesperson as the contact point for handling shareholder inquiries and provides responses.	(1) No significant differences.

Evaluation Items	Operating Conditions			Differences and Reasons for Variances with the Corporate Governance Best Practice Guidelines for Listed Companies
	yes		Summary Explanation	
established internal operating procedures for handling shareholder proposals, inquiries, disputes, and litigation matters, and implemented them accordingly?	✓ ✓		(2) The company entrusts a professional share transfer agent to handle shareholder-related matters and maintains up-to-date records of the major shareholders who effectively control the company, including monitoring any changes.	(2) No significant differences.

Evaluation Items	Operating Conditions			Differences and Reasons for Variances with the Corporate Governance Best Practice Guidelines for Listed Companies
	yes		Summary Explanation	
（2）Does the company have a record of the major shareholders who effectively control the company and the ultimate controllers of the major shareholders?			(3) The company and its subsidiaries operate their financial businesses independently and establish appropriate risk control measures, adhering to internal control systems for regular audits of subsidiary-related operations. (4) The merged company's	(3) No significant differences. (4) No

Evaluation Items	Operating Conditions			Differences and Reasons for Variances with the Corporate Governance Best Practice Guidelines for Listed Companies
	yes		Summary Explanation	
（3）Has the company established and implemented risk control and firewall mechanisms with its affiliated enterprises? （4）Has the company			internal working rules include relevant confidentiality principles.	significant differences.

Evaluation Items	Operating Conditions			Differences and Reasons for Variances with the Corporate Governance Best Practice Guidelines for Listed Companies
	yes		Summary Explanation	
established internal regulations prohibiting insider trading by company insiders using undisclosed material information in the market?				
3、The composition and			(1) The board of directors of the	（1）不

Evaluation Items	Operating Conditions			Differences and Reasons for Variances with the Corporate Governance Best Practice Guidelines for Listed Companies
	yes		Summary Explanation	
responsibilities of the Board of Directors （1）Whether the Board of Directors formulates a policy on board diversity, specific management			company has not formulated a policy regarding the diversity of its members. （二）There is currently no need to establish other functional committees. （3）There is currently no established evaluation method	適用。 （2） Not applicable.

Evaluation Items	Operating Conditions			Differences and Reasons for Variances with the Corporate Governance Best Practice Guidelines for Listed Companies
	yes		Summary Explanation	
objectives, and ensures their implementation （二）Does the company voluntarily establish other functional committees in addition to the legally required	✓		or approach. （四）Every year, the merged company assesses whether the accountant maintains an independent and objective stance and relies on the accountant's independence	（3）Not applicable. （四）

Evaluation Items	Operating Conditions			Differences and Reasons for Variances with the Corporate Governance Best Practice Guidelines for Listed Companies
	yes		Summary Explanation	
Compensation Committee and Audit Committee? （三）Does the company establish a method and evaluation process for board			statement.。	No significant differences.。

Evaluation Items	Operating Conditions			Differences and Reasons for Variances with the Corporate Governance Best Practice Guidelines for Listed Companies
	yes		Summary Explanation	
performance evaluation, conduct annual and regular performance evaluations, report the results to the board, and utilize them as references for individual				

Evaluation Items	Operating Conditions			Differences and Reasons for Variances with the Corporate Governance Best Practice Guidelines for Listed Companies
	yes		Summary Explanation	
director compensation and reappointment? （四）Does the company periodically evaluate the independence of the signing				

Evaluation Items	Operating Conditions			Differences and Reasons for Variances with the Corporate Governance Best Practice Guidelines for Listed Companies
	yes		Summary Explanation	
accountant?				
四、Does the listed company allocate qualified and appropriate governance personnel and appoint a corporate governance officer responsible for			The company has not appointed dedicated personnel responsible for corporate governance-related matters.	Not applicable.。

Evaluation Items	Operating Conditions			Differences and Reasons for Variances with the Corporate Governance Best Practice Guidelines for Listed Companies
	yes		Summary Explanation	
corporate governance-related matters (including but not limited to providing information required for the execution of directors and supervisors' duties, assisting directors and supervisors in compliance with				

Evaluation Items	Operating Conditions			Differences and Reasons for Variances with the Corporate Governance Best Practice Guidelines for Listed Companies
	yes		Summary Explanation	
laws and regulations, handling matters related to board of directors and shareholders' meetings in accordance with the law, preparing minutes of board of directors and shareholders'				

Evaluation Items	Operating Conditions			Differences and Reasons for Variances with the Corporate Governance Best Practice Guidelines for Listed Companies
	yes		Summary Explanation	
meetings, etc.)?				

Evaluation Items	Operating Conditions			Differences and Reasons for Variances with the Corporate Governance Best Practice Guidelines for Listed Companies
	yes		Summary Explanation	
五、Does the company establish communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), and set up a stakeholder section on its	✓		公司網站已設置「利害關係人專區」。	無重大差異。

Evaluation Items	Operating Conditions			Differences and Reasons for Variances with the Corporate Governance Best Practice Guidelines for Listed Companies
	yes		Summary Explanation	
六、Does the company appoint a professional share registrar to handle shareholder meeting affairs?	✓		本公司委由「中國信託商業銀行」股代部代理本公司一切股東會事務。	無重大差異。
七、Information	✓		（一）本公司網站已備置財	(1) 無重大差

Evaluation Items	Operating Conditions			Differences and Reasons for Variances with the Corporate Governance Best Practice Guidelines for Listed Companies
	yes		Summary Explanation	
disclosure （一）Does the company set up a website to disclose financial operations and corporate governance information?			務業務等相關資料供查閱。 （二）本公司尚未架設英文網站；對於公司相關資訊的蒐集及揭露由資訊部處理。	異。 (2) 無重大差異。

Evaluation Items	Operating Conditions			Differences and Reasons for Variances with the Corporate Governance Best Practice Guidelines for Listed Companies
	yes		Summary Explanation	
（二）Does the company adopt other means of information disclosure (such as setting up an English website, designating a person responsible for collecting and			（三）公司未於會計年度終了後兩個月內公告並申報年度財務報告。	（三）無重大差異。

Evaluation Items	Operating Conditions			Differences and Reasons for Variances with the Corporate Governance Best Practice Guidelines for Listed Companies
	yes		Summary Explanation	
disclosing company information, implementing a spokesperson system, placing corporate briefing processes on the company website, etc.)?				

Evaluation Items	Operating Conditions			Differences and Reasons for Variances with the Corporate Governance Best Practice Guidelines for Listed Companies
	yes		Summary Explanation	
（三）Does the company announce and report the annual financial statements within two months after the end of the accounting year, and announce				

Evaluation Items	Operating Conditions			Differences and Reasons for Variances with the Corporate Governance Best Practice Guidelines for Listed Companies
	yes		Summary Explanation	
and report the first, second, and third quarter financial statements and monthly operating conditions in advance of the prescribed deadline?				

Evaluation Items	Operating Conditions			Differences and Reasons for Variances with the Corporate Governance Best Practice Guidelines for Listed Companies
	yes		Summary Explanation	
八、Does the company have other important information that helps understand the operation of corporate governance, including but not limited to			(1) The merged company has always prioritized substantial employee benefits and has established various personnel regulations to ensure fair and reasonable personnel management. (2) The company maintains smooth communication	No significant differences.

Evaluation Items	Operating Conditions			Differences and Reasons for Variances with the Corporate Governance Best Practice Guidelines for Listed Companies
	yes		Summary Explanation	
employee rights, employee care, investor relations, supplier relationships, rights of stakeholders, training status of directors and supervisors,			with various stakeholders through its business departments, facilitating the smooth operation of the company. (3) Training for directors and supervisors: The company provides timely information on relevant regulations and training opportunities for	

Evaluation Items	Operating Conditions			Differences and Reasons for Variances with the Corporate Governance Best Practice Guidelines for Listed Companies
	yes		Summary Explanation	
implementation of risk management policies and risk measurement standards, execution of customer policies, and the company's purchase of			directors and supervisors, and provides briefings on such information during regular board meetings. (4) Implementation of risk management policies and risk measurement standards: The company never lends funds to others, and both the parent company and	

Evaluation Items	Operating Conditions			Differences and Reasons for Variances with the Corporate Governance Best Practice Guidelines for Listed Companies
	yes		Summary Explanation	
liability insurance for directors and supervisors?			subsidiaries have established relevant management measures in accordance with legal requirements. In addition to complying with the established management measures, significant matters also require board approval. (5) The merged company	

Evaluation Items	Operating Conditions			Differences and Reasons for Variances with the Corporate Governance Best Practice Guidelines for Listed Companies
	yes		Summary Explanation	
			annually purchases liability insurance for directors and supervisors, ensuring the protection of shareholders' rights and strengthening corporate governance.	
九、Please explain the improved situation based on the recent annual corporate governance evaluation results released by the Corporate Governance Center of the Taiwan Stock Exchange Corporation, and propose priority areas and measures for further enhancement in cases where				

Evaluation Items	Operating Conditions			Differences and Reasons for Variances with the Corporate Governance Best Practice Guidelines for Listed Companies
	yes		Summary Explanation	
improvements have not been made: Improved expression of board members' independence; Company governance is still under planning.				

(四) If a compensation committee is established, its composition, responsibilities, and operation should be disclosed.

1、 Compensation Committee Members' Information 112 年 4 月 15 日

Conditions / identity / name		Professional qualifications and experience (note 2)	Independence Status (note 3)
Convener of Independent Directors	Chou Che-yi	Please refer to page 8. Assist the Board of Directors in formulating and regularly reviewing policies, systems, standards, and structures for the	Please refer to page 8. Amount of service fee provided: $20,000.
Independent Director	Zhang Nai-ren	Please refer to page 8. Assist the Board of Directors in formulating and periodically reviewing policies, systems, standards, and structures for the performance	Please refer to page 8. Amount of service fee provided: $20,000.

		evaluation, remuneration, and compensation of directors and executives. No circumstances falling under Article 6, Paragraph 1, Subparagraphs 5-8 of the Rules on the Exercise of Duties.		
Independent Director	Chen Hong-yi	Please refer to page 8. Assist the Board of Directors in formulating and periodically reviewing policies, systems, standards, and structures for the performance evaluation, remuneration, and compensation of directors and executives.	Please refer to page 8. Amount of service fee provided: $10,000.	

		No circumstances falling under Article 6, Paragraph 1, Subparagraphs 5-8 of the Rules on the Exercise of Authority.。		

2. Information on the operation of the Compensation Committee:

(1) The Compensation Committee of our company consists of three members.

(2) The current committee members serve a term from July 29, 2021, to July 28, 2024.

IIIn the most recent fiscal year, the Compensation Committee held two meetings. The attendance rec
as follows:

Job title	Name	The actual attendance count (Ｂ)	number of times attended on behalf	Actual Attendance Rate (%) (Ｂ/Ａ)
Independent Director Convener	Zhou Zheyi	2	0	100%
Independent Director	Zhang Nairen	2	0	100%
Independent Director	Chen Hongyi	1	0	50%

3、Compensation Committee Meeting Information

The recent meetings, reviews, and evaluations of the compensation information in our company's C Committee are as follows:

Meeting dates	Agenda items	Resolution results	The company handles the opinions of the Remuneration Committee.
111.01.19	The company reviewed the year-end bonus plan for the management team for the fiscal year 20XX.	All committee members present agreed and approved.	The company has implemented the recommendations of th remuneration committee.
111.03.11	The company reviewed the amount of employee compensation and director remuneration for the fiscal year 20XX.	All committee members present agreed and approved.	The company has implemented the recommendations of th remuneration committee.

Other matters to be recorded:

The information on the organization and operation of the Compensation Committee, as well as the Nomination Committee, can be found on our company's website and the Public Information Observation System. ◦

Nomination Committee Member Information and Operation Status: The company has not established a Nomination Committee.

(五　　) Execution of Sustainable Development and Differences with Listed Companies' Sustainable Development Practices and Guidelines:

Evaluation Items	Operating Conditions			Differences in sustainable development practices between listed and OTC companies.
			Summary Explanation	
一、Has the company established a governance framework for promoting sustainable development, set up a dedicated (part-time) position for promoting sustainable development, and authorized senior management by the board of directors to handle it,			The merged company has not yet established a governance framework to promote sustainable development.	Still in the planning phase regarding differences in sustainable development practices

Evaluation Items	Operating Conditions			Differences in sustainable development practices between listed and OTC companies.
			Summary Explanation	
and how is the board of directors supervising this?				between listed and OTC companies.
1. Has the company conducted risk assessments related to environmental, social, and corporate governance issues that are significant to its operations, and has it established relevant risk management policies or strategies? (Note 2)			The merged company has not yet formulated relevant risk management policies or strategies.	Still in the planning phase regarding differences in sustainable development practices between listed and OTC

Evaluation Items	Operating Conditions				Differences in sustainable development practices between listed and OTC companies.
				Summary Explanation	
					companies.
三、Environmental Issues: (一) Has the company established appropriate environmental management systems based on its industry characteristics? (二) Is the company committed to improving energy efficiency and using renewable materials with low environmental impact?				(一) The merged company has established compliance guidelines in accordance with environmental auditing standards. (二) The merged company has established compliance guidelines in accordance with environmental auditing standards. (三) The merged company has established compliance guidelines in accordance	No significant differences. No significant differences. No

Evaluation Items	Operating Conditions			Differences in sustainable development practices between listed and OTC companies.
			Summary Explanation	
(三) Has the company assessed the potential risks and opportunities of climate change on its present and future operations and implemented relevant measures in response? (四) Has the company compiled greenhouse gas emissions, water consumption, and total waste weight for the past two years, and developed policies for greenhouse gas reduction, water conservation, or other waste management?			with environmental auditing standards. (四) The merged company has established compliance guidelines in accordance with environmental auditing standards.	significant differences. No significant differences.

Evaluation Items	Operating Conditions			Differences in sustainable development practices between listed and OTC companies.
			Summary Explanation	
四、Social Issues (一) The company has established relevant management policies and procedures in accordance with applicable laws and international human rights conventions. (二) The company has formulated and implemented reasonable employee welfare measures (including compensation, leave, and other benefits) and appropriately reflects			(一) All labor affairs of the merged company are handled in accordance with the regulations of the Labor Standards Act. (二) The merged company has established and implemented reasonable employee welfare measures. There are clear guidelines and regulations for performance assessment, rewards, and disciplinary systems, which are appropriately reflected in	No significant differences. No significant differences.

Evaluation Items	Operating Conditions			Differences in sustainable development practices between listed and OTC companies.
			Summary Explanation	
business performance or achievements in employee compensation. (三) The company provides a safe and healthy working environment for employees and regularly conducts safety and health education for employees. (四) The company has implemented an effective			employee compensation. (三) The merged company conducts regular annual employee health check-ups and arranges consultation sessions with professional physicians to discuss the examination results. Each work environment is equipped with signage and alarms. Dedicated personnel receive regular training in "industrial safety" and conduct safety education and awareness campaigns for on-site employees to enhance their knowledge and reduce	No significant differences. No significant differences.

Evaluation Items	Operating Conditions			Differences in sustainable development practices between listed and OTC companies.
			Summary Explanation	
career development and training program for employees. (五) The company complies with relevant laws and international standards regarding customer health and safety, customer privacy, marketing, labeling, and other issues, and has formulated policies and complaint procedures to protect consumer or customer rights. （六）The company has established a supplier management policy that			public safety accidents.. (四) The company has a policy of selecting appropriate personnel to participate in external professional training courses. (五) The merged company's business department maintains "customer visit records," allowing direct communication and improvement between the business team and customers.	No significant differences. No significant differences.

Evaluation Items	Operating Conditions			Differences in sustainable development practices between listed and OTC companies.
			Summary Explanation	
requires suppliers to comply with relevant standards on environmental protection, occupational health and safety, and labor rights, and monitors their implementation.			(六) The merged company has relevant evaluation records for procurement plans. It conducts testing, inspection, and consultation on the purchase of raw materials from suppliers, aiming to meet environmental requirements as much as possible. Waste materials are assessed for their recyclability value.	

Evaluation Items	Operating Conditions				Differences in sustainable development practices between listed and OTC companies.
				Summary Explanation	
五、Does the company refer to internationally recognized reporting standards or guidelines to prepare non-financial information disclosure reports such as sustainability reports? Has the aforementioned report obtained assurance or assurance opinions from third-party verification entities?				The merged company has not yet prepared a sustainability report.	It is currently under planning.

六、If the company has its own sustainability guidelines based on the "Guidelines for Sustainable Development Practices of Listed and OTC Companies," please describe the

Evaluation Items	Operating Conditions			Differences in sustainable development practices between listed and OTC companies.
			Summary Explanation	
differences between its operation and the established guidelines: No sustainable development practices guidelines have been established yet.				
七、Other important information to understand the implementation of sustainable development: None available.				

Climate-related Information of Listed Companies

Implementation of Climate-related Information

Items	Execution status
1. The description of the board of directors and management's oversight and governance of climate-related risks and opportunities. 2. The explanation of how identified climate risks and opportunities affect the company's business, strategies, and finances in the short term, medium term, and long term. 3. The description of the impact of extreme weather events and transition actions on the company's finances. 4. The explanation of how the identification, assessment, and management processes of climate risks are integrated into the overall risk management system. 5. If scenario analysis is used to assess resilience to climate change risks, the description should include the scenarios, parameters, assumptions, analysis factors, and major financial impacts used. 6. If there are transition plans to manage climate-related risks, the content of the plan, indicators, and targets used to identify and manage physical and transition risks should be explained. 7. If internal carbon pricing is used as a planning tool, the basis for price determination should be explained. 1. If climate-related targets are set, the	1.The company is aware of the threats and opportunities brought about by extreme climate change but currently lacks specific plans. It may consider engaging professional advisory organizations in the future to assess relevant governance measures. 2.. A dedicated unit has been established to handle energy-saving and carbon reduction initiatives, which will lead to increased operational costs. The short-term financial impact is anticipated, while the evaluation of medium and long-term financial aspects is ongoing. 3. Extreme climate events present operational challenges for the company. Energy conservation, carbon emissions reduction, and increasing carbon credits can have a relatively positive impact on the company's finances. 4.. Currently, there are no specific plans in place, but the company may consider engaging professional advisory organizations in the future to evaluate relevant governance measures. 5. Scenario analysis to assess resilience to climate change risks is not currently being used. 6. There are no existing transformation plans to address climate-related risks at the

Basic Company Information □ Companies with a capital of over 10 billion NT dollars, steel industry, cement industry □ Individual examination of the parent company □ Examination of subsidiary companies in the consolidated financial statements v Companies with a capital of less than 5 billion NT dollars.	According to the requirements of the Sustainable Development Roadmap for Listed Companies, the following disclosures should be made: □ Companies with a capital of over 5 billion NT dollars but less than 10 billion NT dollars. □ Individual assurance of the parent company. □ Assurance of subsidiary companies in the consolidated financial statements.

Scope One:	Total Emissions (metric tons CO_2e)	Intensity (metric tons CO_2e/million NT$) (Note 2)	Certifying Institution	Exp of Cer Stat 3)
Parent company				
Subsidiaries				
... (Note 1)				
Total				
Scope Two:	Total Emissions (metric tons CO_2e)	Intensity (metric tons CO_2e/million NT$) (Note 2)	Certifying Institution	Exp of Cer Stat 3)
Parent company				
Subsidiaries				
... (Note 1)				
Total				
Scope Three				

1-1. Inventory and Assurance of Greenhouse Gas Emissions.

Instructions for completing the form:

1. The information for Scope 1 and Scope 2 categories in this form shall be prepared in accordance with the schedule prescribed in Article 32, Paragraph 3 of these guidelines. The disclosure of information for the Scope 3 category is voluntary for companies. 。

2. Companies can conduct greenhouse gas inventories based on the following standards:

   (1) Greenhouse Gas Protocol (GHG Protocol).

   (2) ISO 14064-1 published by the International Organization for Standardization (ISO).

1. The trust institution shall comply with the relevant regulations on sustainability reporting set forth by Taiwan Stock Exchange Corporation and Taiwan Securities Association.

2. Subsidiaries may report individually, in aggregated form (e.g., by country or region), or on a consolidated basis (Note 1).

3. The intensity of greenhouse gas emissions may be calculated per unit of product/service or revenue, with disclosure of data at least based on revenue (in NTD million) (Note 2).

4. Unreported operational locations or subsidiaries that account for less than 5% of the total emissions shall not be included in the assessment. The total emissions referred to herein are calculated based on the mandatory assessment scope as specified in the reporting instructions (Note 2).

5. The explanation of compliance should provide a summary of the contents of the trust institution's compliance report and include the complete compliance opinion as an attachment

to the annual report (Note 3).

(六) Compliance with Business Integrity and Differences and Reasons for Business Integrity Practices between Listed and OTC Companies.

Evaluation Items	Operating Conditions(note 1)			Differences and Reasons for Deviation from the Corporate Governance Principles for Listed and OTC Companies in terms of Integrity Management
			Summary Explanation	
一、Establishment of Integrity Management Policy and Measures （一）Has the company			(1) The merged company has not formulated an integrity management policy that has been approved by the board	No significant differences.

Evaluation Items	Operating Conditions(note 1)			Differences and Reasons for Deviation from the Corporate Governance Principles for Listed and OTC Companies in terms of Integrity Management
			Summary Explanation	
established an integrity management policy approved by the board of directors, and clearly stated the policy and practices of integrity management in its regulations and external documents? Is there a commitment from the board of directors and senior			of directors. However, the board of directors and management have publicly declared their commitment to conducting business with integrity and sustainable practices, and have actively implemented the company's management systems. (2) The merged company has	

Evaluation Items	Operating Conditions(note 1)			Differences and Reasons for Deviation from the Corporate Governance Principles for Listed and OTC Companies in terms of Integrity Management
			Summary Explanation	
management to actively implement the management policy? （二）Has the company established a mechanism to assess the risks of dishonest behavior, regularly analyze and evaluate business activities with higher risks of dishonest behavior			not yet established the "Corporate Governance Principles for Listed and OTC Companies" as its framework for integrity management. Instead, relevant business activities are subjected to the company's risk management procedures.。	

Evaluation Items	Operating Conditions(note 1)			Differences and Reasons for Deviation from the Corporate Governance Principles for Listed and OTC Companies in terms of Integrity Management
			Summary Explanation	
within its scope of operations, and formulate measures to prevent dishonest behavior? Does it cover, at a minimum, the preventive measures for the behaviors specified in Article 7, Paragraph 2 of the "Corporate Governance Principles for Listed and			(3) The merged company's "Employee Service Rules" explicitly state that employees must adhere to a code of conduct, including	

Evaluation Items	Operating Conditions(note 1)			Differences and Reasons for Deviation from the Corporate Governance Principles for Listed and OTC Companies in terms of Integrity Management
			Summary Explanation	
OTC Companies"? （三）Does the company include operational procedures, behavioral guidelines, disciplinary measures, and complaint mechanisms in the measures to prevent dishonest behavior? Are these measures			principles of integrity. Regular educational and training sessions on related topics are conducted.	

Evaluation Items	Operating Conditions(note 1)			Differences and Reasons for Deviation from the Corporate Governance Principles for Listed and OTC Companies in terms of Integrity Management
			Summary Explanation	
implemented and regularly reviewed and revised?				
二、Implementing Integrity Management （一）Does the company evaluate the integrity records of counterparties and include provisions for integrity behavior in			（一）The merged company's sales contracts and procurement contracts stipulate that suppliers shall not violate public order and good customs, and violators	No significant differences.

Evaluation Items	Operating Conditions(note 1)			Differences and Reasons for Deviation from the Corporate Governance Principles for Listed and OTC Companies in terms of Integrity Management
			Summary Explanation	
contracts with business partners? （二）Does the company establish a dedicated unit under the board of directors to promote integrity management and regularly report to the board (at least once a year) on the integrity management policy,			may have their contracts terminated. （二）The merged company has not yet established a dedicated unit under the board of directors to promote ethical business conduct.	

Evaluation Items	Operating Conditions(note 1)			Differences and Reasons for Deviation from the Corporate Governance Principles for Listed and OTC Companies in terms of Integrity Management
			Summary Explanation	
measures to prevent dishonest behavior, and the oversight of implementation? （3）Does the company develop policies to prevent conflicts of interest, provide appropriate channels for disclosure, and ensure their			（三）The merged company has established clear regulations regarding conflict of interest and disclosure channels.	

Evaluation Items	Operating Conditions(note 1)				Differences and Reasons for Deviation from the Corporate Governance Principles for Listed and OTC Companies in terms of Integrity Management
				Summary Explanation	
implementation? (4) Has the company established effective accounting and internal control systems to implement integrity management? Does the internal audit unit develop audit plans based on the assessment of dishonest				(4) The company's accounting system is mainly based on the "Financial Reporting Standards for Issuers of Securities" and "International Financial Reporting Standards." The company regularly reports its operational results to the board of directors and	

Evaluation Items	Operating Conditions(note 1)			Differences and Reasons for Deviation from the Corporate Governance Principles for Listed and OTC Companies in terms of Integrity Management
			Summary Explanation	
behavior risks and conduct audits to verify compliance with measures to prevent dishonest behavior? Alternatively, does the company engage external auditors to perform audits? （5）Does the company regularly organize internal and external educational			undergoes internal audits and audits by accountants. （5）In addition to reviewing the overall business performance on a monthly basis, the company also communicates the	

Evaluation Items	Operating Conditions(note 1)			Differences and Reasons for Deviation from the Corporate Governance Principles for Listed and OTC Companies in terms of Integrity Management
			Summary Explanation	
training on integrity management?			concept of ethical business conduct to department heads.	
3、The operation of the company whistleblowing system （1）Does the company establish specific reporting and reward systems,			1.The merged company's "Employee Code of Conduct and Disciplinary Measures" clearly defines disciplinary and complaint procedures.	No significant differences.

Evaluation Items	Operating Conditions(note 1)			Differences and Reasons for Deviation from the Corporate Governance Principles for Listed and OTC Companies in terms of Integrity Management
			Summary Explanation	
establish convenient reporting channels, and assign appropriate designated personnel to handle reported cases? （2）Does the company establish standard operating procedures for investigating reported matters and related confidentiality			2.The merged company's "Employee Code of Conduct and Disciplinary Measures" clearly defines disciplinary and complaint procedures. （3）The merged company's "Employee Code of Conduct and Disciplinary Measures" clearly defines disciplinary and complaint procedures.	

Evaluation Items	Operating Conditions(note 1)			Differences and Reasons for Deviation from the Corporate Governance Principles for Listed and OTC Companies in terms of Integrity Management
			Summary Explanation	
mechanisms? （3）Does the company take measures to protect whistleblowers from improper treatment as a result of their reports?				
4、To enhance information disclosure			The company has not yet established the "Code of Conduct for Listed and	No significant difference

Evaluation Items	Operating Conditions(note 1)			Differences and Reasons for Deviation from the Corporate Governance Principles for Listed and OTC Companies in terms of Integrity Management
			Summary Explanation	
Does the company disclose the content of its established code of conduct and the effectiveness of its implementation on its website and the Public Information Observation System (PIOS)?			Over-the-Counter Companies." In the future, when it is established, the company will disclose relevant information about its commitment to ethical business practices on its website.	s.
5、If the company has established its own code of ethics based on the "Code of Conduct for				

Evaluation Items	Operating Conditions(note 1)			Differences and Reasons for Deviation from the Corporate Governance Principles for Listed and OTC Companies in terms of Integrity Management
			Summary Explanation	

Listed and Over-the-Counter Companies," please describe the operation and the differences between the company's code of ethics and the established guidelines:

The company has not yet established the "Code of Conduct for Listed and Over-the-Counter Companies."

6、Other important information that helps understand the operation of the company's integrity management includes the company's review and amendment of its established integrity management guidelines.

The company has not yet established the "Integrity Management Guidelines for Listed Companies and OTC Companies."

(7) If the company has established corporate governance guidelines and related regulations, the disclosure of their contact information is as follows: No corporate governance guidelines and related regulations have been established.

(8) Other important information that enhances understanding of the company's corporate governance practices:

1. The directors of the company recuse themselves from discussions and voting on matters in which they have a personal or vested interest.

2. The company has internal auditors who regularly conduct audits in accordance with the audit plan and submit reports to the Board of Directors.

3. Continuing education of directors is as follows:

Job title	name	Study period		hosting u
		Start	End	
Director	Ho Cheng-yuan	111.5.12	111.5.12	Taiwan Stock Exchang
Legal Representative Director	Ho Cheng-rong	111.5.12	111.5.12	Taiwan Stock Exchang
		111.7.28	111.7.28	ssociatio Corpora Governa Incorpo

Independent director	Chou Che-yi	111.3.23	111.3.23	ssociatio Corporat Governa Incorpor
Independent director	Chang Nai-ren	111.10.5	111.10.5	Foundat for Develop of Secu and Fu Markets the Rep of China
		111.10.14	111.10.14	Taiwan Stock Exchang
Independent director	Chen Hsi-chuan	111.5.12	111.5.12	Taiwan Stock Exchang
		111.5.20	111.5.20	Securitie and Fu Market Develop Foundat of Republic

				China
		111.7.13	111.7.13	Taiwan Stock Exchang

(9) Implementation Status of Internal Control System.

1、Internal Control Statement:

The company's internal control statement affirms that the design and implementation of the internal control system are effective.
(This statement applies when all legal regulations are declared to be followed.)

Nanyang Textile Dyeing and Finishing Co., Ltd.

Internal Control System Statemen

date：2023 March 17th

Declaration of Internal Control System for the Fiscal Year 111 of the Company

Based on the results of our self-assessment, we hereby declare the following regarding the internal control system of the company for the fiscal year 2022:

一、The company acknowledges that the establishment, implementation, and maintenance of the internal control system are the responsibilities of the Board of Directors and management. The company has already established this system with the aim of achieving operational effectiveness and efficiency (including profitability, performance, and asset security), providing reliable, timely, transparent, and compliant reporting, and ensuring compliance with relevant regulations and laws.

二、The internal control system has inherent limitations, and regardless of how well-designed it is, an effective internal control system can only provide reasonable assurance in achieving the above-mentioned goals. Moreover, the effectiveness of the internal control system may change due to changes in the environment and circumstances. However, the company's internal control system has a mechanism for self-monitoring, and any deficiencies identified will be promptly addressed.

三、The company assesses the effectiveness of the internal control system based on the criteria set forth in the "Guidelines for Public Companies to Establish Internal Control Systems" (hereinafter referred to as the "Guidelines"). The Guidelines classify the internal control system into five components: 1) control environment, 2) risk assessment, 3) control activities, 4) information and communication, and 5) monitoring activities. Each component consists of several items. Please refer to the provisions of the Guidelines for details on these items.

四、The company has adopted the aforementioned criteria for assessing the design and implementation effectiveness of the internal control system.

五、Based on the assessment results mentioned above, the company believes that its internal control system as of December 31, 2021 (including the supervision and management of subsidiaries) is effectively designed and implemented to understand the degree of achievement of operational effectiveness and efficiency goals, provide reliable, timely, transparent, and compliant reporting, and ensure compliance with relevant regulations and major laws and regulations.

六、The company's compliance with laws and regulations is not limited to those stated in the appendix on the following page.

七、This declaration will be a major content of the company's annual report and public disclosure document, and will be made available to the public. Any fraudulent or concealed information in the public disclosure will entail legal responsibilities under the Securities Exchange Act, including Article 20, Article 32, Article 171, and Article 174.。

八、This declaration was approved by the Board of Directors on March 17, 2023 of the company. Out of 7 attending directors, 0 expressed dissenting opinions, and the rest agreed to the content of this declaration.

Southern Dyeing and Finishing Co., Ltd.

Chairman: Mr. Ho Jun   Signature

General Manager:Mr.Ho Jun   Signature

Review Report by the Accountant on the Internal Control System: Not Applicable.

(十) Sanctions Imposed on the Company and Its Insiders in Accordance with the Law, or

Penalties Imposed by the Company on its Insiders for Violations of Internal Control System Regulations, Major Deficiencies, and Improvement Measures: There have been no such occurrences in the company during the latest fiscal year.

(十一) Important Resolutions of the Shareholders' Meeting and the Board of Directors up to the Date of Printing the Annual Report:

Important resolutions of shareholders' meeting and board of directors			
Shareholders' Meeting	date	The resolution content.	Implementation status.
Year 111 Shareholders' Meeting	6月9日	1. Acknowledgment of the 2021 annual business report, individual financial statements, and consolidated financial statements. 2. Approval of the profit distribution for the year 2021: The ex-dividend date is set as July 24, 2022, and cash dividends will be distributed on August 12, 2022. 3. Amendment of certain articles in the company's bylaws. 4. Amendment of certain articles in the shareholder meeting rules. 5. Amendment of certain articles regarding the procedures for acquiring or disposing of assets.	Resolution passed. Resolution passed. Resolution passed.

				Resolution passed. Resolution passed.
Year 111 Shareholders' Meeting	1月19日		1. Distribution of year-end bonuses to the executives for the fiscal year 2021, subject to review by the Compensation Committee. 2. Renewal of the lease agreement for the land located in Sanchong District, New Taipei City, which is approaching its expiration date.	Passed Passed

Board of Directors	3月25日	1. Approval of the proposal for the year-end bonus of the management team, employee remuneration, and director and supervisor remuneration for the fiscal year 110. 2. Approval of the 110 fiscal year business report, individual and consolidated financial statements. 3 Approval of the distribution of profits for the fiscal year 110. 4. Approval of the cash dividend distribution for the fiscal year 110. 5. Amendment of certain articles of the company's articles of incorporation. 6. Amendment of certain articles of the company's shareholder meeting rules. 7. Amendment of certain articles related to the acquisition or disposal of assets handling procedures. 8. Decision on the convening of the shareholder meeting. 9. Acceptance of shareholder proposal announcements, operation procedures, and review criteria. 10. Submission of the internal control statement for the fiscal year 110. 11. Matters concerning the company's loan financing limits with financial institutions for the year 111.	Passed Acknowledged Acknowledged Passed Passed Passed Passed Passed Passed Passed Passed Passed Passed

	5月9日	Report on the first quarter consolidated financial statements of our company.	No objections
	8月9日	Report on the second quarter consolidated financial statements of our company.	Passed
	8月26日	1. The company has decided to transform itself into a real estate leasing-focused business.	Passed

Board of Directors		11月9日	1.Report on the third quarter consolidated financial statements of our company. 。 2. Proposal to formulate general principles for the pre-approval of non-assurance services in our company, for discussion. 3. Plan for the greenhouse gas inventory and verification schedule of our company. 4. Audit plan for the year 2023. 5. Amendment proposal for certain articles of the company's board meeting rules.	Passed Passed Passed Passed Passed

Year 2023 Board of Directors	March 17th		1. Approval of the 111th-year operating report, individual and consolidated financial statements. 2. Approval of the distribution of earnings for the year 111. 3. Approval of the distribution of cash dividends for the year 111. 4. Planning of the greenhouse gas inventory and verification schedule for the company. 5. Amendment of the "General Principles for Pre-approval of Non-Assurance Services" policy. 6. Approval of the year-end bonuses for the company's management for the year 111, as reviewed by the Compensation Committee. 7. Setting the date, location, method, and related matters for convening the 112th-year shareholders' general meeting. 8. Acceptance of shareholder proposal notices, operation procedures, and criteria for inclusion in the agenda. 9. Establishment of the company's internal procedures for handling significant information. 10. Submission of the 111th-year internal control statement. 11. Matters related to the company's application for financing facilities with financial institutions for the year 112.	Acknowledged Acknowledged Passed Passed Passed Passed Passed Passed Passed Passed Passed

(12) Dissenting Opinions of Directors Regarding Important Resolutions Passed by the Board of Directors During the Latest Fiscal Year and up to the Date of Printing the Annual Report, with Records or Written Statements: All board resolutions during the latest fiscal year and up to the date of printing the annual report were unanimously passed by the directors, and there were no dissenting opinions.

(13) Summary of Resignations and Dismissals of Key Positions (Chairman, General Manager, Chief Accountant, Finance Manager, Internal Audit Manager, Corporate Governance Manager, R&D Manager, etc.) during the Latest Fiscal Year and up to the Date of Printing the Annual Report:

Summary of Resignations and Dismissals of Key Personnel in the Company

2023. April 15th

Job title	name	Date of assumption	Date of termination	Reason for resignation or termination
Research and Development Manager	Yu-Hui Wang	2014.5.16	2023.2.13	Layoff

Note: The term "key personnel in the company" refers to the Chairman, General Manager, Chief Accountant, Finance Manager, Internal Audit Manager, and R&D Manager, among others.

5、Fees information of the certifying accountant.

Accounting Firm Name			Audit Period	Audit Fee	Non-Audit Fee	Total	
Anhou Jianye United Accounting Firm			111/1/1-111/12/31	V	-	940	

(1) Disclosure of Decrease in Audit Fees due to Changing Accounting Firms and Changing Annual Audit, if the Audit Fees for the Current Year are Lower than the Previous Year:

No change in accounting firms has occurred.

(2) Disclosure of a Decrease in Audit Fees of 15% or more compared to the previous year:

The audit fees paid by the company for the current year did not decrease by 15% or more compared to the previous year.

6、Information on Changing the Accounting Firm:

(一) Regarding the Former Accountant: No change in the accounting firm has occurred.

<table>
<tr><td>Change Date</td><td colspan="3"></td></tr>
<tr><td>Reason for Change and Explanation</td><td colspan="3"></td></tr>
<tr><td rowspan="3">Explanation is the termination or refusal to accept the appointment by the appointee or the auditor.</td><td>The parties involved.
The situation.</td><td>The accountant</td><td>The appointing party</td></tr>
<tr><td>Voluntary termination of appointment.</td><td>-</td><td>-</td></tr>
<tr><td>Declining (continuing) appointment.</td><td>-</td><td>-</td></tr>
<tr><td>Audit reports issued in the past two years with unqualified opinions</td><td colspan="3"></td></tr>
<tr><td rowspan="3">Opinions and reasons for any differences with the issuer</td><td rowspan="3">yes</td><td></td><td>Accounting Principles or Practices</td></tr>
<tr><td></td><td>Disclosure of Financial Statements</td></tr>
<tr><td></td><td>Audit Scope or Procedures</td></tr>
</table>

			Others
	no		
	Description		
Other Disclosures (Disclosures required under Article 10, Paragraph 6, Items 1-4 to 1-7 of this standard)			

(二) Regarding the Successor Accountant:

Firm Name	
Accountant Name	
Appointment Date	
Accounting Treatment or Principles and Potential Opinion on Financial Statements for Specific Transactions before Appointment Consultation Matters and Results	
Written Opinion from Successor Accountant on Dissenting Matters with Previous Accountant	

(三) Letter of Response from the Former Accountant Regarding the Three Matters in Article 10, Paragraph 6, Subparagraphs 1 and 2 of this Standard:

七、The Chairman, General Manager, and manager responsible for finance or accounting affairs of the company have not held any positions within the past year at the auditing firm or its affiliated enterprises.。

八、During the most recent fiscal year and up until the printing date of the annual report, there have been no transfers of shareholder equity or changes in the pledge of shares by directors, managers, or shareholders holding more than ten percent of the company's shares.

1、Changes in share transfers: No share transfers have occurred.

Job title	name	Year 111		As of April 15th of the year	
		Number of shares held increased (decreased)	Number of pledged shares increased (decreased)	Number of shares held increased (decreased)	N p s i (
—	—	—	—	—	—

2、Share Transfer Information: No share transfers have occurred.

		Transaction date	Counterparty	The counterparty is a director, supervisor, executive, or shareholder holding more than 10% of the company's shares.		The number of shares.	

		—	—	—	—	

3、Pledged Share Changes: No changes in pledged shares have occurred.

		Date of the change.		The relationship between the counterparty of the transaction and the company, directors, supervisors, managers, and				pledged ratio	borrowed ratio (r

				shareholders holding more than ten percent of the shares.					edemption), and amount.
		–		–			–		–

9、 Information on Relationships Among the Top Ten Shareholders with Significant Ownership and their Relationships as Relatives within Spouses or within Second-Degree Relatives:

I personally hold shares	The shares held by my spouse and minor children are aggregated under others' names	Aggregated shareholding held under the names of others.	Names or relationship parties among shareholders spouses, re second deg have other

股數	持股比例 (%)	股數	持股比例 (%)	股數	持股比例 (%)	名稱
6,266,293	9.95%	–	–	–	–	Ho Shi Yi Educational Trust Fund
						Ho June
						Chang Ai Yu
5,756,233	9.14%	–	–	–	–	Ho June
4,463,764	7.09%	1,160,134	1.84%	–	–	Ho Ping
						Chang Ai Yu
						Shi Rong Investment Holding Corp.
						Ho Shi Yi Educational Trust Fund

						Millinium Investment Holding Corp.	
4,306,250	6.84%	–	–	–	–	–	
3,836,217	6.09%	–	–	–	–	Shi Rong Investment Holding Corp.	
						Ho June	
3,239,000	5.14%	–	–	–	–	–	
3,119,125	4.95%	–	–	–	–	–	
2,650,499	4.21%	–	–	–	–	H June	

						Chang Ai-Yu
1,932,000	3.07%	–	–	–	–	–
1,787,000	2.84%	–	–	–	–	–

十、The Company, its directors, executives, and businesses directly or indirectly controlled by the Company, disclose the shareholding of each investment entity and calculate the aggregated ownership percentage.

Investment in Business	Investment in Company		Directors, Executives, and Investments in Direct or Indirect Control Businesses	
	Number of Shares	Ownership Percentage	Number of Shares	Ownership Percentage
Nan Yan Semiconductor Co., Ltd.	16,253,549	82.09%	906,507	4.58%

4、Fundraising Situation

1、Capital and Shares

(1) Sources of Capital and Types of Shares

		Paid-up capital		Remarks		
ose and cted fits of the d portion	Scheduled issuance unissued portion	Number of shares (shares)	Amount (yuan)	Source of capital	Inclusion of non-cash assets as capital contribution	O t h e r
	—					
		63,000,000	630,000,000	July 8, 2014, FSC Securities Letter No. 1030024858, capital reduction of	—	-

			NT$180,000,000. August 21, 2019, FSC Securities Letter No. 1080325939, capital reduction of NT$90,000,000.		

Shares / Type	Authorized Capital			Remark
	Outstanding Shares	Unissued Shares	Total	
Common Stock	63,000,000	37,000,000	100,000,000	Listing

Summary of Declaration System-Related Information: Not Applicable

(3) Shareholder Structure

April 15, 112

nment es	Financial institutions	Other legal entities	Individuals	Foreign institutions and foreign individuals	Total
	0	140	10,460	29	10,629
	0	15,005,717	34,150,640	13,843,643	63,000,000
	0.00	23.82	54.21	21.97	100

Note: Listed companies and emerging stock companies should disclose the proportion of Mainland Chinese ownership; Mainland Chinese refers to individuals, legal entities, groups, other organizations, or companies invested by them in accordance with Article 3 of the Regulations Governing Investment in Taiwan by Mainland Area People or Companies in Third Areas.

(3) Shareholding Dispersion Situation

Par value per share: NT$10 April 15, 112

Shareholding classification			Number of	Holding of	Shar
1	to	999	8,751	1,172,859	1.86
1,000	to	5,000	1,494	3,014,925	4.79
5,001	to	10,000	165	1,221,352	1.94
10,001	to	15,000	62	759,682	1.21
15,001	to	20,000	29	503,663	0.80
20,001	to	30,000	26	651,069	1.03
30,001	to	40,000	16	562,611	0.89
40,001	to	50,000	11	502,528	0.80
50,001	to	100,000	25	1,880,999	2.99
100,001	to	200,000	13	1,900,664	3.02
200,001	to	400,000	16	4,474,509	7.10
400,001	to	600,000	5	2,566,500	4.07

600,001 to 800,000	2	1,493,000	2.37
800,001 to 1,000,000	1	800,125	1.27
1,000,001 and above to be classified based on actual circumstances	13	41,495,514	65.3
Total	10,629	63,000,000	100

(4) List of Major Shareholders April 15, 112

Major Shareholders \ Shares	Holding of shares	Shareholding percentage
Shi Rong Investment Co., Ltd.	6,266,293	9.95%
He Ping	5,756,233	9.14%
He Jun	4,463,764	7.09%
Taiwan Bank, entrusted with the custody of Global Mobile Enterprise Co., Ltd. investment fund.	4,306,250	6.84%
Major Shareholders Shi Yi Memorial Education Foundation, a nonprofit organization	3,836,217	6.09%
Standard Chartered Trust, Custodian of Invesco Funds	3,239,000	5.14%
Guo Li Ming	3,119,125	4.95%
Qian Xi Investment Co., Ltd.	2,650,499	4.21%

Li Zhong Yi	1,932,000	3.07%
Zhang Wen Hui	1,787,000	2.84%

(5) Recent two-year data on market price per share, net asset value, earnings, dividends, and related information

Item \ Year		Year 111	Year 110	As of March 31, Year 112
Per Share Market Price	Highest	48.45	40.75	41.95
	Lowest	32.85	32.85	38.15
	Average	37.97	34.91	40.06
Per Share Net Asset Value	Before Distribution	17.56	17.92	16.84
	After Distribution	16.76	16.62	-
Per Share Earnings	Weighted Average Shares	63,000,000	63,000,000	63,000,000
	Earnings per Share	0.9	1.29	0.09
Per	Cash Dividends	0.8	1.3	—

Share Dividends	Free Share Issuance	Bonus Share Issuance from Retained Earnings	–	–	–
	Free Share Issuance	Capital Surplus Share Issuance	–	–	–
	Accumulated Unpaid Dividends		–	–	–
Investment Return Analysis	Price-Earnings Ratio		42.19	27.06	–
	Price-to-Book Ratio		47.46	26.85	–
	Cash Dividend Yield %		2.1	3.72	–

(6) Company's dividend policy and implementation status:

1、Dividend Policy

The company's dividend policy is based on the current year's pre-tax net profit before deducting employee and director compensation. The distribution of employee and director compensation is as follows:
(1) Employee compensation shall not be lower than 1%.

(2) Director compensation shall not exceed 3%.
However, if the company has accumulated losses, an amount should be reserved in advance for offsetting those losses.

Regarding employee compensation, it may be distributed in the form of stock or cash, subject to approval by a majority vote of the directors present, with at least two-thirds of the directors present and a majority vote, and then submitted to the shareholders' meeting.

In the annual financial statements, if there is a surplus, apart from the required payment of income tax, the company should first offset the accumulated losses from previous years. After that, 10% of the remaining balance should be allocated to the legal reserve, unless the legal reserve has reached the total capital amount, in which case it is not required. Following that, special surplus reserves may be set up or reversed in accordance with laws or regulations set by regulatory authorities. If there is still a surplus after these allocations, the board of directors, taking into account the company's operational needs, may retain an appropriate portion of the surplus and propose a dividend distribution resolution to the shareholders' meeting for approval.

2、Future dividend policy for the next three years.

The dividend policy of the company is aligned with its financial, business, and operational aspects, taking into consideration shareholder interests and other factors. The distribution of earnings may be made in the form of cash dividends or stock dividends. The company, being operationally stable, prioritizes cash dividends in the distribution of earnings.

3、Proposed dividend distribution for the current board meeting:

In the 111th fiscal year, the board of directors has resolved to distribute cash dividends of NT$0.8 per share to shareholders, accounting for over 80% of distributable profits, and will report to the shareholders' meeting.

(7) Impact of proposed free share issuance on company's business performance and earnings per share: Our company does not have any plans for free share issuance.

(8) Employee and director remuneration:

1、The company's articles of incorporation specify the percentage or range of employee and director remuneration.

The remuneration for employees and directors is distributed based on the current year's pre-tax net profit after deducting the provision for employee and director remuneration. The specific distribution ratio is as follows: ：

(1) Employee remuneration shall not be less than 1%.

(2) Director remuneration shall not exceed 3%.
However, when the company has accumulated losses, an amount for offsetting should be reserved in advance.
Regarding employee remuneration, it can be distributed in the form of stock or cash, but the resolution must be passed by the board of directors with attendance of at least two-thirds of the directors and approval by a majority of the attending directors, and then submitted to the shareholders' meeting for deliberation.

2、The basis for estimating the provision for employee and director remuneration, the basis for calculating the number of shares for stock-based employee remuneration, and the accounting treatment for any differences between the estimated and actual amounts distributed are as follows.。

No stock-based employee remuneration was distributed, so it is not applicable.

If there is a difference between the actual distribution amount and the estimated amount, it will be recorded in the subsequent year's income statement.

3、Board of Directors' approval of remuneration distribution status:

(1) The amount of employee remuneration and director remuneration distributed in cash or stock:。

Cash remuneration for employees in the 111th fiscal year: NT$1,000,000. Cash remuneration for directors in the 111th fiscal year: NT$1,260,000.

These amounts are consistent with the recognition in the financial statements for the 111th fiscal year.

If there are differences between the actual distribution amount and the estimated amount, they will be recorded as income or expense in the following fiscal year.

(2) The amount of employee remuneration distributed in stock and the

proportion of such amount to the after-tax net income of the individual or separate financial report for the current period and the total amount of employee remuneration:

No employee remuneration has been distributed in the form of stock.

4、Actual distribution of employee and director remuneration in the previous year:

(1) Cash remuneration and stock remuneration for employees and cash remuneration for directors in the previous year:

Cash remuneration for employees: NT$1,260,000，Cash remuneration for directors: NT$1,260,000

(2) Number of employee stock remuneration shares distributed in the previous year and the proportion to the capital increase from retained earnings:

No employee stock remuneration was distributed in the previous year.

(9) Repurchase of company shares in the most recent fiscal year and up to the date of printing the annual report:

二、Handling status of corporate bonds, preferred stocks, depositary receipts, employee stock options, and mergers and acquisitions (including mergers, acquisitions, and spin-offs): None.。

三、Execution status of fund utilization plan

(1) Plan details: As of the cut-off date of the annual report, the previous issuances or private

placements of securities have not been completed, and the benefits of the plan have not yet been realized within the past three years. However, it should be noted that the company has not issued or privately placed any securities up until the cut-off date of the annual report.

(2) Execution status: None.

Fifth 、 Operational Overview

1 、 Business Scope:

(1) Business Scope:

1 、 Main business activities:

(1) Dyeing, finishing, and resin processing of silk, cotton, and synthetic chemical fiber textiles.
(2) Buying and selling of related products and raw materials.
(3) Industrial plant development and leasing.
(4) Factory leasing.
(5) Warehouse leasing.
(6) Office building leasing.
(7) Electronic component manufacturing.
(8) Wholesale of electronic materials.
(9) Retail of electronic materials.
(10) Other businesses permitted by law, except for restricted or prohibited activities.

2 、 Current processing product items:

The company is currently engaged in dyeing, finishing, and processing of pure cotton knitted fabrics, various blended knitted fabrics, synthetic fiber knitted fabrics, as well as specialized communication semiconductor packaging and testing.

3 、 Business proportion:

Unit: New Taiwan Dollars (thousand)

Item	Revenue in the year 111	Percentage%
Dyeing and finishing	163,059	42%

processing		
Fabric sales	629	0%
Rent	45,082	11%
Semiconductor packaging and testing	187,201	47%
Total	395,971	100%

4、Planned New Products:

(1) Low liquor ratio, low energy consumption, and low pollution dyeing and finishing technologies.

(2) Enhancing the quality and additional functionalities of environmentally friendly fibers such as organic cotton, Tencel, Modal, Lyocell, bamboo fiber, bamboo charcoal, etc., in dyeing and finishing processes.

(3) Dyeing and finishing technologies for composite heterogeneous fibers.

(4) Dyeing and finishing technologies for silk, linen, natural fibers, fashionable, and multifunctional knitted fabrics.

(5) Development of advanced packaging products such as QFN (Quad Flat No-leads) and ceramic or hollow packaging.

(6) Enhancing RF (Radio Frequency) high-frequency testing capabilities and expanding the market of RF high-frequency IC design companies in the United States.

(2) Industry Overview:

1. Textile Industry Overview Unit: Billion US Dollars

Item Export Value	111		110	
	Textiles/(Growth Rate)		Textiles/(Growth Rate)	
Export Value	88.4	(2%)	90.24	20%
Import Value	39.45	2%	38.59	15%
Trade Balance	48.95	(5%)	51.65	24%

Source: Taiwan Textile Federation (Taipei, Taiwan)

According to the customs trade statistics for textiles in our country, the total value of textile exports for the year 2022 was 8.84 billion US dollars, representing a 2% decline. The total value of textile imports was 3.945 billion US dollars, showing a 2% growth. The trade surplus in the textile sector amounted to 4.895 billion US dollars, a decrease of 269 million US dollars compared to the same period last year, representing a 5% decline. Vietnam is the largest market for textile exports, followed by Mainland China, the United States, Indonesia, and Cambodia, accounting for a total export share of 61%. In terms of export value, the main export item is fabric, which accounts for 72% and has shown a 2% growth. On the other hand, garments and apparel products account for 5% and have experienced a 9% decline. Fabric is the major export item to all five top export destinations, with Vietnam being the largest recipient. All five major export items have shown a declining trend. Mainland China remains the top import source for us, followed by Vietnam, the European Union, the United States, and Japan, accounting for a total of 80% of the total import value.

In terms of import value analysis, the major import item is garments and apparel products, accounting for 54% and experiencing a 10% growth, followed by fabric, accounting for 15% and showing a 3% growth. (Source: Textile Industry Association)

2. Semiconductor Industry Overview:

Import and Export Situation: Unit: Million yuan

Year	111	110	Increase (Decrease) %
Total Export Value	5,256,606	4,152,769	26.58
Total Import Value	2,773,263	2,418,237	14.68
Trade Surplus (Deficit)	2,483,343	1,734,532	43.17

Production and sales value situation Unit: million yuan

Year	111	110	Increase (Decrease) %

Production Value	3,647,691	2,753,110	32.49
Sales Value	3,559,690	2,754,520	29.23

Source of information: Taiwan Institute of Economic Research

Export value of the semiconductor industry in 2022 increased by 26.58% compared to 2021, while import value increased by 14.68%. The trade surplus for the year increased by 43.17% compared to 2021. The annual production value increased by 32.49%, and the sales value increased by 29.23%. Both indicators showed an increasing trend.
In the semiconductor industry, due to the impact of the COVID-19 pandemic and the severity of the situation in Europe and the United States, many factories had to shut down and were unable to produce. However, Taiwan continued its production activities. Additionally, the ongoing trade tensions between the United States and China led to many U.S. companies outsourcing orders to Taiwan. As a result, both the production and sales value of the semiconductor industry increased significantly compared to the previous year.

(3) Technological and R&D Overview:

1、 Research and development focus on:

(1) Development of dyeing and finishing technologies for new fibers, such as blended silver fibers and carbon fibers.

(2) Research and development of special textures for cotton fabrics.

(3) Development of cooling and heating processes.

(4) Advanced packaging products, such as QFN and ceramic or hollow packaging.

2、 Processing of developed functional and environmentally friendly fiber fabrics in mass production:

(1) Functional processing: Moisture-wicking, antibacterial and odor-resistant, far-infrared, aromatic skincare, silver ion, and negative ion processing.

(2) Environmentally friendly fiber fabrics: Modal, Tencel, Bamboo Charcoal, Bamboo, Soybean blend, T-Superfine Milk Yarn, and Coffee Yarn series processing technologies.

３、Planned research and development of new products and quality improvement projects.

(1)New product development:Dyeing and finishing techniques for composite fabrics of different fibers, including metallic fibers and shiny onion fiber fabrics.。

(2)uality improvement:Enhancing the quality of environmentally friendly fibers and developing dyeing and finishing processes with low liquor ratio, low energy consumption, and low pollution.。

(3)Outsourcing of 5G communication equipment and related products, focusing on communication chip packaging and testing technology to enhance RF high-frequency testing capabilities.

The research and development expenses incurred in the most recent fiscal year up to the date of the annual report printing are as follows Unit: NT$ thousand

Year	Research and Development Expenses
2021	6,341
2022.March 31st	2,647

(4) Long and Short-Term Business Development Plans:

1、 Long-term assessment:

The long-term plan will focus on the development of the following product categories with the goal of achieving refinement:

(1) Functional textiles for sports, leisure, and health purposes.

(2) Textiles for clothing accessories and trimmings.

(3) Development of high-end packaging products to respond to the 5G trend.

2、 Short-term assessment:

(1) Due to the complete dependence on imported cotton from mainland China, it is difficult to control the variability and pricing of raw material supply. This has resulted in higher costs and increased competition challenges with countries like China. Therefore, the development goal for cotton fabrics should focus on value-added processes such as brushing, shrinkage control, and functional enhancements.

(2) In the domestic textile industry, due to the strong presence of the petrochemical industry, obtaining raw materials such as polyester fiber, nylon fiber, and synthetic fiber is easy. Our company has expertise in dyeing techniques for these fabric types, and in the future, we will increase the proportion of dyeing for these fabrics.

(3) For semiconductor packaging and testing, we focus on reducing internal operational costs and acquiring new equipment to continuously improve production capacity. By improving processes to shorten lead times and concentrating on certain packaging combinations, we aim to enhance overall efficiency.

(4) We are developing high-end packaging products, such as QFN, and enhancing our capabilities in RF high-frequency testing.

二、**Market and Production/Sales Overview:**

(一) Market Analysis:

1、Future Supply and Demand Situation and Growth Prospects:

The textile industry in Taiwan is facing challenges such as the relocation of upstream, midstream, and downstream industries and the competitive pressure from low-cost Southeast Asian countries. As a result, Taiwan's competitiveness has weakened, and the domestic consumer market has been relatively sluggish. However, Taiwan has a comparative advantage in the production of chemical fiber raw materials compared to other countries, making it relatively easier to acquire raw materials for textile products.

In the semiconductor industry, the main focus will be on the 5G market, and the development of product lines related to 5G projects. We have developed specialized packaging products for 5G solutions, such as base stations, LAN ports, and WiFi boxes, catering to various sectors in the 5G market. The development of 5G applications and services is expected to create new opportunities for our current products, similar to how GPS devices found new market uses. This expansion will allow us to diversify our market portfolio.

Currently, the new products and processes developed by the company have been certified by clients. We have already started procuring relevant raw materials and equipment, as well as expanding our production capacity at the beginning of the 110th fiscal year. It is anticipated that in the fiscal year, we will be able to sustainably increase production capacity and improve efficiency to meet the growing demand from all our customers, thereby enhancing the company's profitability.

2、Sales Regions of the Company's Main Products:

Textile Division: The main focus is on contract dyeing and finishing, primarily serving the domestic market.

Semiconductor Division: The main activities involve chip packaging and testing outsourcing, serving both domestic and export (United States) markets.

3、Competitive Advantages:

Textile: The company specializes in dyeing and finishing of knitted fabrics, benefiting from vertical integration with upstream and downstream industries. Maintaining a close and integrated cooperation within the industry value chain helps the company compete in the context of global regional economic integration. The company continues to increase the development of high-value-added products to sustain its competitive advantage.

Semiconductor: As the demand for mobile and smart devices continues to grow, the value of semiconductor packaging and testing increases. Companies that can provide cost-effective packaging solutions will be the major beneficiaries of this trend. The company aims to enter lower-cost markets by focusing on the development of copper wire processes. By reducing internal operating costs, acquiring new equipment to enhance production capacity, and shortening lead times to meet diverse customer needs, the company aims to increase customer trust. The company has already developed advanced packaging products such as QFN and improved its RF high-frequency testing capabilities to expand in the U.S. market. In the future, there will be a greater emphasis on developing high-performance, cost-effective products to compete in the market.

4、Prospects: Favorable and Unfavorable Factors and Responses:

(1) Favorable Factors:

The textile industry is a necessary industry for daily life. Since 1990, our company has implemented full automation, becoming the first fully automated dyeing and finishing company in the country. Precise control over processes and materials reduces the impact of human factors, maintains high product quality, increases production capacity, and reduces costs, thereby strengthening our competitiveness within the industry.

(2) Unfavorable Factors and Responses:

Unfavorable Factor: Strict environmental standards. The investment in processing equipment for environmental compliance is costly, increasing production costs and reducing profitability.

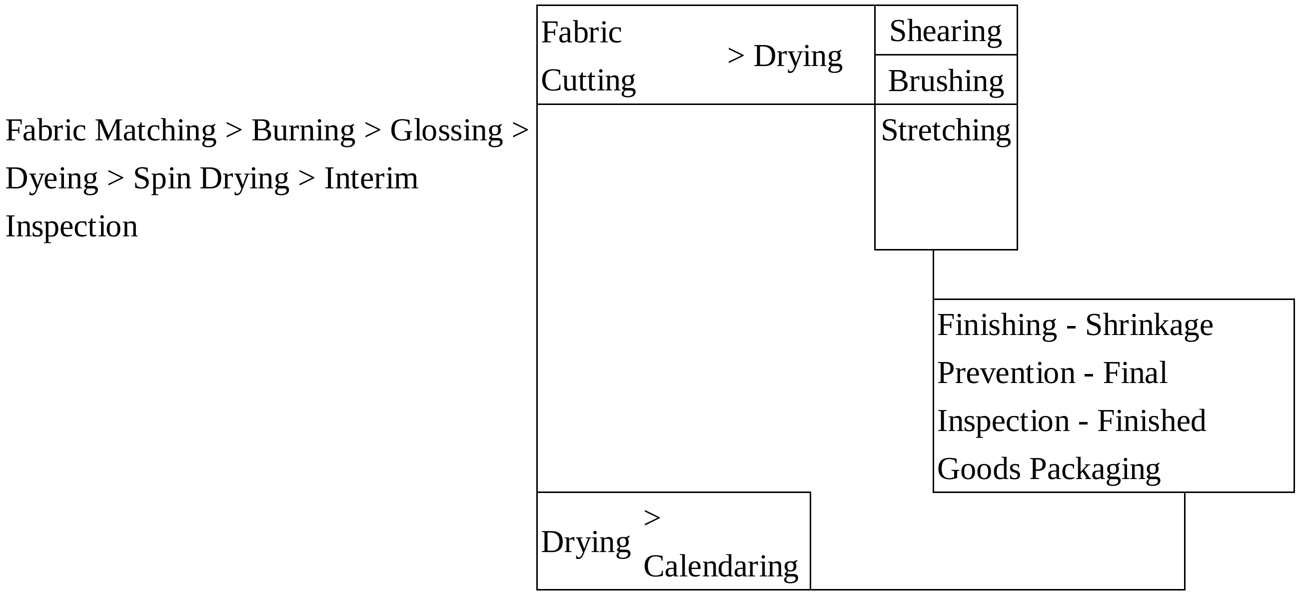
Response: Invest in wastewater treatment equipment to enhance treatment capabilities and achieve recyclable and reusable results.

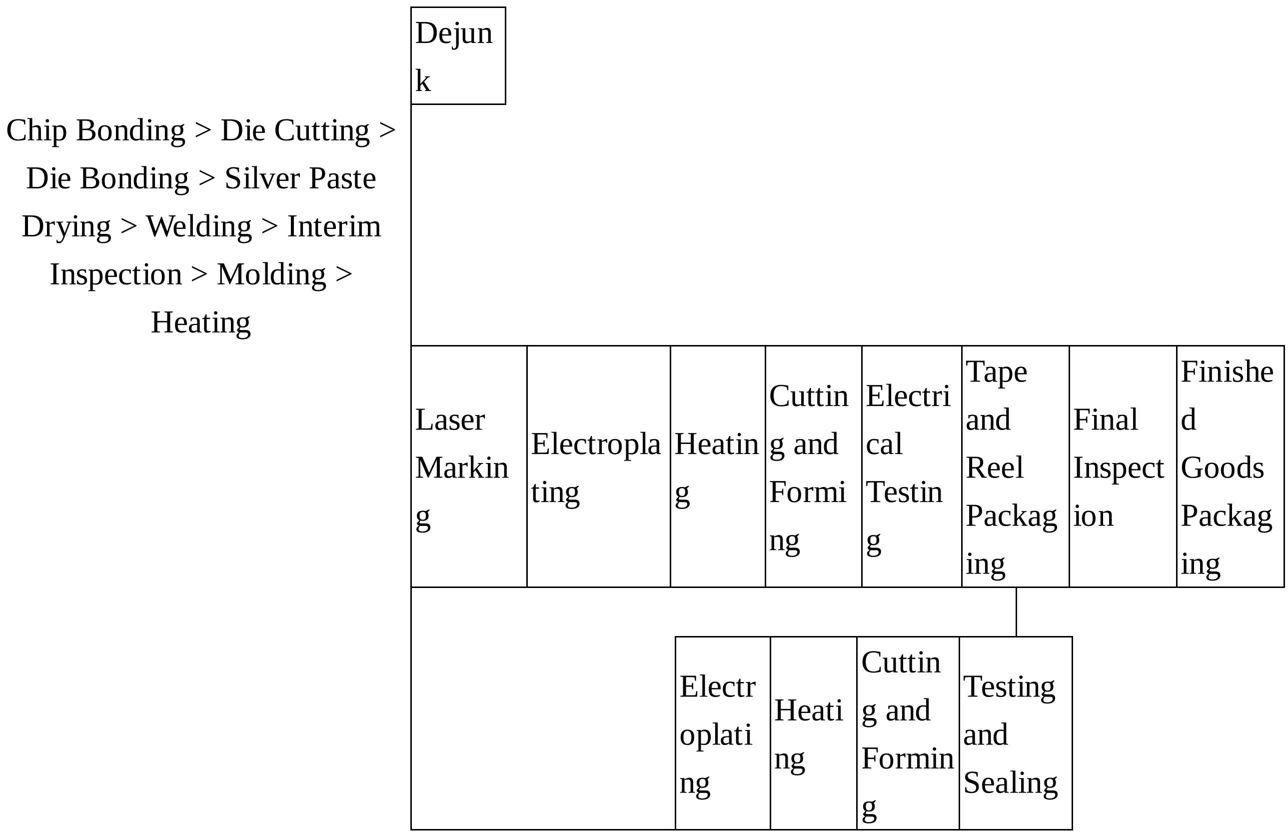
（二）Important Uses and Manufacturing Processes of Main Products:

1、 The significant uses of the products are as follows:：

The merged company is an OEM factory specializing in dyeing, resin processing, finishing of silk, cotton, wool, and synthetic fiber textiles, as well as semiconductor packaging and testing services.。

Production Process:


Fabric Matching > Burning > Glossing > Dyeing > Spin Drying > Interim Inspection
Fabric Cutting > Drying
Shearing
Brushing
Stretching
Finishing - Shrinkage Prevention - Final Inspection - Finished Goods Packaging
Drying > Calendaring


Dejunk
Chip Bonding > Die Cutting > Die Bonding > Silver Paste Drying > Welding > Interim Inspection > Molding > Heating
Laser Marking
Electroplating
Heating
Cutting and Forming
Electrical Testing
Tape and Reel Packaging
Final Inspection
Finished Goods Packaging
Electroplating
Heating
Cutting and Forming
Testing and Sealing

(3) Supply of Main Materials:

Name of Material	Suppliers
Dyes	Everlight Chemical, Golden King Dye
Catalyst	Sesoda, Joint Fair Enterprise, Full Champ
Fuel	Full Winner, Sino-Indo
Gold Line, Lead Frame	Heraeus, Possehl, ASM

(4) Name of Trade Partners Representing More Than 10% of Total Purchases (Sales) in Any of the Previous Two Years:

1. Main Suppliers in the Last Two Years

Unit: NTD thousands

	2021				2020				2022 Up Until the Previous Quarter			
Item	Name	Amount	Annual Net Purchases	Relationship With the Issuer	Name	Amount	Annual Net Purchases	Relationship With the Issuer	Name	Amount	Annual Net Purchases	Relationship With the Issuer
1					Heraeus	32,096	26	None				
2					Win Semiconductors	23,788	19	None				
3					Possehl	15,158	12					
4					AMSG	11,991	10					
					Others	40,265	33	None				
	Net Purchases			-	Net Purchases	123,299	100	-	Net Purchases			-

2. Main Customers in the Last Two Years

Unit: NTD thousands

	2021				2020				2022 Up Until the Previous Quarter			
Item	Name	Amount	As a Percentage of Annual Net Sales (%)	Relationship With the Issuer	Name	Amount	As a Percentage of Annual Net Sales (%)	Relationship With the Issuer	Name	Amount	As a Percentage of Annual Net Sales (%)	Relationship With the Issuer
1					A21	42,337	10	None				
2					P01	40,582	10	None				
3					G03	40,081	10	None				

					Others	293,256	70	None				
	Net Sales			-	Net Sales	416,256	100	-	Net Sales	108,312	100	-

Recent Two Years Production Value

Products: Synthetic fibers, natural fibers, various blended fiber knitted fabrics, pure cotton knitted fabrics, and semiconductor packaging.

Production Value (OEM Value)

Annual / Production	2022			2021		
	Capacity (kg)	Production Volume (kg)	Production Value (NTD)	Capacity (kg)	Production Volume (kg)	Producti Value (NT
Subsidiary for Outsource Dyeing and Finishing Processing	4,000,000	1,456,453	164,522,683	4,000,000	1,396,834	146,396,
Subsidiary	Capacitypcs)	Production Volume (pcs)	Production Value(NTD)	Capacity (pcs)	Production Volume (pcs)	Producti Val (NT
Semiconductor Packaging OEM	600,000,000	339,013,488	187,200,725	600,000,000	552,152,480	295,390,

（6）Recent Two Years Sales Volume:

Product: Semiconductor Packaging

Dyeing and Finishing Sales Volume

Annual / Sales Volume	2022		2021	
	Quantity （pcs）	Value （NTD）	Quantity （pcs）	Value （NTD）
1. Domestic Sales	1,456,453	164,522,683	1,396,834	146,396,891

1. Export Sales	-	-	-	-

Semiconductor Sales Volume:

Annual sales Volume items	2022		2021	
	Quantity （pcs）	Value （NTD）	Quantity （pcs）	Value （NTD）
1. Domestic Sales	230,960,870	100,268,183	318,322,447	168,710,897
1. Export Sales	104,576,200	87,250,631	233,830,033	126,679,713

3、Recent Two-Year Employee Data as of the Date of Annual Report Printing

Yearly or Annua nalysis		2022	2021	As of the end of the current fiscal year on March(note)
Employee Count:	Local Employees	124	140	84
	Foreign Employees	30	30	24
	Total Employees	154	170	108
Average Age		46	45	43
Average Years of Service		11	10	10
Educational Distribution Ratio:	Doctorate	0%	0%	0%
	Master's Degree	2%	2%	4%
	Bachelor's Degree	41%	42%	55%
	College Degree	22%	22%	23%
	High School Diploma	22%	20%	18%
	Below High School	14%	14%	1%

note：The parent company has ended its textile and dyeing industry, resulting in a significant workforce reduction and staff layoffs.

4、Environmental Expenditure Information

(1) Losses Incurred in the Past Two Years Due to Environmental Pollution
Unit: NTD　IN THOUSANDS

Yearly or Annua nalysis / Items	2022	2021	As of the end of the current fiscal

			year on March
Party to be compensated or entity to be disposed of	no	Environmental Protection Bureau	no
Date of disposition	no	110.11.30	no
Disposition reference number	no	Government Environmental Inspection Letter No. 1100308331	no
Violated provisions	no	Water Pollution Control Act Article 7	no
Disposition content	no	Failure to comply with effluent standards	no
Amount compensation or disposition situation	no	168	no
Other losses	no	no	no

(2) Response:

1.Improvement Measures: There have been no violations of environmental regulations or compensation issues.

2、Projected Environmental Capital Expenditures for the next three years:

The parent company, which operates in the textile dyeing and finishing industry, will cease operations and therefore will not have any environmental capital expenditures.

The subsidiary companies have the following projected environmental capital expenditures:

Unit: NTD IN THOUSANDS

Yearly or Annua / Items	2023	2024	2025

Proposed pollution control equipment or expenditure	Addition of wastewater treatment equipment.	-	-
Expected improvement situation	-	-	-
Amount	3,000	0	0

3、 Impact after improvement: Not applicable.
4、 Unimplemented response measures: Not applicable.

5、Labor-Management Relations

(一) Employee Welfare Measures: ：

Employee Welfare Measures:
1.The company has established an Employee Welfare Committee, whose members are elected by the employees. The committee allocates funds for various welfare programs in accordance with legal requirements. The welfare measures include recreational activities, employee training, subsidies for marriage, funeral and celebratory events, annual holiday bonuses, and annual trips. This year, no employee trip was organized, and the budgeted amount of approximately 3 million yuan will be used for holiday bonuses and gifts in the 111th fiscal year.
2.The company has a policy of sharing profits with employees, which is stated in the company bylaws, aiming to motivate employee morale.
3.Employee Education and Training:
To enhance employees' professional skills and cultivate them into globally competitive talents, the company selects suitable personnel to participate in various external professional courses and seminars. These include training programs for new employees, in-service training courses, specialized courses, occupational safety courses, environmental protection courses, and other job-related training programs. The objective is to cultivate employees with excellent professional skills.

Job Title	Name	Course	Date
Superviso	Chiu Yixun	High-Pressure Gas Specific Equipment Operator	111.1.19
Engineer	Chen Guifang	Radiation Safety Training for Operators	111.4.25

2.Retirement system and implementation status: The company has established the Labor Retirement Reserve Fund Supervisory Committee and formulated employee retirement regulations in accordance with the Labor Standards Act. As required by law, a portion of the monthly salaries is allocated to the retirement fund, which is deposited in Taiwan Bank and managed by the Retirement Reserve Fund Supervisory and Management Committee. In addition, starting from July 1, 2005, in compliance with the implementation of the Labor Retirement Pension Act (referred to as the new system), employees who opt for the new system have their retirement benefits contributed by the company at a rate of 6% of their monthly wages, which is deposited into their individual retirement accounts. In the 111th year, a total of NT$3.387 million was allocated to individual retirement accounts.

Retired employees who qualify under the old system in the 111th year receive payments of NT$4.028 million from the special account managed by the Trust Department of Taiwan Bank.

3.Labor-management agreements: The company upholds the principle of promoting harmonious labor-management relations. In addition to regularly holding meetings with executives and labor representatives, the company actively solicits opinions and implements necessary improvements in a timely manner. This fosters consensus-building and enhances harmony between labor and management. As of now, there have been no labor-management disputes or disagreements requiring formal agreements.

(2) In the past two fiscal years and up to the date of printing of the annual report, the company has not incurred any losses due to labor disputes. The company has not identified any current or potential labor disputes that could result in losses. Therefore, there is no need to disclose estimated amounts or mitigation measures.

1、There have been no significant labor disputes between labor and management in the company up to the present time.

2、Current and potential loss amounts and mitigation measures: The company is committed to promoting and implementing various employee welfare measures and actively addressing issues through the communication channels provided by the Employee Welfare Committee. These measures aim to effectively resolve problems and minimize potential losses in the future.

(3)Employee Behavior or Code of Ethics: The company has established "Work Rules," which include provisions related to employee behavior and ethics under the section "Code of Conduct." The key points are summarized as follows:

1.Employees should uphold the values of "sincerity, goodness, professionalism, and innovation." They are expected to work diligently in their positions, take care of company property, minimize waste, improve quality, and meet deadlines to drive overall development and progress of the company. Employees should adhere to all company rules and regulations and obey the instructions of superiors at all levels. Supervisors should guide their subordinates with kindness and listen to their suggestions regarding work matters.

2.Employees are prohibited from using their positions for personal or others' gains. They must not abuse their authority or engage in behaviors that involve misappropriation or theft of company assets. Violations of these rules will be dealt with according to the company's regulations.

(4) Protection Measures for Work Environment and Employee Personal Safety:

1.To promote a balanced development for employees in work, health, and personal life, the company has established a training program that specifies training items and provides a training checklist for employees at all levels. Employees in special workplaces are required to undergo training and obtain relevant certifications as per regulations.

2.Supervisors at all levels in each department follow the "Factory Safety and Health Facility Regulations" and set up warning signs. They also provide on-site operation safety guidance to employees.

3.Smoking is strictly prohibited in the factory premises for on-site workers. Dedicated smoking areas are provided to safeguard the rights of employees.

4.Standard machines and dehydrators are equipped with covers and interlocking devices to ensure the safety of workers.

6、Information Security Management:

(1) Description of Information Security Risk Management Framework, Information Security Policy, specific management plans, and resources invested in information security and

management.

1.Information Security Risk Management Framework: The company has IT department personnel responsible for internal and external information system maintenance.

2.Information Security Policy: Regular reviews, improvements, and implementation of system security measures.

3.Specific management plans: Strengthening network firewalls and network controls.

4.Resources invested in information security management: The company's ERP system is relatively simple due to its small scale. Currently, there is one person assigned to system maintenance and management.

(2) Specify the losses, potential impacts, and response measures related to significant information security incidents in the most recent fiscal year and up to the date of the annual report's publication. If there is no reasonable estimation, explain the inability to make a reasonable estimation.

No significant losses incurred due to information security incidents.

Regenerate response

7、Important Contracts: **no**

6、Financial Overview

1、Recent Five-Year Summary of Simplified Consolidated Balance Sheet and Income Statement

(1) Simplified Consolidated Balance Sheet and Comprehensive Income Statement Data

Consolidated Balance Sheet

Unit: NTD IN THOUSANDS

Yearly or Annua nalysis Items		Recent Five Years' Financia 2022	2021	2020	2019	2018	As of the end of the current fiscal year on March 31, 2
Current Assets		638,146	669,199	624,978	652,690	777,206	636,655
Property, Plant and Equipment		211,752	191,687	190,659	199,807	233,199	201,644
Intangible Assets		—	—	—	—	—	—
Other Assets		526,226	562,036	571,923	517,895	516,528	526,374
Total Assets		1,376,124	1,422,922	1,387,560	1,370,392	1,526,933	1,364,673
Current Liabilities	Before Distribution	52,218	71,608	76,051	92,931	93,111	86,346
	After Distribution	102,618	158,118	132,751	192,914	203,840	-
Non-current Liabilities		171,215	170,715	172,900	171,982	175,059	170,973
Total Liabilities	Before Distribution	223,433	242,323	248,951,	267,990	269,859	257,319
	After Distribution	273,833	328,833	305,651	367,973	380,588	-
Equity Attributable to Owners of the Parent Company		1,106,252	1,129,086	1,090,893	1,092,237	1,207,166	1,061,303
Share Capital		630,000	630,000	630,000	720,000	720,000	630,000

Capital Surplus		22,358	22,358	22,359	22,361	21,784	22,358
Retained Earnings	Before Distribution	455,756	477,633	451,340	481,254	474,661	411,327
	After Distribution	405,356	395,733	394,640	387,654	375,861	-
Other Equity		(1,862)	(905)	(12,806)	(14,959)	(15,872)	(2,382)
Treasury Stock		—	—	—	—	—	—
Non-controlling Interests		46,439	51,513	47,716	46,592	51,777	46,051
Total Equity	Before Distribution	1,152,691	1,180,599	1,138,609	1,258,943	1,259,059	1,107,354
	After Distribution	1,102,291	1,094,089	1,081,909	1,158,960	1,148,330	-

Consolidated Statement of Comprehensive Income
Unit: NTD IN THOUSANDS

Yearly or Annua / Analysis Items	Recent Five Years' Financia					As of the end of the current fiscal year on March 31, 2
	2022	2021	2020	2019	2018	
Operating Revenue	395,971	477,354	416,256	398,105	505,982	54,214
Gross Profit	132,939	182,996	151,652	143,483	195,008	9,535
Operating Income (Loss)	45,897	109,052	87,481	75,714	119,370	(10,748)
Non-operating Income and Expenses	23,218	649	6,611	7,127	17,198	18,464

Profit Before Tax	69,115	109,701	80,870	82,841	135,368	7,716
Continuing Operations Net Profit for the Period	55,980	87,482	62,551	66,285	111,386	5,583
Loss from Discontinued Operations	—	—	—	—	—	—
Net Profit (Loss) for the Period	55,980	87,482	62,551	66,285	111,386	5,583
Other Comprehensive Income for the Period (Net of Tax)	2,623	13,691	1,649	3,006	(772)	(520)
Total Comprehensive Income for the Period	58,603	101,173	64,200	69,291	110,614	(5,063)
Net Profit Attributable to: Owners of the Parent Company	56,582	81,170	59,956	65,006	103,812	5,971
Net Profit Attributable to:Non-controlling Interests	(602)	6,312	2,595	1,219	7,574	(388)
Total Comprehensive Income Attributable to: Owners of the Parent Company	59,066	94,894	61,658	68,094	103,046	5,451
Total Comprehensive Income Attributable to: Non-controlling Interests	(463)	6,279	2,542	1,197	7,568	(388)
Earnings per Share	0.90	1.29	0.95	0.94	1.44	0.09

Simplified Balance Sheet (Individual)

Unit: NTD IN THOUSANDS

Yearly or Annua Analysis Items		Recent Five Years' Financia				
		2022	2021	2020	2019	2018
Current Assets		455,141	415,829	350,125	403,236	501,877
Property, Plant, and Equipment		100,533	108,649	115,817	128,476	142,767
Intangible Assets		—	—	—	—	—
Other Assets		749,582	805,141	825,783	767,195	790,449
Total Assets		1,305,256	1,329,619	1,291,725	1,298,907	1,435,093
Current Liabilities	Pre-Distribution	31,523	33,626	31,815	38,642	56,468
	Post-Distribution	81,923	115,526	88,515	131,642	150,068
Non-Current Liabilities		167,481	166,907	169,017	168,028	171,459
Total Liabilities	Pre-Distribution	199,004	200,533	200,832	206,670	227,927
	Post-Distribution	249,404	282,433	257,532	269,670	321,527
Share Capital		630,000	630,000	630,000	630,000	720,000
Capital Surplus		22,358	22,358	22,359	23,361	21,784
Retained Earnings	Pre-Distribution	455,756	477,633	451,340	454,835	481,254
	Post-Distribution	405,356	395,733	394,640	391,835	387,654
Other Equity		(1,862)	(905)	(12,806)	(14,959)	(15,872)
Treasury Stock		—	—	—	—	—

Total Equity	Pre-Distribution	1,106,252	1,129,086	1,090,893	1,092,237	1,207,166
	Post-Distribution	1,005,852	81,047,186	1,034,193	1,029,237	1,113,566

Condensed Statement of Comprehensive Income (Individual)

Unit: NTD IN THOUSANDS

Yearly or Annua / Analysis Items	Recent Five Years' Financia				
	2022	2021	2020	2019	2018
Revenue from operations	223,611	196,888	192,792	222,986	257,047
Gross profit from operations	116,806	102,729	99,371	108,837	119,293
Operating income (loss)	55,663	62,282	63,411	65,022	74,615
Non-operating income (expenses	13,910	31,577	9,809	13,911	44,882
Profit (loss) before tax	69,573	93,859	73,220	78,933	119,497
Profit (loss) from continuing operations	56,582	81,170	59,956	65,066	103,812
Profit (loss) from discontinued operations	—	—	—	—	—
Net profit (loss) for the period	56,582	81,170	59,956	65,066	103,812
Other comprehensive income for the period	2,484	13,724	1,702	3,028	(766)
Total comprehensive income for the period	59,066	94,894	61,658	68,094	103,046
Earnings per share	0.90	1.29	0.95	0.94	1.44

(2) Recent Five Years' Audit Firm Names, Auditors' Names, and Audit Opinions:

2022 KPM Yu Shenghe, Huang Yonghua Unqualified opinion
2021KPM Yu Shenghe, Huang Yonghua Unqualified opinion
2020 PWC Xu Shengzhong, Li Yunbian Unqualified opinion
2019 PWC Xu Shengzhong, Li Yunbian Unqualified opinion
2018 PWC Xu Shengzhong, Li Yunbian Unqualified opinion

2、Financial Analysis for the Past Five Years

Financial Analysis (Consolidated)

Yearly or Annual / Analysis Items		Financial Analysis for the Past Five Years					As of the end of the current fiscal year on March 31, 2023
		202	202	202	201	201	
F	Debt-to-Asset Ratio	16.	17.	17.	16.	17.	18.86

	Long-term Funding to Property, Plant, and Equipment Ratio	625	704	687	656	614	633.95
D	Current Ratio	122	934	821	109	836	737.33
	Quick Ratio	115	875	783	105	802	692.62
	Interest Coverage Ratio	147	192	807	628	128	322.50
O	Accounts Receivable Turnover (times)	7.5	6.6	6.0	5.4	5.6	3.54
	Average Collection Days	48.	55.	60.	66.	64.	103.13

	Inventory Turnover (times)	6.7	8.3	10.	9.7	12.	5.37
	Accounts Payable Turnover (times)	18.	14.	12.	14.	13.	11.63
	Average Sales Days	53.	43.	35.	37.	29.	68.02
	Property, Plant, and Equipment Turnover (times)	1.9	2.5	2.1	1.8	2.0	0.86
	Total Asset Turnover (times)	0.2	0.3	0.3	0.2	0.3	0.15
P	Return on Assets (%)	4.0	6.2	4.5	4.5	7.3	1.56
	Return on Equity (%)	4.8	7.5	5.4	5.5	8.8	1.92
	Pre-tax Net Income to Paid-in Capital Ratio (%)	10.	17.	12.	13.	18.	4.90
	Net Profit Margin (%)	14.	18.	15.	16.	22.	10.30
	Earnings per Share (EPS)	0.9	1.2	0.9	0.9	1.4	0.09
C	Cash Flow Ratio (%)	215	128	122	160	170	-8.17
	Cash Flow Adequacy Ratio (%)	96.	102	109	116.	123	155.16
	Cash Reinvestment Ratio (%)	1.3	1.5	1.3	-	2.1	-0.44
L	Operating Leverage	1.5	1.2	1.3	1.4	1.3	-1.21
	Financial Leverage	1.0	1.0	1.0	1.0	1.0	1.01
	Please provide an explanation for the changes in various financial ratios in the past two years. (If the changes do not exceed 20%, analysis can be skipped.)						

	1.Due to a significant decline in revenue in the semiconductor industry, the subsidiary incurred a loss in the fiscal year 2022. As a result, accrued year-end bonuses and employee dividends recorded on the books decreased significantly compared to previous periods. This led to a reduction in current liabilities, resulting in an increase in both the current ratio and quick ratio. Additionally, the interest coverage ratio decreased significantly compared to previous periods. 2.Due to the contraction of the subsidiary's semiconductor industry revenue, coupled with a decrease in relative cost of goods sold compared to the previous period, there was an excessive average inventory level. As a result, the accounts payable turnover and average sales days increased compared to the previous period, while the property, plant, and equipment turnover decreased by 2% compared to last year. 3.Under the profitability category, all ratios decreased significantly compared to the same period last year. This is mainly due to the downturn in the subsidiary's semiconductor industry, resulting in a substantial decline in revenue and a significant decrease in operating income, pre-tax income, and net income. 4.In the fiscal year 2021, the subsidiary's semiconductor industry experienced favorable operating conditions, leading to overestimation of expected orders. As a result, inventory levels increased significantly compared to the previous period. However, in the fiscal year 2022, the overall electronics industry faced a downturn, causing significant fluctuations in inventory between the two periods. Additionally, due to the subsidiary's shift from profit to loss, corresponding items such as year-end bonuses and dividends decreased. Consequently, the cash flow ratio increased significantly compared to the previous period. 5.The subsidiary's poor operating performance in the fiscal year 2022 resulted in a significant decrease in operating profit. As a result, the leverage ratio increased. 1.

Calculation Formulas:

Financial Structure

(1) Debt-to-Asset Ratio = Total Debt / Total Assets.

(2) Long-term Capital to Property, Plant, and Equipment Ratio = (Total Equity + Non-current Liabilities) / Net Property, Plant, and Equipment.

Debt-paying Ability

(1) Current Ratio = Current Assets / Current Liabilities.

(2) Quick Ratio = (Current Assets - Inventory - Prepaid Expenses) / Current Liabilities.

(3) Interest Coverage Ratio = Earnings Before Income Tax and Interest / Interest Expense.

Operating Efficiency

(1) Accounts Receivable Turnover Ratio (including accounts receivable and bills receivable) = Net Sales / Average Accounts Receivable (including accounts receivable and bills receivable) Balance.

(2) Average Collection Days = 365 / Accounts Receivable Turnover Ratio.

(3) Inventory Turnover Ratio = Cost of Goods Sold / Average Inventory.

(4) Accounts Payable Turnover Ratio (including accounts payable and bills payable) = Cost of Goods Sold / Average Accounts Payable (including accounts payable and bills payable) Balance.

(5) Average Sales Days = 365 / Inventory Turnover Ratio.

(6) Property, Plant, and Equipment Turnover Ratio = Net Sales / Average Net Property, Plant, and Equipment.

(7) Total Asset Turnover Ratio = Net Sales / Average Total Assets.

Profitability

(1) Return on Assets = (Net Income + Interest Expense × (1 - Tax Rate)) / Average Total Assets.

(2) Return on Equity = Net Income / Average Total Equity.

(3) Net Profit Margin = Net Income / Net Sales.

(4) Earnings per Share = (Profit Attributable to Owners of the Company - Preferred Stock Dividends) / Weighted Average Number of Issued Shares.

Cash Flow

(1) Cash Flow Ratio = Operating Cash Flow / Current Liabilities.

(2) Net Cash Flow Adequacy Ratio = Operating Cash Flow for the Last Five Years / (Capital Expenditure + Increase in Inventory + Cash Dividends) for the Last Five Years.

(3) Cash Reinvestment Ratio = (Operating Cash Flow - Cash Dividends) / (Gross Property, Plant, and Equipment + Long-term Investments + Other Non-current Assets + Operating Capital).

Leverage:

(1) Operating Leverage = (Net Operating Revenues - Variable Operating Costs and Expenses) / Operating Profit.

(2) Financial Leverage = Operating Profit / (Operating Profit - Interest Expenses).

Note 4: When calculating earnings per share, the following should be considered:

1Weighted average number of common shares should be used, not year-end issued shares.

2. In case of cash capital increase or treasury stock transactions, the duration of circulation should be considered in calculating the weighted average shares.

3.For profit transfer increase in capital or capital surplus, when calculating earnings per share for past years and semi-annual periods, it should be adjusted retrospectively based on the increase ratio, without considering the issuance period of the increase.

4 If the preferred stock is non-convertible cumulative preferred stock, its dividends for the current year (regardless of whether they are paid) should be subtracted from or added to net income after tax. If the preferred stock is non-cumulative, in the case of net income, the dividends of preferred stock should be subtracted from net income. If there is a net loss, there is no need for adjustment.

Note 5: When analyzing cash flows, the following should be considered:

1. Operating Cash Flow refers to the net cash inflow from operating activities in the cash flow statement.

2.Capital Expenditure refers to the cash outflow for capital investment during a year.

3.Inventory increase is only considered when the ending balance is greater than the beginning balance. If the inventory decreases at the end of the year, it is calculated as zero.

4.Cash dividends include dividends paid on common stock and preferred stock.

5.Gross Property, Plant, and Equipment refers to the total value of property, plant, and equipment before deducting accumulated depreciation.

Financial Analysis - Individual

Yearly or Annual / Analysis Items		Financial Analysis for the Past Five Years				
		2022	2021	2020	2019	2018
Fi	Debt-to-Asset Ratio	15.25	15.08	15.55	15.91	15.88
	Long-term Funding to Property, Plant, and Equipment Ratio	1266.98	1192.83	1087.85	980.93	965.65
D	Current Ratio	1443.84	1236.63	1100.50	1043.52	888.78
	Quick Ratio	1442	1221.00	1085.85	1022.98	874.77

	Interest Coverage Ratio	1618.98	1841.37	796.87	637.56	1128.33
O	Accounts Receivable Turnover (times)	14.77	7.63	7.65	6.35	8.10
	Average Collection Days	24.71	47.84	47.71	57.48	45.06
	Inventory Turnover (times)	40.93	14.31	14.93	14.27	17.64
	Accounts Payable Turnover (times)	9.00	7.93	7.87	7.13	10.42
	Average Sales Days	8.92	25.51	24.45	25.58	20.69
	Property, Plant, and Equipment Turnover (times)	2.07	1.66	1.49	1.65	1.76
	Total Asset Turnover (times)	0.17	0.15	0.14	0.16	0.18
P	Return on Assets (%)	4.36	6.18	4.40	4.68	7.27
	Return on Equity (%)	5.15	7.31	5.22	5.79	8.61
	Pre-tax Net Income to Paid-in Capital Ratio (%)	110.43	148.98	116.22	125.29	165.97
	Net Profit Margin (%)	25.30	41.23	31.10	29.18	40.39

	Earnings per Share (EPS)	0.90	1.29	0.95	0.94	1.44
C	Cash Flow Ratio (%)	352.17	188.01	217.62	245.52	236.69
	Cash Flow Adequacy Ratio (%)	117.31	111.14	114.24	107.14	116.27
	Cash Reinvestment Ratio (%)	1.58	0.35	0.32	0.07	1.61
L	Operating Leverage	1.16	1.14	1.17	1.23	1.20
	Financial Leverage	1	1.00	1.00	1.00	1.00

Financial Analysis Formulas for Consolidated Financial Statements (same as the previous page

Audit Report for the Recent Annual Financial Statements

Audit Committee Report

To the Board of Directors:

The Board of Directors presents the 111th Annual Operating Report, Individual Financial Statements, Consolidated Financial Statements, and the proposal for profit distribution to the shareholders' meeting. The Individual Financial Statements and Consolidated Financial Statements have been audited and certified by Certified Public Accountants Mr. Yu Shenghe and Mr. Huang Yonghua of Anhou Jianye Certified Public Accountants, who have issued an audit report.

The aforementioned Operating Report, Individual Financial Statements, Consolidated Financial Statements, and proposal for profit distribution have been thoroughly reviewed by our Audit Committee. We are of the opinion that there are no significant issues of non-compliance. In accordance with the relevant provisions of the Securities and Exchange Act and the Company Law, we have prepared this report. Your attention to the matter is greatly appreciated.

Sincerely,

To:

112th Annual General Meeting of Nanyang Textile Co., Ltd.Chairperson of the Audit Committee:

Audit Committee Convener: Zhou Zheyi

March 17, 2023 in the Republic of China (Taiwan).

4、The financial statements for the most recent year.

Stock code：1410

NANY ANG Dyeing and Finishing Co., Ltd. Individual Financial Statements and Auditor's Report For the Years Ended Year 111 and Year 110

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

TEL：(03)324-2321

Table of Contents

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 111 and 110, as well as the income statement, statement of changes in equity, cash flow statement, and accompanying notes for the period from Republic of China 111 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 111, and the financial performance and cash flows for the period from Republic of China 111 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 111 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 XXXX. 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 111 and Year 110

Unit: Thousand New Taiwan Dollars

	Assets	111.12.31 $	%	110.12.31 $	%
	Current Assets				
1100	Cash and Cash Equivalents(note(6(1))	$ 413,583	32	270,161	20
1110	Financial assets at fair value through profit or loss - Current. (note(6(2))	-	-	10,017	1
1136	Financial assets at amortized cost - Current. (note(6(4))	29,400	2	100,308	8
1170	Net accounts receivable (note(6(5))	10,939	1	25,537	2
130X	Inventory (note(6(6))	580	-	5,256	-
1470	Other current assets	639	-	4,550	1
	Total current assets	455,141	35	415,829	32
	Non-current assets				
1517	Financial assets measured at fair value through other comprehensive income - Non-current (note(6(3))	5,461	-	6,418	-
1535	Financial assets measured at amortized cost - Non-current (note(6(4))	-	-	30,538	2
1550	Equity method investments (note(6(7))	214,180	17	237,459	18
1600	Property, plant, and equipment (note(6(8))&8	100,533	8	108,649	8
1755	Right-of-use assets (note(6(9))	1,470	-	633	-
1760	Net investment property (note(6(10))&8	526,576	40	527,871	40
1840	Deferred tax assets (note(6(14))	719	-	1,046	-
1900	Other non-current assets	1,176	-	1,176	-
	Total non-current assets	850,115	65	913,790	68
	Total assets	$ 1,305,256	100	1,329,619	100

	Liabilities and Equity	111.12.31 $	%	110.12.31 $	%
	Current Liabilities				
2170	Accounts Payable	$ 5,011	-	6,682	1
2230	Current Income Tax Liabilities	5,326	-	5,862	-
2280	Current Lease Liabilities (note(6(11))	836	-	639	-
2300	Other Current Liabilities	20,350	2	20,443	2
	Total Current Liabilities	31,523	2	33,626	3
	Non-Current Liabilities				
2570	Deferred Income Tax Liabilities (note(6(14))	145,335	11	145,335	11
2580	Non-current Lease Liabilities (note(6(11))	637	-	-	-
2600	Other Non-current Liabilities (note(6(13))&7)	21,509	2	21,572	2
	Total Non-current Liabilities	167,481	13	166,907	13
	Total Liabilities	199,004	15	200,533	16
	Equity (note(6(15))				
3110	Common stock capital	630,000	48	630,000	47
3200	Capital surplus	22,358	2	22,358	2
3300	Retained earnings	455,756	35	477,633	35
3400	Other equity	(1,862)	-	(905)	-
	Total equity	1,106,252	85	1,129,086	84
	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	
		$	%	$	%
4111	**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	3,111	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:**				
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**	$ 59,066	26	94,894	48
9750	**Basic Earnings per Share (unit: NTD)** (note(6(16))	$ 0.90		1.29	
9810	**Diluted Earnings per Share (unit: NTD)** (note(6(16))	$ 0.90		1.29	

(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

			Retained Earnings				Other Equity Items	
	Share Capital	Capital Surplus	Legal Reserve	Special Retained Earnings Reserve	Undistributed Earnings	Total	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 2022

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	2,776	(29,149)
Method	(356)	(372)
Loss (gain) on Disposal and Scrapping of Property, Plants, and Equipment	(1)	(812)
Gain on Rent Discount	(129)	(171)
Gain on Valuation of Financial Assets at Fair Value Through Profit or Loss	-	(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	111,013	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	111,820	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.

New or Revised Guidelines	Main Content of Amendment	Effective Date of IASB Announcement
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

urchase 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

		111.12.31	**110.12.31**
Cash and Demand Deposits	$	57,256	89,461
Time Deposits		356,327	180,700

Cash and Cash Equivalents Presented in the Cash Flow Statement	$ 413,583	270,161

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

	111.12.31	110.12.31
Financial assets required to be carried at fair value through profit or loss:		
Current		
Open-ended Fund	$ -	10,017

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

	111.12.31	110.12.31
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	$ 5,461	6,418

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.

(4) Financial Assets Carried at Amortized Cost

	111.12.31	110.12.31
Current		
Time Deposits with Initial Maturity of More Than 3 Months	$ 29,400	100,308
Non-current		
Time Deposit With Initial Maturity of 1 Year or More	$ -	$ 30,538

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

	111.12.31	110.12.31
Notes Receivable	$ 5,733	14,834
Accounts Receivable	5,207	10,704
Less: Loss Provisions	(1)	(1)
	$ 10,939	25,537

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:

	111.12.31		
	Book Value of Notes and Accounts Receivable	**Weighted Average Expected Credit Loss Rate**	**Provision for Expected Credit Loss Over the Remaining Duration**
Current	$ 10,940	0%~100%	1
Total	$ 10,940		1

	110.12.31		
	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	$ 25,538	1

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

	2022	2021
Closing Balance (i.e., opening balance)	$ 1	1

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

(6) Inventory

	111.12.31	110.12.31
Raw Materials	$ 474	4,461
By-products	106	795
Finished Goods	$ 580	5,256

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)
	$ 106,805	94,159

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:

	111.12.31	110.12.31
Subsidiary	$ 214,180	237,459

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	**$**	**37,408**	**251,473**	**357,199**	**536**	**21,056**	**667,672**
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	**$**	**37,408**	**284,454**	**431,262**	**1,496**	**25,865**	**780,485**
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	**$**	-	**196,957**	**349,583**	**536**	**20,063**	**567,139**
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	**$**	-	**227,011**	**418,907**	**1,496**	**24,422**	**671,836**
Book value:							
December 31, 2022	**$**	**37,408**	**54,516**	**7,616**	-	**993**	**100,533**
January 1, 2021	**$**	**37,408**	**60,398**	**16,727**	-	**1,284**	**115,817**
December 31, 2021	**$**	**37,408**	**57,443**	**12,355**	-	**1,443**	**108,649**

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 930.39m^2 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:

		Buildings
Cost of right-of-use assets:		
Balance as of January 1, 2022	$	1,687
Addition		1,680
Decrease		(1,687)
Balance as of December 31, 2022	**$**	**1,680**
Balance as of January 1, 2021	$	3,080
Decrease		(1,393)
Balance as of December 31, 2021	**$**	**1,687**
Depreciation and impairment loss on right-of-use assets:		
Balance as of January 1, 2022	$	1,054
Provision for Depreciation		843
Decrease		(1,687)
Balance as of December 31, 2022	**$**	**210**
Balance as of January 1, 2021	$	1,604
Provision for Depreciation		843
Decrease		(1,393)
Balance as of December 31, 2021	**$**	**1,054**
Book value:		
December 31, 2022	**$**	**1,470**

January 1, 2021	$ 1,476
December 31, 2021	$ 633

(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:

	111.12.31	110.12.31
Current	$ 836	639
Non-current	$ 637	-

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

Amount of leases recognized in profit or loss:

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

Amount of leases recognized in the cash flow statement:

	2022	2021
Total Cash Outflow From Leases	$ 1,129	1,085

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:

		111.12.31	110.12.31
Within 1 Year	$	57,206	59,480
1 to 5 Years		197,010	444,024
Over 5 years		208,511	-
Sum of Undiscounted Lease Payments	$	462,727	503,504

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:

		111.12.31	110.12.31
Present Value of Defined Benefit Obligations	$	(10,160)	(15,623)
Fair Value of Plan Assets		8,843	11,037
Net Defined Benefit Assets (liabilities)	$	(1,317)	(4,586)

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:

		2022	2021
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	**$**	**(10,160)**	**(15,623)**

(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:

		2022	2021
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	**$**	**8,843**	**11,037**

(4) Expenses Recognized in Profit or Loss

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

	2022	2021

General and Administrative Expenses	$ 700	600

((5) Actuarial Assumptions

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

	2022	2021
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	
	0.25% Increase	**0.25% Increase**
December 31, 2022		
Discount Rate	$ 198	(204)
Future Salary Increase	$ (196)	191
December 31, 2020		
Discount Rate	$ 327	(338)
Future Salary Increase	$ (322)	314

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.

。

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:

		2022	2021
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		12,977	12,563
Deferred Income Tax Expenses			
Occurrence and Reversal of Temporary Differences		14	126
Income Tax Expenses	**$**	**12,991**	**12,689**

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:

		2022	2021
Items not reclassified into profit or loss:			
Re-measurement of Defined Benefit Plan	**$**	**313**	**21**

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

2022	2021

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
	$	**12,991**	**12,689**

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:

		111.12.31	110.12.31
Deductible Temporary Differences	**$**	**5,933**	**7,567**

(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	**$**	**145,335**
January 1, 2022	$	145,335
Debit/(credit) to Profit or Loss		-
Debit/(credit) to Other Comprehensive Income		-
Balance as of December 31, 2021	**$**	**145,335**

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		(14)	-	(14)

Loss			
Debit/(credit) to Other Comprehensive Income	(313)	-	(313)
Balance as of December 31, 2022	$ 713	6	719
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	$ 1,040	6	1,046

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:

	111.12.31	110.12.31
Change of Ownership Interest in Subsidiaries	$ 1	1
Gains on Asset Disposal	2,258	2,258
Gains From Gifts	20,099	20,099
	$ 22,358	22,358

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	**81,900**	0.9	**56,700**

(16) Earnings per Share

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

Basic Earnings per Share

	111 年度	**110 年度**
Net Income Attributable to Common Share Holders of the Company	**$ 56,582**	**81,170**
Weighted Average Outstanding Common Shares (thousand shares)	**63,000**	**63,000**
Basic Earnings per Share (NTD)	**$ 0.90**	**1.29**

Diluted earnings per share:

	2022	**2021**
Net Income Attributable to Common Share Holders of the Company	**$ 56,582**	**81,170**
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)	**63,038**	**63,042**
Diluted Earnings per Share (NTD)	**$ 0.90**	**1.29**

(17) Revenue From Contracts With Customers

1. Breakdown of Income

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

2. Contract Balanc

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 mployees 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:

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

2. Other Income

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

	2022	2021
Dividend Income	$ 104	52
Other	1,808	2,200
	$ 1,912	**2,252**

3. Other Gains and Losses

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

	2022	2021
Gain (loss) on Disposal of Investment	$ 1	812
Loss on Currency Exchange	11,310	(3,093)
Other	264	268

	$ 11,575	(2,013)

4. Financial Costs

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

	2022	2021
Interest Expenses	$ 43	51

(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:

	Book Value	Contractual Cash Flow	Within 1 Year	1-2 Years	2-5 Years
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:

	111.12.31			**110.12.31**		
	Foreign Currency	**Exchange Rate**	**NTD**	**Foreign Currency**	**Exchange Rate**	**NTD**
Financial Assets						
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	
	111.12.31	**110.12.31**
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):

	111.12.31				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or Loss					
Financial Assets at Fair Value Through Other Comprehensive Income Equity Instruments	$ 5,461	2,080	-	3,381	5,461
Financial Assets at Fair Value Through Profit or Loss					
Financial Assets at Fair Value Through Other Comprehensive Income Equity Instruments					

	110.12.31				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
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 haracteristics 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)	$ 3,381	3,381

(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	Comparable Listed Company Approach	• Discount for lack of liquidity (30% as of December 31, 2022 &December 31, 2021). • Price-to-book ratio	• The higher discount for lack of liquidity, the lower the fair value.

Without an Active Market	(0.71-3.47) as of December 31, 2022 and 0.78-4.82 as of December 31, 2020).	• 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**	
	Input	**Variation**	**Favorable Variation**	**Variation**
December 31, 2021				
Financial Assets at Fair Value Through Other Comprehensive Income				
Equity Instruments Without an Active Market	Price-to-book Ratio, Discount for Lack of Liquidity	±1%	34	(34)
December 31, 2020				
Financial Assets at Fair Value Through Other Comprehensive Income				
Equity Instruments Without an Active Market	Price-to-book Ratio, Discount for Lack of Liquidity	±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:

	111.12.31	**110.12.31**

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

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:

	111.1.1	Cash Flow	Get	Other	111.12.31
Guarantee Deposits Received	$ 10,249	3,206	-	-	13,455
Lease Liabilities	639	(717)	1,680	(129)	1,473
Total Liabilities Relating to Financing Activities	$ 10,888	2,489	1,680	(129)	14,928

	110.1.1	Cash Flow	Other	110.12.31
Guarantee Deposits Received	$ 10,236	13	-	10,249
Lease Liabilities	1,479	(669)	(171)	639
Total Liabilities Relating to Financing Activities	$ 11,715	(656)	(171)	10,888

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

Name of Related Party	Relationship With the Company
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:

	2022	2021
Short-term Employee Welfare	$ 4,470	4,720

8. Pledged Assets

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

Name of Asset	Borrowings Secured	111.12.31	110.12.31
Land	Bank Credit Limit	$ 11,322	11,322
Buildings	“	6,990	7,794
Time Deposit (Note)	Guarantee Deposit for Natural Gas Usage	-	30,538
		$ 18,312	49,654

(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	Presented as Operating	Total	Presented as Operating	Presented as Operating	Total

	Costs	Expenses		Costs	Expenses	
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		**76**	**80**
Number of Directors Without Concurrent Positions as Employees		**5**	**5**
Average Employee Welfare Expenses	**$**	**671**	**674**
Average Salary Expenses	**$**	**572**	**581**
Adjustments to Average Employee Salary Expenses		**(1.55)%**	
Supervisors' Compensation	**$**	**-**	**-**

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		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
		Company Name	Relationship (Note 2)										
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:

Share Name of Major Shareholder	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$3,700,000)	113,627
Total		**$ 413,583**

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

	Beginning Retained Earnings		Current Period Increase		Current Period Decrease		Other Changes		Beginning Retained Earnings			Collateralized or Pledge	Remarks
Name	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Shareholding Percentage	Amount		
Jih Sun Money Market Fu	-	$ 10,017	-	-	-	10,018	-	1	-	- %	-	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		$ 10,939

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

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

Other Current Assets Account

Item	Amount
Other accounts receivable	$ 512
Supplies Inventory Count	$ 127
	$ 639

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**

	Beginning Retained Earnings		Current Period Increase		Current Period Decrease		Other Changes (Note)		Closing Balance			Market Price or Net Equity		Collateralized or Pledged
Investee	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Shareholding 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
hares of Taiwan Pineapple Corporation	5,042	-	-	-	-	-	-	-	5,042	- %	-	-	-	none
Shares of Yong Cheng Co., Ltd.	338,037	3,381	-	-	-	-	-	-	338,037	- %	3,381	-	3,381	None
Total		$ 6,418		-		-		(957)			5,461		5,461	

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
Investee	**Shares**	**Amount**	**Shares**	**Amount**	**Shares**			**Amount**	**Shares**	**Shareholding Percentage**	**Amount**		
Nanotech Semiconductor Corp.	16,253,549	$ 237,459	-	-	-	(21,130)	-	(2,149)	16,253,549	82.09%	214,180	214,180	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

Customer Name	Summary	Amount
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		$ 5,011

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

Other Current Liabilities Account

Item	Amount
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
	$ 20,350

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

Item	Amount	
Net Defined Benefit Liabilities - Non-current	$	13,442
Guarantee Deposits Received		8,067
	$	**21,509**

Operating Revenue Account

For the Period January 1 to December 31, 2022

Item	Volume		Amount	
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			59,923
Total			**$**	**223,611**

Nan Yang Dyeing & Finishing Co., Ltd.

Operating Cost Account

For the Period January 1 to December 31, 2022

Unit: NTD thousands

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

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	3,111	61,143

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

股票代碼：1410

Nanyang Dyeing and Finishing Co., Ltd. and its subsidiaries.

Consolidated Financial Statements and Auditor's Report

For the year ended [民國一一一年度**] and [**一一〇年度**]**

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

Telephone: (03)324-2321

目　　錄

Statement

For the fiscal year 111 of our company (from January 1 to December 31), in accordance with the "Guidelines for the Preparation of Consolidated Financial Statements of Related Party Business Combination Reports, Related Party Consolidated Financial Statements, and Related Party Reports" and the International Financial Reporting Standards No. 10 recognized by the Financial Supervisory Commission, the companies that are required to prepare consolidated financial statements for related party business combinations and parent-subsidiary mergers are the same. Furthermore, the relevant information required to be disclosed in the consolidated financial statements of related party business combinations has already been disclosed in the aforementioned parent-subsidiary consolidated financial statements. Therefore, there is no need to prepare separate consolidated financial statements for related party business combinations.

I hereby declare the above statement.

Company Name: Nanyang Textile Corporation Limited

Chairman: He Jun

Date: March 17, 2023 (Republic of China, Year 112)

Auditor's Report

To the Board of Directors of Nanyang Textile Co., Ltd.:

Opinion

We have audited the consolidated balance sheets of Nanyang Textile Co., Ltd. and its subsidiaries (the Nanyang Group) as of December 31, 111 and 110, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the period from January 1, 111 to December 31, 111, and from January 1, 110 to December 31, 110, and the accompanying notes to the consolidated financial statements (including a summary of significant accounting policies). We conducted our audit in accordance with generally accepted auditing standards in Taiwan.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Nanyang Group as of December 31, 111 and 110, and its consolidated financial performance and consolidated cash flows for the period from January 1, 111 to December 31, 111, and from January 1, 110 to December 31, 110, in accordance with the financial reporting framework, which includes the Taiwan Financial Reporting Standards, International Financial Reporting Standards as issued by the International Accounting Standards Board, interpretations, and explanatory bulletins issued by the Financial Supervisory Commission.

Basis for Opinion

We conducted our audit in accordance with the Code of Ethics for Certified Public Accountants and the auditing standards in Taiwan. Our responsibilities under those standards are further described in the Auditor's Responsibility section of our report. We are independent of the Nanyang Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the Nanyang Group for the year ended December 31, 111. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon. We do not provide a separate opinion on these matters. We have determined that the following key audit matters should be communicated in our audit report:

Please refer to Note 4(13) for the accounting policies related to revenue recognition, and Note 6(17) for significant explanations on revenue.

Explanation of Key Audit Matters:

Nanyang Textile Co., Ltd. and its subsidiaries are primarily engaged in semiconductor packaging and testing, as well as fabric dyeing and finishing services. The revenue from these services is recognized as income when the services are provided to customers during the reporting period. Due to the manual nature of the revenue recognition process, there is a risk of inappropriate timing of revenue recognition, and the sales transactions around the financial reporting date can have a significant impact on the financial statements. Therefore, the recognition of sales revenue is assessed as a key evaluation matter in our audit of the consolidated financial statements.

In response to the key audit matter, our main audit procedures included:

Testing the design and effectiveness of internal control systems related to the sales, service revenue, and cash collection cycles, including examining the transaction conditions of significant sales or service contracts to assess the appropriate recognition of revenue for the Nanyang Group.

Understanding the sales revenue from the top ten customers, comparing the actual figures with the corresponding figures from the previous year to evaluate any significant variances.

Sampling individual sales transactions and verifying customer orders and shipping documents.

Selecting a sample of sales transactions before and after the financial reporting date to evaluate whether the revenue specified in the sales contracts was properly recorded in the appropriate period.

These procedures were carried out to assess the design and effectiveness of internal controls over sales, service revenue, and cash collection, and to determine whether the Nanyang Group's revenue recognition was appropriate and in accordance with the applicable accounting standards。

Other Matters:

Nanyang Dyeing & Finishing Co., Ltd. has prepared separate financial statements for the years ended in the Republic of China 111 and 110, accompanied by our auditor's unmodified opinion and unmodified opinion with an other matter paragraph, which are available for reference.

Responsibility of Management and Governance for the Consolidated Financial Statements

The responsibility for the preparation of the consolidated financial statements lies with the management, in accordance with the applicable accounting standards, including the International Financial Reporting Standards, International Accounting Standards, interpretations, and explanatory bulletins approved and issued by the Financial Supervisory Commission. The management is also responsible for maintaining necessary internal controls related to the preparation of the consolidated financial statements to ensure that they are free from material misstatement due to fraud or error.

In preparing the consolidated financial statements, management is responsible for evaluating the Nanyang Group's ability to continue as a going concern, disclosing relevant matters, and selecting the appropriate accounting policies based on the going concern assumption, unless there is an intention to liquidate or cease operations, or no other feasible alternative is available other than liquidation or cessation.

The governance unit of the Nanyang Group, including the audit committee, has the responsibility to oversee the financial reporting process.。

Responsibility of the Auditor for the Audit of the Consolidated Financial Statements

The purpose of our audit of the consolidated financial statements is to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement due to fraud or error and to issue an audit report. Reasonable assurance is a high level of assurance, but the audit procedures conducted in accordance with auditing standards cannot guarantee that all material misstatements, whether caused by fraud or error, will be detected. If the auditor determines that the individual amounts or total amounts of misstatements are reasonably expected to influence the economic decisions of users of the consolidated financial statements, they are considered material.

The auditor exercises professional judgment and professional skepticism when conducting the audit in accordance with auditing standards. The auditor also performs the following tasks:

1. Identify and assess the risks of material misstatement due to fraud or error in the consolidated financial statements, design and implement appropriate responses to the assessed risks, and obtain sufficient and appropriate audit evidence as a basis for the audit opinion. The risk of material misstatement due to fraud is higher than that due to error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal controls.
2. Obtain a necessary understanding of internal controls relevant to the audit and design appropriate audit procedures based on the circumstances at that time. However, the auditor's objective is not to

express an opinion on the effectiveness of internal controls at South Seas Group.

3. Evaluate the appropriateness of the accounting policies adopted by management and the reasonableness of accounting estimates made by management, as well as the related disclosures.

4. Based on the audit evidence obtained, the auditor draws conclusions regarding the appropriateness of management's use of the going concern assumption and the existence of significant uncertainties that may cast doubt on the South Seas Group's ability to continue as a going concern. If the auditor determines that such uncertainties exist, they are required to alert users of the consolidated financial statements in the audit report to the relevant disclosures or, if the disclosures are inadequate, modify the audit opinion. The auditor's conclusions are based on the audit evidence obtained up to the date of the audit report. However, future events or circumstances may arise that could cause South Seas Dyeing & Finishing Co., Ltd. and its subsidiaries to no longer have the ability to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the consolidated financial statements (including related notes) and determine whether they provide an appropriate representation of the relevant transactions and events.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the components within the group to express an opinion on the consolidated financial statements. The auditor is responsible for guiding, supervising, and executing the group audit engagement and for forming the audit opinion on the group.

The auditor communicates with the governance body, including matters related to the planned audit scope and timing, as well as significant audit findings (including significant deficiencies in internal control identified during the audit process).

The auditor also informs the governance body that the personnel of the auditor's firm, who are subject to independence requirements, have complied with the independence provisions in the Code of Ethics for Professional Accountants and communicates all relationships and other matters (including relevant safeguards) that might be considered to affect the auditor's independence.

From the matters communicated with the governance body, the auditor determines the key audit matters for the audit of the consolidated financial statements of South Seas Group for the fiscal year ending [date]. The auditor discloses these matters in the audit report, unless prohibited by law or in extremely rare circumstances when the auditor determines that the communication of specific matters in the audit report would be expected to do more harm than good in the public interest.

An Hou Jian Ye Joint Accounting Firm

Accountant: ：

Approval Visa Number by Securities and Futures Bureau: ：金管證審字第 1010004977 號

Republic of China, Year 112, March 30th

南洋染整股份有限公司及子公司

合併資產負債表

民國一一一年及一一〇年十二月三十一日

單位：新台幣千元

	Assets	111.12.31 金額	%	110.12.31 金額	%
	Current Assets：				
1100	Cash and Cash Equivalents (Note 6(1))	$ 531,642	39	435,974	31
1110	Financial Assets at Fair Value through Profit or Loss - Current (Note 6(2))	-	-	10,017	1
1136	Financial Assets at Amortized Cost - Current (Note 6(4))	29,400	2	100,308	7
1170	Net Receivables (Note 6(5))	32,375	2	72,173	5
130X	Inventory (Note 6(6))	35,523	3	42,045	3
1470	Other Current Assets	9,206	1	8,682	1
		638,146	47	669,199	48
	Non-Current Assets:				
1510	Financial Assets at Fair Value through Profit or Loss - Non-Current (Note 6(2))	22,719	2	27,327	2
1517	Financial Assets at Fair Value through Other Comprehensive Income - Non-Current (Note 6(3))	5,461	-	6,418	-
1535	Financial Assets at Amortized Cost - Non-Current (Note 6(4) and 8)	-	-	30,538	2
1600	Financial Assets at Amortized Cost - Non-Current (Note 6(4) and 8)	211,752	15	191,687	13
1755	Right-of-Use Assets (Note 6(9))	1,672	-	908	-
1760	Net Investment Property (Note 6(10) and 8)	494,480	36	494,624	35
1840	Deferred Tax Assets	719	-	1,046	-
1900	Deferred Tax Assets	1,175	-	1,175	-
		737,978	53	753,723	52
	Total Assets	$ 1,376,124	100	1,422,922	100

	Liabilities and Equity	111.12.31 金額	%	110.12.31 金額	%
	Current Liabilities:				
2170	Notes payable and accounts payable	$ 14,047	1	13,917	1
2230	Current income tax liabilities	5,326	-	12,795	1
2280	Current lease liabilities (Note 6(11))	911	-	712	-
2300	Other current liabilities	31,934	1	44,184	2
		52,218	2	71,608	4
	Non-current Liabilities:				
2570	Deferred tax liabilities (Note 6(8))	145,334	11	145,334	10
2580	Non-current lease liabilities (Note 6(11))	772	-	209	-

南洋染整股份有限公司及子公司

合併資產負債表

民國一一一年及一一〇年十二月三十一日

單位：新台幣千元

2600	Other non-current liabilities	25,109	2	25,172	2
		171,215	13	170,715	12
	Total Liabilities	223,433	15	242,323	16
	Total Equity attributable to owners of the parent company (Note 6(15)):				
3110	Share capital	630,000	46	630,000	44
3200	Capital surplus	22,358	2	22,358	2
3300	Retained earnings	455,756	34	477,633	34
3400	Other equity	(1,862)	-	(905)	-
	Total equity attributable to owners of the parent company	1,106,252	82	1,129,086	80
36XX	Non-controlling interests	46,439	3	51,513	4
	Total Equity	1,152,691	85	1,180,599	84
	Total Liabilities and Equity	**$ 1,376,124**	**100**	**1,422,922**	**100**

南洋染整股份有限公司及子公司

合併綜合損益表

民國一一一年及一一〇年一月一日至十二月三十一日

單位：新台幣千元

		111年度			110年度	
			金 額	%	金 額	%
4000	Operating Revenue (Note 6(17))	$	395,971	100	477,354	100
5000	Operating Costs (Note 6(6) and 12)		263,032	66	294,358	62
5900	Gross Profit		132,939	34	182,996	38
6000	Operating Expenses: (Note 6(8), (9), (10), and (13))					
6100	Selling Expenses		5,629	1	7,237	2
6200	Administrative Expenses		75,072	19	59,772	13
6300	Research and Development Expenses		6,341	2	6,935	1
			87,042	22	73,944	16
6900	Operating Profit		45,897	12	109,052	22
7000	Non-operating Income and Expenses (Note 6(19)):					
7100	Interest Income		5,216	1	2,871	1
7010	Other Income		2,312	1	2,858	1
7020	Other Gains and Losses		15,737	3	(5,023)	(1)
7050	Finance Costs		(47)	-	(57)	-
			23,218	5	649	1
7900	Profit Before Tax		69,115	17	109,701	23
7950	Less: Income Tax Expense (Note 6(14))		13,135	3	22,219	5
8200	Net Profit for the Period		55,980	14	87,482	18
8300	Items not to be reclassified to profit or loss					
8310	Other Comprehensive Income:					
8311	Remeasurement of defined benefit plans		3,893	1	29	-
8316	Unrealized gains or losses on equity instruments through other comprehensive income		(957)	-	13,683	3
8349	Less: Income tax related to items not to be reclassified		313	-	21	-
8300	Other Comprehensive Income for the Period		2,623	1	13,691	3
8500	Total Comprehensive Income for the Period	**$**	**58,603**	**15**	**101,173**	**21**
	Net Profit attributable to:					
8610	Owners of the parent company	$	56,582	14	81,170	17
8620	Non-controlling interests		(602)	-	6,312	1
		$	**55,980**	**14**	**87,482**	**18**
	Total Comprehensive Income attributable to:					
8710	Owners of the parent company	$	59,066	15	94,894	20
8720	Non-controlling interests		(463)	-	6,279	1
		$	**58,603**	**15**	**101,173**	**21**
9750	Basic Earnings per Share (in New Taiwan Dollars) (Note 6(16))	**$**		**0.90**		**1.29**
9850	Diluted Earnings per Share (in New Taiwan Dollars) (Note 6(16))	**$**		**0.90**		**1.29**

南洋染整股份有限公司及子公司

合併權益變動表

民國一一一年及一一〇年一月一日至十二月三十一日

單位：新台幣千元

	歸屬於母公司業主之權益									
			保留盈餘				其他權益項目			
	股 本	資本公積	法定盈餘公積	特別盈餘公積	未分配盈餘	保留盈餘總計	透過其他綜合損益按公允價值衡量之金融資產未實現(損)益	歸屬於母公司業主權益總計	非控制權益	權益總額
Balance as of January 1, Year 110 of the Republic of China:	$ 630,000	22,359	92,488	296,918	61,934	451,340	(12,806)	1,090,893	47,716	1,138,609
Net Profit for the Period	-	-	-	-	81,170	81,170	-	81,170	6,312	87,482
Other Comprehensive Income for the Period	-	-	-	-	41	41	13,683	13,724	(33)	13,691
Total Comprehensive Income for the Period	-	-	-	-	81,211	81,211	13,683	94,894	6,279	101,173
Appropriation and Distribution of Earnings:										
Transfer to Legal Reserve	-	-	5,951	-	(5,951)	-	-	-	-	-
Reversal of Special Reserve	-	-	-	(2,153)	2,153	-	-	-	-	-
Cash Dividends for Common Shares	-	-	-	-	(56,700)	(56,700)	-	(56,700)	-	(56,700)
Cash Dividends Distributed by Subsidiaries	-	-	-	-	-	-	-	-	(2,482)	(2,482)
Payment of Cash Dividends for Prior Years	-	(1)	-	-	-	-	-	(1)	-	(1)
Disposal of Equity Instruments through Other Comprehensive Income at Fair Value	-	-	-	-	1,782	1,782	(1,782)	-	-	-
Balance as of December 31, Year 110 of the Republic of China:	630,000	22,358	98,439	294,765	84,429	477,633	(905)	1,129,086	51,513	1,180,599
Net Profit (Loss) for the Period	-	-	-	-	56,582	56,582	-	56,582	(601)	55,981
Other Comprehensive Income for the Period	-	-	-	-	3,441	3,441	(957)	2,484	138	2,622
Total Comprehensive Income for the Period	-	-	-	-	60,023	60,023	(957)	59,066	(463)	58,603
Appropriation and Distribution of Earnings:										
Transfer to Legal Reserve	-	-	8,298	-	(8,298)	-	-	-	-	-
Reversal of Special Reserve	-	-	-	(11,901)	11,901	-	-	-	-	-
Cash Dividends for Common Shares	-	-	-	-	(81,900)	(81,900)	-	(81,900)	-	(81,900)
Cash Dividends Distributed by Subsidiaries	-	-	-	-	-	-	-	-	(4,611)	(4,611)
Balance as of December 31, Year 111 of the Republic of China	$ 630,000	22,358	106,737	282,864	66,155	455,756	(1,862)	1,106,252	46,439	1,152,691

Consolidated Statement of Cash Flows

of Nanyang Textile Corporation Limited and its Subsidiaries

For the Year Ended December 31, Year 111 and January 1 to December 31, Year 110

Unit: NT$ thousands

		111年度	110年度
Cash Flow from Operating Activities:			
Net income before tax	$	69,115	109,701
Adjustments:			
Gain/loss items			
Depreciation expense		25,544	26,447
Net loss from fair value changes in financial assets and liabilities		4,608	703
Interest expense		47	57
Interest income		(5,216)	(2,871)
Dividend income		(104)	(52)
Gain on disposal of property, plant, and equipment		(314)	(352)
Gain on disposal of investments		(1)	(812)
Gain on lease concessions		(129)	(171)
Total gain/loss items		24,435	22,949
Changes in assets/liabilities related to operating activities:			
Changes in assets/liabilities related to operating activities:		39,798	(453)
Increase in other receivables		(512)	790
Decrease in inventory		6,522	(13,285)
Increase in other current assets		(12)	(6,115)
Total net changes in assets related to operating activities		45,796	(19,063)
Increase in accounts payable		130	(12,953)
Increase in other payables		(12,531)	5,772
Increase in net defined benefit liabilities		624	87
Increase in other operating liabilities		281	(1,443)
Total net changes in liabilities related to operating activities		(11,496)	(8,537)
Total net changes in assets and liabilities related to operating activities		34,300	(27,600)
Total adjustments		58,735	(4,651)
Cash generated from operations		127,850	105,050
Interest received		5,216	4,053

Dividends received	104	52
Interest paid	(47)	(57)
Income tax paid	(20,590)	(16,836)
Net cash provided by operating activities	112,533	92,262

Cash Flow Statement of Nanyang Textile Co., Ltd. and its Subsidiaries

For the Year Ended December 31, 20XX and 20XX

Unit: Thousand New Taiwan Dollars

Cash Flow Statement of Nanyang Textile Co., Ltd. and its Subsidiaries

	111年度	110年度
Cash Flows from Investing Activities:		
Cash Flows from Investing Activities:	-	26,062
Acquisition of financial assets measured at amortized cost	-	(5,002)
Proceeds from the disposal of financial assets measured at amortized cost	101,446	45,293
Acquisition of financial assets measured at fair value through profit or loss	-	(38,046)
Proceeds from the disposal of financial assets measured at fair value through profit or loss	10,018	-
Acquisition of property, plant, and equipment	(44,591)	(26,520)
Proceeds from the disposal of property, plant, and equipment	356	457
Net cash inflow from investing activities	67,229	2,244
Cash Flows from Financing Activities:		
Increase in deposits received as collateral	3,206	-
Repayment of lease liabilities	(789)	(743)
Repayment of lease liabilities	(81,900)	(56,700)
Payment of cash dividends by subsidiaries to non-controlling interests	(4,611)	(2,482)
Other financing activities	-	(1)
Net cash outflow from financing activities	(84,094)	(59,926)
Net Increase in Cash and Cash Equivalents for the Period	95,668	34,580
Cash and Cash Equivalents at the Beginning of the Period	435,974	401,394
Cash and Cash Equivalents at the End of the Period	$ 531,642	435,974

Consolidated Financial Statements Notes
for the Year Ended in Republic of China Year 111 and Year 110
(Unless otherwise indicated, all amounts are in thousands of New Taiwan Dollars)

一、Company History

Nanyang Dyeing and Finishing Co., Ltd. (hereinafter referred to as "the Company") was established on December 22, Year 53 of the Republic of China, with its registered address at No. 233, Section 3, Nanshan Road, Lujhu District, Taoyuan City. The Company and its subsidiaries (hereinafter referred to as the "Consolidated Company") are primarily engaged in textile dyeing, resin processing and shaping, real estate leasing, semiconductor packaging, and testing operations.

The Company's stock was officially listed on the Taiwan Stock Exchange on October 18, Year 62.

二、Date and Procedures of Financial Reporting

This consolidated financial report has been approved and released by the Board of Directors on March 30, Year 112 of the Republic of China.

三、Application of Newly Issued and Revised Standards and Interpretations

(一) Impact of Newly Adopted Standards and Interpretations Approved by the Financial Supervisory Commission

The Consolidated Company has applied the following newly revised International Financial Reporting Standards (IFRS) since January 1, Year 111 of the Republic of China. These revisions have not had a significant impact on the consolidated financial statements.

·Amendment to International Accounting Standard 16 "Property, Plant and Equipment - Proceeds before Intended Use

· Amendment to International Accounting Standard 37 "Onerous Contracts - Costs of Fulfilling a Contract"

·Annual Improvements to IFRSs 2018-2020 Cycle

·Amendment to International Financial Reporting Standard 3 "Reference to the Conceptual Framework"

(二) Impact of International Financial Reporting Standards Not Yet Adopted by the Financial Supervisory Commission

The Consolidated Company has evaluated the following newly revised IFRS, which became effective on January 1, Year 112 of the Republic of China. These revisions are not expected to have a significant impact on the consolidated financial statements.

·Amendment to International Accounting Standard 1 "Disclosure of Accounting Policies"

·Amendment to International Accounting Standard 8 "Definition of Accounting Estimates"

·Amendment to International Accounting Standard 12 "Income Taxes related to Assets and Liabilities arising from a Single Transaction with a Single Taxpayer"

(三) The following are the standards and interpretations issued or revised by the International Accounting Standards Board (IASB) that have not yet been recognized by the Financial Supervisory Commission (FSC), which may have implications for the consolidated company:

Newly issued or revised standard:	主要修訂內容	理事會發布之生效日
國際會計準則第1號之修正「將負債分類為流動或非流動」	現行IAS 1規定，企業未具無條件將清償期限遞延至報導期間後至少十二個月之權利之負債應分類為流動。修正條文刪除該權利應為無條件的規定，改為規定該權利須於報導期間結束日存在且須具有實質。 修正條文闡明，企業應如何對以發行其本身之權益工具而清償之負債進行分類(如可轉換公司債)。	2024年1月1日

The consolidated company is currently undergoing continuous evaluation of the aforementioned standards and interpretations to assess their impact on the financial condition and operating results of the consolidated company. Any related effects will be disclosed upon completion of the evaluation.

The consolidated company anticipates that the following other yet-to-be-recognized new releases and revised standards will not have a significant impact on the consolidated 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 More than One Year"

·Amendment to IFRS 17 "Comparative Information - Transition to IFRS 17 and IFRS 9"

·Amendment to IFRS 16 "Sale and Leaseback Transactions"

四、Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies adopted in this consolidated financial report. These accounting policies have been consistently applied to all periods presented in this consolidated financial report. 。

(一) Compliance Statement

This consolidated financial report has been prepared in accordance with the Financial Reporting Standards for Securities Issuers (referred to as "the Standards") and the International Financial Reporting Standards, International Accounting Standards, Interpretations, and Interpretation Announcements approved by the Financial Supervisory Commission (referred to as "the FSC-approved International Financial Reporting Standards").

(二) Basis of Preparation

1. Measurement Basis

Except for the significant items in the balance sheet, this consolidated financial report is prepared on a historical cost basis. The following items are measured at fair value:

(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 as the fair value of retirement fund assets minus 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. The consolidated financial report is presented in New Taiwan Dollars (NTD), which is the functional currency of the Company. All financial information presented in NTD is in thousands of New Taiwan Dollars.

(三) Consolidation Basis

1. Principles of Consolidated Financial Report Preparation

The consolidated financial report includes the Company and the entities (subsidiaries) controlled by the Company. Control is achieved when the Company is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

From the date when control over a subsidiary is obtained, its financial statements are included in the consolidated financial report until the date when control is lost. Transactions, balances, and any unrealized gains and losses between consolidated entities are fully eliminated in the preparation of the consolidated financial report. The total comprehensive income of subsidiaries is attributed to the owners of the Company and non-controlling interests, even if non-controlling interests result in a deficit.

The financial statements of the subsidiaries have been appropriately adjusted to ensure consistency with the accounting policies used by the consolidated company.

Changes in ownership interests of subsidiaries that do not result in a loss of control are accounted for as transactions with owners. Adjustments to non-controlling interests that arise from the difference between the fair value of the consideration paid or received and the carrying amount of the net assets acquired or disposed of are directly recognized in equity and attributable to the owners of the Company.

2. The subsidiaries included in the consolidated financial report are the entities controlled by the Company. The financial statements of these subsidiaries are consolidated with those of the Company to present a combined view of the financial position, financial performance, and cash flows of the entire group.

列入本合併財務報告之子公司包含：

投資公司名稱	子公司名稱	業務性質	所持股權百分比	
			111.12.31	**110.12.31**
本公司	南岩半導體股份有限公司(南岩半導體)	專業通訊半導體封裝及測試代工	82.09%	82.09%

3. The subsidiaries not included in the consolidated financial report are the entities over which the Company does not have control. As per the consolidation principles and criteria, these subsidiaries are not required to be consolidated, and their financial statements are not included in the consolidated financial report.

(四) Foreign Currency:

For foreign currency transactions, the functional currency is used for translation purposes based on the exchange rate on the transaction date. At each reporting date, foreign currency monetary items are translated into the functional currency using the exchange rate on that date. Foreign currency non-monetary items measured at fair value are translated into the functional currency using the exchange rate on the fair value measurement date, while those measured at historical cost are translated at the exchange rate on the transaction date. Foreign exchange differences arising from the translation are typically recognized in the income statement, except in certain cases:

(1) Designated equity instruments measured at fair value through other comprehensive income.

(2) Financial liabilities designated as net investment hedges of foreign operations within the effective range of the hedge.

(3) Qualifying cash flow hedges within the effective range of the hedge.

(五) Asset and Liability Classification:

Assets and liabilities are classified as current or non-current based on the following criteria:

1. Expected to be realized or intended to be sold or consumed within the normal operating cycle.
2. Held primarily for trading purposes.
3. Expected to be realized within twelve months after the reporting period.
4. Cash or cash equivalents, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Liabilities that meet any of the following conditions are classified as current liabilities, while all other liabilities that do not meet these conditions are classified as non-current liabilities.

Current Liabilities

1. Expected to be settled within the normal operating cycle.
2. Held primarily for trading purposes.
3. Due to be settled within twelve months after the reporting period.
4. The liability does not have an unconditional right to defer settlement for at least twelve

months after the reporting period, and the terms of the liability allow the counterparty to settle it by issuing equity instruments. The option of settlement by issuing equity instruments does not affect the classification of the liability.

(六) Cash and Cash Equivalents:

Cash includes cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to a known amount of cash and have low risk of value changes. Time deposits that satisfy these criteria and are held to fulfill short-term cash commitments rather than for investment or other purposes are reported as cash equivalents.

(七) Financial Instruments:

Trade receivables and debt securities are recognized upon their initial occurrence. All other financial assets and financial liabilities are recognized when the Company becomes a party to the contractual terms of the financial instrument. Non-derivative financial assets (excluding trade receivables that are not significant financing components) or financial liabilities not measured at fair value through profit or loss are initially measured at their transaction cost plus directly attributable transaction costs. Trade receivables that do not contain a significant financing component are initially measured at the transaction price.

1. Financial Assets:

Financial assets that are purchased or sold in accordance with customary transactions are accounted for consistently by the company in the same manner for classification purposes. The initial classification of financial assets is as follows: financial assets measured at amortized cost, equity instruments measured at fair value through other comprehensive income, or financial assets measured at fair value through profit or loss. The company only reclassifies all affected financial assets starting from the first day of the next reporting period when there is a change in the business model for managing financial assets.

(1) Financial Assets Measured at Amortized Cost:

Financial assets meeting both of the following conditions, and not designated as measured at fair value through profit or loss, are measured at amortized cost:

·They are held within a business model whose objective is to hold the financial assets to collect contractual cash flows.

·The cash flows of the financial asset represent solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at the original recognition amount adjusted for the cumulative amortization calculated using the effective interest method, and any impairment losses. Interest income, foreign exchange gains or losses, and impairment losses are recognized in profit or loss. Gains or losses are recognized only upon derecognition.

(2) Equity Instruments Measured at Fair Value through Other Comprehensive Income

Debt instruments meeting both of the following conditions, and not designated as measured at fair value through profit or loss, are measured at fair value through other comprehensive income:

·They are held within a business model whose objective is both to collect contractual cash flows and to sell the financial assets.

·The cash flows of the financial asset represent solely payments of principal and interest on the principal amount outstanding.

Upon initial recognition, the company may make an irrevocable election to present subsequent fair value changes in non-trading equity investments in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt instruments are subsequently measured at fair value, with changes recognized in profit or loss for interest income, foreign exchange gains or losses, and impairment losses. Other net gains or losses are recognized in other comprehensive income. Upon derecognition, the cumulative amount of other comprehensive income is reclassified to profit or loss.

Equity instruments are subsequently measured at fair value. Dividend income (except when representing a recovery of a portion of the investment cost) is recognized in profit or loss. Other net gains or losses are recognized in other comprehensive income and are not reclassified to profit or loss.

Dividend income from equity investments is recognized on the date the company has the right to receive the dividend (usually the ex-dividend date).

(3) Financial assets at fair value through profit or loss

Financial assets that do not fall into the categories of financial assets measured at amortized cost or equity instruments measured at fair value through other comprehensive income are measured at fair value through profit or loss. At initial recognition, the company may irrevocably designate financial assets that meet the criteria for measurement at amortized cost or fair value through other comprehensive income as measured at fair value through profit or loss, in order to eliminate or significantly reduce accounting mismatch.

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

(4) Impairment of Financial Assets

The company recognizes an allowance for expected credit losses for financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost, trade receivables and contract assets, other receivables, deposits paid as collateral, and other financial assets). The expected credit losses for trade receivables and contract assets are measured based on the lifetime expected credit losses.

When determining whether there has been a significant increase in credit risk since initial recognition, the company considers reasonable and supportable information (obtainable without undue cost or effort), including qualitative and quantitative information, and analysis based on the company's historical experience, credit ratings, and forward-looking information.

The lifetime expected credit losses refer to the estimated credit losses over the expected life of the financial instrument, considering all possible default events that may occur during that period.

The 12-month expected credit losses refer to the estimated credit losses resulting from default events that are expected to occur within 12 months after the reporting date (or a shorter period if the expected life of the financial instrument is less than 12 months).

The longest period used to measure expected credit losses is the longest contractual period over which the company is exposed to credit risk.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of the financial instrument. Credit losses are measured as the present value of all cash shortfalls, which is the difference between the cash flows expected to be collected based on the contractual cash flows and the cash flows expected to be collected by the company. Expected credit losses are discounted using the effective interest rate of the financial asset.

At each reporting date, the company assesses whether there is any credit loss for financial assets measured at amortized cost. If one or more events have occurred that have a detrimental impact on the estimated future cash flows of a financial asset, the asset is considered to have incurred a credit loss. Observable data indicating that a financial asset is credit-impaired include information about the following:

·Significant financial difficulty of the borrower or issuer.

·Default, such as payment overdue for more than 180 days.

·The company granting concessions to the borrower that it would not otherwise consider due to the borrower's financial difficulties.

·The borrower is likely to file for bankruptcy or undergo other financial restructuring.

·Disappearance of an active market for the financial asset due to financial difficulties.

The allowance for credit losses for financial assets measured at amortized cost is deducted from the carrying amount of the asset.

When a merged company cannot reasonably anticipate the recovery of a financial asset, either in its entirety or partially, it directly reduces the total carrying amount of the financial asset. For corporate accounts, the merged company individually analyzes the timing and amount of write-offs based on whether reasonable expectations of recoverability exist. The merged company does not anticipate significant reversals of the amounts already written off. However, the financial assets that have been written off can still be forcibly executed to comply with the merged company's procedures for recovering overdue amounts.

(5) Derecognition of Financial Assets:

The merged company only derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when the asset is transferred and the merged company has transferred substantially all the risks and rewards of ownership to another entity, or when neither the risks and rewards are transferred nor retained, and control over the financial asset is not retained.

2. Financial Liabilities and Equity Instruments:

(1) Classification of Liabilities or Equity:

Debts and equity instruments issued by the merged company are classified as financial liabilities or equity based on the contractual agreements and the definitions of financial liabilities and equity instruments. 。

(2) Equity Transactions:

Equity instruments refer to any contract that recognizes the residual interest in the merged company's assets after deducting all liabilities. Equity instruments issued by the merged company are recognized at the amount received, net of directly attributable issuance costs.

(3) Financial Liabilities:

Financial liabilities are classified as amortized cost or fair value through profit or loss. If financial liabilities are held for trading, are derivatives, or are designated at initial recognition, they are classified as fair value through profit or loss. Financial liabilities measured at fair value through profit or loss are measured at fair value, and related gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and gains or losses from extinguishment are recognized in profit or loss. Any gains or losses upon derecognition are also recognized in profit or loss.

(4) Derecognition of Financial Liabilities:

The merged company derecognizes financial liabilities when the contractual obligation is fulfilled, canceled, or expires. If there are significant differences in cash flows due to a modification of the financial liability terms, the original financial liability is derecognized, and a new financial liability is recognized based on the modified terms at fair value.

Upon derecognition of financial liabilities, the difference between the carrying amount and the total consideration paid or payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(5) Offsetting of Financial Assets and Liabilities:

Financial assets and financial liabilities are offset and presented on the balance sheet net when the merged company currently has legally enforceable rights to set off the recognized amounts and intends to settle the assets and liabilities on a net basis or simultaneously.

(八) Inventory:

Inventory is measured at the lower of cost and net realizable value. Cost includes the acquisition, production, or processing costs incurred to bring the inventory to its present location and condition, as well as other costs, and is calculated using the weighted average method. The cost of finished goods and work in progress includes the allocation of manufacturing costs based on normal capacity.

Net realizable value refers to the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(九) Investment Property:

Investment property refers to property held to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes. Investment property is initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses. The depreciation method, useful lives, and residual values are determined in accordance with the provisions for property, plant, and equipment.

Gain or loss from the disposal of investment property (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is recognized in profit or loss.

Rental income from investment property is recognized on a straight-line basis over the lease term. Lease incentives granted are recognized as part of lease income over the lease term.

(十) Property, Plant, and Equipment:

1. Recognition and Measurement:

Items of property, plant, and equipment are measured at cost (including borrowing costs capitalized) less accumulated depreciation and any accumulated impairment losses.

When significant components of property, plant, and equipment have different useful lives, they are treated as separate items (major components) of property, plant, and equipment.

Gain or loss from the disposal of property, plant, and equipment is recognized in profit or loss.

2. Subsequent expenditures are capitalized only when it is probable that future economic benefits associated with the item will flow to the merged company.

3. Depreciation:

Depreciation is calculated by deducting the residual value from the asset's cost and recognizing it in profit or loss over the estimated useful lives of each component. The straight-line method is used for depreciation.

Land is not subject to depreciation.

The estimated useful lives for the current and comparative periods are as follows:

(1) Building structures	2~52年
(2) Machinery and equipment	1~40年
(3) Office equipment	5~8年
(4) Other equipment	3~15年

The merged company reviews the depreciation method, useful lives, and residual values on each reporting date and adjusts them appropriately when necessary.

(十一) Lease

The consolidated company assesses on the contract inception date whether the contract is a lease or contains a lease. If the contract transfers the right to control the use of identified assets for a period of time in exchange for consideration, then the contract is considered a lease or contains a lease.

1. Lessee

On the lease commencement date, the consolidated company recognizes the right-of-use asset and lease liability. The right-of-use asset is initially measured at cost, which includes the initial measurement of the lease liability, adjusted for any lease payments made before or on the lease commencement date, initial direct costs incurred, and estimated costs for dismantling, removing, or restoring the leased asset or the leased property. Any lease incentives received are deducted.

Subsequently, the right-of-use asset is depreciated using the straight-line method over the shorter of the lease term or the asset's useful life. The consolidated company also periodically assesses the right-of-use asset for impairment and recognizes any impairment losses incurred. In the event of a remeasurement of the lease liability, the right-of-use asset is adjusted accordingly.

The lease liability is initially measured at the present value of lease payments not yet paid as of the lease commencement date. If the implicit rate of the lease is readily determinable, it is used as the discount rate; otherwise, the consolidated company's incremental borrowing rate is used. Generally, the consolidated company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability consist of:

(1) Fixed payments, including substantially fixed payments

(2) Variable lease payments dependent on an index or rate, using the index or rate at the lease commencement date as the initial measurement;

(3) Expected residual value guarantees; and

(4) Exercise price or penalties required to be paid upon reasonably certain exercise of purchase or termination options.

Subsequently, the lease liability is measured using the effective interest method to recognize interest expense. The lease liability amount is remeasured in the event of:

(1) Changes in the index or rate used to determine lease payments that result in changes in future lease payments;

(2) Changes in the expected residual value guarantees;

(3) Changes in the assessment of purchase options for the underlying asset;

(4) Changes in estimates of exercising extension or termination options, resulting in a change in the assessment of the lease term; or

(5) Modifications to the leased asset, scope, or other terms.

When the lease liability is remeasured due to changes in the index or rate used to determine lease payments, changes in the expected residual value guarantees, or changes in the assessment of purchase, extension, or termination options, it is correspondingly adjusted against the carrying amount of the right-of-use asset. When the carrying amount of the right-of-use asset is reduced to zero, any remaining remeasurement amount is recognized in the income statement.

For lease modifications that result in a reduction in the lease scope, the carrying amount of the right-of-use asset is reduced to reflect the partial or full termination of the lease, and the difference between the carrying amount and the remeasurement amount of the lease liability is recognized in the income statement.

Consolidated companies will present the right-of-use assets and lease liabilities that do not meet the definition of investment properties as separate line items in the balance sheet.

In cases where an agreement includes lease and non-lease components, the consolidated companies will allocate the consideration in the contract to individual lease components based on their relative standalone prices. However, for leases of land and buildings, the consolidated companies choose not to separate the non-lease components and treat the lease and non-lease components as a single lease component.

For short-term leases and leases of low-value assets such as machinery and office equipment, the consolidated companies choose not to recognize right-of-use assets and lease liabilities. Instead, the related lease payments are recognized as expenses on a straight-line basis over the lease term.

The consolidated companies adopt a practical expedient approach for all lease concessions that meet the following conditions, without assessing whether they are lease modifications:

(1) The rent concession occurs directly as a result of the COVID-19 pandemic.

(2) The change in lease payments results in the revised consideration being substantially the same as or less than the original consideration.

(3) Any reduction in lease payments only affects payments due before June 30, XXXX.

(4) There are no substantial changes to other terms and conditions of the lease.

Under the practical expedient approach, when a rent concession leads to a change in lease payments, the change is recognized in the income statement when the event or circumstance triggering the rent concession occurs.

2. Lessor

For transactions where the consolidated companies act as lessors, they classify lease contracts as finance leases or operating leases based on whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying assets. The evaluation considers specific indicators, including whether the lease term covers a substantial portion of the economic life of the underlying assets.

If the consolidated companies are sub-lessors, they separately account for the head lease and sublease transactions and classify the sublease based on the right-of-use assets generated by the head lease. If the head lease is a short-term lease and qualifies for recognition exemptions, the sublease transaction should be classified as an operating lease.

If an agreement includes lease and non-lease components, the consolidated companies allocate the consideration in accordance with International Financial Reporting Standard (IFRS) 16.

(十二) Impairment of Non-Financial Assets

The consolidated companies assess, at each reporting date, whether there are indicators that non-financial assets (excluding inventories, contract assets, and deferred tax assets) may be impaired. If any indicators exist, the recoverable amount of the asset is estimated. Goodwill is subject to annual impairment testing.

For impairment testing purposes, a group of assets that generate cash inflows largely independent of other individual assets or asset groups is identified as the minimum identifiable cash-generating unit. Goodwill acquired through business combinations is allocated to the cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an individual asset or cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the market's assessment of the time value of money and the specific risks of the asset or cash-generating unit.

If the recoverable amount of an individual asset or cash-generating unit is lower than its carrying amount, an impairment loss is recognized.

Impairment losses are immediately recognized in the income statement and are first allocated to reduce the carrying amount of any goodwill allocated to the cash-generating unit. Then, the impairment loss is allocated proportionately to reduce the carrying amounts of the other assets within that unit.

(十三) Recognition of Revenue

1. Revenue from customer contracts

Revenue is measured by the consideration expected to be received in exchange for the transfer of goods or services. The consolidated companies recognize revenue when control of the goods or services is transferred to the customer, satisfying the performance obligations. The following are explanations of the primary revenue streams:

(1) Sale of Goods

Revenue from the sale of goods is recognized when the control of the product is transferred to the customer, typically upon delivery. Revenue recognition occurs when the customer accepts the product based on the sales contract or when there is objective evidence that all acceptance criteria have been met. The product delivery occurs when the customer has obtained control.

Sales revenue from products is recognized at the contract price. Payment terms for sales transactions usually range from 30 to 90 days after shipment, and as the time period between transferring the promised product to the customer and the customer's payment does not exceed one year, the consolidated companies do not adjust the transaction price to reflect the time value of money.

Accounts receivable are recognized by the consolidated companies upon the delivery of goods as they have an unconditional right to receive payment at that point.

(2) Rental Income

Rental income from operating leases, net of any incentives provided to lessees, is recognized on a straight-line basis over the lease term as lease revenue.

(3) Service Income

Service income from providing services to customers is recognized as revenue during the reporting period in which the services are rendered.

(4) Financial Components

As the time between the consolidated companies transferring goods or services to customers and the customers paying for those goods or services does not exceed one year, the consolidated companies do not adjust the transaction price for the time value of money.

(十四) Employee Benefits

1. Defined Benefit Plans

The obligation for defined benefit plans is recognized as an expense over the period that employees provide service. Prepaid contributions that will result in a refund of cash or a reduction in future payments are recognized as an asset within the scope of their refund or reduction.

2. Defined Benefit Plan:

The net obligation of the merged company for the defined benefit plan is calculated separately for each benefit plan by discounting the future benefit amounts earned by employees in the current or prior periods to their present value and deducting any fair value of plan assets.

The defined benefit obligation is actuarially determined annually by a qualified actuary using the projected unit credit method. If the calculation results in a favorable outcome for the merged company, the recognition of assets is limited to the present value of any economic benefits that can be obtained from the plan in the form of refunds or reductions in future contributions to the plan. When calculating the present value of economic benefits, any minimum funding requirements are considered.

Changes in the net defined benefit liability, including actuarial gains and losses, return on plan assets (excluding interest), and any changes in the asset ceiling (excluding interest), are immediately recognized in other comprehensive income and accumulated in retained earnings. The net interest expense (income) on the net defined benefit liability (asset) is determined by the merged company using the net defined benefit liability (asset) and the discount rate determined at the beginning of the reporting period. The net interest expense and other expenses of the defined benefit plan are recognized in the income statement.

When there are plan amendments or curtailments, the benefit changes related to past service costs or reduction in benefits or losses are immediately recognized in the income statement. When settlement occurs, the settlement gain or loss of the defined benefit plan is recognized.。

3. Short-Term Employee Benefits:

The obligation for short-term employee benefits is recognized as an expense when the service is provided. If the merged company has a legal or constructive obligation as a result of past services rendered by employees, and that obligation can be reliably estimated, the amount is recognized as a liability.

(十五) Income Taxes:

Income taxes include current and deferred taxes. Unless related to items associated with business combinations, directly recognized in equity, or other comprehensive income, current and deferred taxes should be recognized in the income statement.。

Current income taxes include the estimated amounts payable or receivable for income taxes or refundable taxes calculated based on the taxable income (loss) for the current year, and any adjustments to the payable or receivable taxes from previous years. The amounts are measured at the best estimate of the amounts expected to be paid or received based on the statutory tax rates or substantively enacted tax rates at the reporting date.

Deferred income taxes are recognized for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. The following temporary differences are not recognized for deferred income taxes:

1. The initial recognition of assets or liabilities from transactions that do not affect accounting profit or taxable income (loss) at the time of the transaction and do not relate to business combinations.
2. Temporary differences arising from investments in subsidiaries, joint ventures, or associates for which the merged company can control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.
3. Temporary differences arising from the initial recognition of goodwill for which no taxable temporary difference arises.

Regarding the recognition of deferred tax assets for unused tax losses and unused tax credits, and deductible temporary differences, they are recognized within the scope of future taxable income that is likely to be available for use. They are reassessed at each reporting date, and any related tax benefits that are not considered likely to be realized are reduced, or the previously reduced amount is reversed when it becomes likely that there will be sufficient taxable income.

Deferred taxes are measured using the tax rates expected to apply when the temporary differences reverse, based on the statutory tax rates or substantively enacted tax rates at the reporting date.

The merged company only offsets deferred tax assets and deferred tax liabilities when both of the following conditions are met:

1. There is a legally enforceable right to offset current tax assets and current tax liabilities; and
2. The deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on either:
   (1) The same taxable entity; or
   (2) Different taxable entities, but each entity intends to settle the current tax liabilities and assets on a net basis or simultaneously realize the assets and settle the liabilities in each future period in which significant amounts of the deferred tax assets are expected to be recovered or the deferred tax liabilities are expected to be settled.

(十六) Earnings per Share:

The merged company discloses basic and diluted earnings per share attributable to equity holders of the parent. Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated by adjusting the profit or loss attributable to equity holders of the parent and the weighted average number of ordinary shares outstanding for the effects of all potential dilutive ordinary shares. Potential dilutive ordinary shares of the merged company include estimated employee share options.

(十七) Segment Information:

Operating segments are components of the merged company engaged in business activities that may earn revenue and incur expenses (including intersegment revenue). The operating results of all operating segments are regularly reviewed by the merged company's chief operating decision-maker to make decisions about resource allocation and to assess performance. Separate financial information is available for each operating segment.

五、**Key Sources of Accounting Judgments, Estimates, and Assumptions Uncertainties:**

In preparing the consolidated financial statements, management is required to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. The actual results may differ from these estimates.

Management continually reviews its estimates and underlying assumptions. Accounting estimates are recognized in the financial statements in the period in which they are revised and in any future periods affected.

Significant accounting judgments that have a significant effect on the amounts recognized in the consolidated financial statements are as follows:

The accounting policies and disclosures of the consolidated company include the use of fair value measurement for its financial and non-financial assets and liabilities. The consolidated company has established internal control systems for fair value measurement. This includes the establishment of a valuation committee responsible for reviewing all significant fair value measurements (including Level 3 fair values) and reporting directly to the Chief Financial Officer. The valuation committee regularly reviews significant unobservable inputs and adjustments. If external third-party information (such as brokers or pricing service providers) is used for measuring fair value inputs, the valuation committee evaluates the evidence supporting the inputs provided by the third party to ensure that the valuation and its fair value hierarchy classification comply with the requirements of the International Financial Reporting Standards.

When measuring its assets and liabilities, the consolidated company uses market observable inputs to the extent possible. The levels of fair value are classified based on the inputs used by the valuation techniques as follows:

(一) Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

(二) Level 2: Inputs other than quoted prices included in Level 1 that are directly (i.e., prices) or indirectly (i.e., derived from prices) observable for the asset or liability.

(三) Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If there are transfers between the levels of fair value, the consolidated company recognizes such transfers on the reporting date.

For detailed information on the assumptions adopted in measuring fair value, please refer to Note 6 (20) Financial Instruments.

六、**Explanation of significant accounting item:**

(一) Cash and Cash Equivalents

	111.12.31	110.12.31
Petty Cash and Demand Deposits	$ 170,415	196,798
Time Deposits	361,227	239,176
Cash and Cash Equivalents in Consolidated Cash Flow Statement	$ 531,642	435,974

Disclosure of interest rate risk and sensitivity analysis for financial assets and liabilities measured at fair value through profit or loss in accordance with Note 6(20):

(二) Financial Assets Measured at Fair Value through Profit or Loss:

		111.12.31	110.12.31
Mandatory financial assets measured at fair value through profit or loss:			
Current:			
Fund investments	**$**	**-**	**10,017**
Non-current:			
Overseas corporate bonds	**$**	**22,719**	**27,327**

(三) Financial assets measured at fair value through other comprehensive income.

		111.12.31	110.12.31
Equity instruments measured at fair value through other comprehensive income:：			
Listed company stocks	$	2,080	3,037
Unlisted company stocks		3,381	3,381
	$	**5,461**	**6,418**

1. Investments in Equity Instruments Measured at Fair Value through Other Comprehensive Income

Investments in Equity Instruments Measured at Fair Value through Other Comprehensive Income

2. For information on credit risk and market risk, please refer to Note 6 (21).

3. As of December 31, 111 and December 31, 110, none of the above-mentioned financial assets were pledged as collateral.

(四) Financial assets measured at amortized cost.

	111.12.31	110.12.31
Current:		
Time deposits with original maturity exceeding 3 months.	$ 29,400	100,308
Non-current:		
Time deposits with original maturity exceeding 1 year.	-	30,538
	$ -	30,538

1. The merged company evaluates these assets as they are held until the maturity date to collect contractual cash flows, and the cash flows of these financial assets consist entirely of principal and interest on the outstanding principal amount. Therefore, they are reported as financial assets measured at amortized cost.

2. For information on credit risk, please refer to Note 6 (21).

3. For details on the assets pledged as collateral, please refer to Note 8.

(五) Net accounts receivable and notes receivable

	111.12.31	110.12.31
Notes receivable	$ 5,734	14,834
Accounts receivable	26,654	57,352
Less: Allowance for doubtful accounts	(13)	(13)
	$ 32,375	72,173

The merged company adopts a simplified approach to estimate expected credit losses for all accounts receivable and trade receivables. This approach, known as the expected credit loss measurement based on the lifetime expected credit losses, involves grouping these receivables based on the common credit risk characteristics representing customers' ability to make all contractual payments when due. The analysis of expected credit losses for accounts receivable and trade receivables is as follows:

	111.12.31		
	Carrying amount of accounts receivable and notes receivable	**Weighted average expected credit loss rate**	**Provision coverage period Expected credit loss**
Not Past Due	$ 28,208	0%	-
Overdue 0-30 days	4,180	0~100%	13
Total	**$ 32,388**		**13**

	110.12.31			
	Carrying amount of accounts receivable and notes receivable		Weighted average expected credit loss rate	Provision coverage period / Expected credit loss
Not Past Due	$	71,016	0%	-
Overdue 0-30 days		1,146	0~100%	-
Overdue 31-90 days		24	0~100%	13
Total	$	72,186		13

The table of changes in allowance for doubtful accounts for accounts receivable and notes receivable of the consolidated company is as follows:

		111 年度	110 年度
Ending Balance(Beginning Balance)	$	13	13

As of December 31, Year 111 and Year 110, there were no instances where the accounts receivable and notes receivable of the consolidated company were provided as collateral for pledging.。

(六) Inventory

		111.12.31	110.12.31
Raw materials	$	31,977	39,005
Work-in-progress		3,331	1,104
By-products		106	794
Finished goods		109	1,142
Finished goods	$	35,523	42,045

The details of operating costs are as follows:

	111 年度	110 年度
Cost of goods sold	24,467	25,542
Inventory write-down loss (recovery)	78	(102)
Freight and transportation costs	(1,371)	(1,642)
Labor costs	239,715	270,417
Lease costs	143	143
	263,032	294,358

As of December 31, Year 111 and Year 110, the inventory of the consolidated company was not provided as collateral for pledging.

(七) The subsidiaries with significant non-controlling interests that are significant to the consolidated company are as follows:

Subsidiary Name	Principal Place of Business／Country of Incorporation	Non-controlling Interest Ownership Percentage of Equity and Voting Rights	
		111.12.31	**110.12.31**
NanYan Semiconductor	Taiwan	17.91%	17.91%

The summarized financial information for South Rock Semiconductor Co., Ltd., a subsidiary, is as follows. The financial information is prepared in accordance with the internationally recognized financial reporting standards approved by the Financial Supervisory Commission. It reflects the fair value adjustments and accounting policy differences made by the parent company on the acquisition date. The financial information represents the amounts before the elimination of transactions between the subsidiary and the parent company:

1. Summarized Financial Information for South Rock Semiconductor Co., Ltd.

		111.12.31	110.12.31
Current assets	$	183,004	253,371
Non-current assets		141,885	131,279
Current liabilities		(35,015)	(52,053)
Non-current liabilities		(30,603)	(44,997)
Net assets	**$**	**259,271**	**287,600**
Non-controlling interests at the end of the period	**$**	**46,439**	**51,513**

		111 年度	110 年度
Operating revenue	**$**	**187,201**	**295,391**
Net profit (loss) for the period	$	(3,353)	35,241
Other comprehensive income		764	(183)
Total comprehensive income	**$**	**(2,589)**	**35,058**
Net profit attributable to non-controlling interests	**$**	**(602)**	**6,312**
Total comprehensive income attributable to non-controlling interests	**$**	**(463)**	**6,279**
Cash flows from operating activities	$	36,721	54,223
Cash flows from investing activities		(44,591)	(33,690)
Cash flows from financing activities		(39,885)	(27,760)
Net (decrease) increase in cash and cash equivalents	**$**	**(47,755)**	**(7,227)**
Net (decrease) increase in cash and cash equivalents	**$**	**4,611**	**2,482**

(八) Property, plant, and equipment

Details of cost and accumulated depreciation of property, plant, and equipment for the fiscal years 111 and 110 are as follows:

		土　地	房屋及 建　築	機器設備	辦公設備	其　　他	合　計
Cost:							
Balance as of January 1, 111	$	41,030	333,081	551,919	1,496	39,377	966,903
Additions		-	-	40,600	-	3,991	44,591
Reclassifications		-	-	3,880	-	(3,880)	-
Disposals		-	(34,712)	(101,575)	(960)	(5,447)	(142,694)
Balance as of December 31, 111	**$**	**41,030**	**298,369**	**494,824**	**536**	**34,041**	**868,800**

	土　地	房屋及 建　築	機器設備	辦公設備	其　　他	合　計
Balance as of January 1, 110	$ 41,030	338,850	541,461	1,496	35,910	958,747
Additions	-	-	21,579	-	4,941	26,520
Reclassifications	-	-	764	-	(764)	-
Disposals	-	(5,769)	(11,885)	-	(710)	(18,364)
Balance as of December 31, 110	**$ 41,030**	**333,081**	**551,919**	**1,496**	**39,377**	**966,903**
Accumulated Depreciation and Impairment Loss:						
Balance as of January 1, 111	$ -	246,013	496,363	1,496	31,344	775,216
Depreciation for the current year	-	4,079	18,833	-	1,572	24,484
Disposals	-	(34,712)	(101,575)	(960)	(5,405)	(142,652)
Balance as of December 31, 111	**$ -**	**215,380**	**413,621**	**536**	**27,511**	**657,048**
Balance as of January 1, 110	$ -	247,702	488,660	1,496	30,230	768,088
Depreciation	-	4,008	19,560	-	1,819	25,387
Disposals	-	(5,697)	(11,857)	-	(705)	(18,259)
Balance as of December 31, 110	**$ -**	**246,013**	**496,363**	**1,496**	**31,344**	**775,216**
Carrying Value:						
As of December 31, 111	**$ 41,030**	**82,989**	**81,203**	**-**	**6,530**	**211,752**
As of January 1, 110	**$ 41,030**	**91,148**	**52,801**	**-**	**5,680**	**190,659**
As of December 31, 110	**$ 41,030**	**87,068**	**55,556**	**-**	**8,033**	**191,687**

The land (including investment properties) held by the consolidated company was revalued as of September of the 68th year, July of the 73rd year, and February of the 94th year. Depreciable fixed assets (including investment properties) were revalued as of December 31 of the 63rd and 69th years. The revaluation was conducted in accordance with the law. As of December 31 of the 111th and 110th years, the total increase in revaluation amounted to 466,614 thousand NT dollars, and the provision for land value increment tax (included in "deferred income tax liabilities") was 145,334 thousand NT dollars.

As of December 31 of the 111th and 110th years, details of the real estate, plant, and equipment provided as collateral by the consolidated company are disclosed in Note 8.

In order to enhance pollution control facilities, the consolidated company purchased land located at Lot No. 457-1, Mountain Foot Section, Kengzi Outer Section, Lujhu District, Taoyuan City, in the 85th year, with an area of 930.39 square meters and a total cost of approximately 21,080 thousand NT dollars. The land was later renumbered as Lot No. 1,097, Mountain Foot Section, Lujhu District. The full payment for the land has been made. The land was designated as "General Agricultural Zone - Agriculture and Animal Husbandry Land" in

	土　地	房屋及 建　築	機器設備	辦公設備	其　　他	合　計

September of the 70th year. Since the land is classified as agricultural land, transfer of ownership cannot be processed in the company's name. Therefore, the ownership of the land was transferred to the Chairman of the company and a mortgage was established to secure the transaction.

(九) The details of the cost

depreciation, and impairment loss of leased buildings and machinery and equipment used by the consolidated company are as follows:

		房屋及建築	機器設備	總　計
Cost of leased assets:				
Balance as of January 1, 111 AD	$	1,687	497	2,184
Additions		1,680	-	1,680
Reductions		(1,687)	-	(1,687)
Balance as of December 31, 111 AD	**$**	**1,680**	**497**	**2,177**
Balance as of January 1, 110 AD		3,080	497	3,577
Additions		-	-	-
Reductions		(1,393)	-	(1,393)
Balance as of December 31, 110 AD	**$**	**1,687**	**497**	**2,184**
Depreciation and impairment loss of leased assets:				
Balance as of January 1, 111 AD	$	1,055	221	1,276
Depreciation for the current year		843	73	916
Reductions		(1,687)	-	(1,687)
Balance as of December 31, 111 AD	**$**	**211**	**294**	**505**
Balance as of January 1, 110 AD		1,604	148	1,752
Depreciation for the current year		844	73	917
Reductions		(1,393)	-	(1,393)
Balance as of December 31, 110 AD	**$**	**1,055**	**221**	**1,276**
Carrying value:				
As of December 31, 111 AD	**$**	**1,469**	**203**	**1,672**
As of January 1, 110 AD	**$**	**1,476**	**349**	**1,825**
As of December 31, 110 AD	**$**	**632**	**276**	**908**

(十) Investment properties

自有資產

		土　　地	房屋及建築	總　　計
Investment properties:				
Balance as of January 1, 111 AD	$	494,295	30,157	524,452
Balance as of December 31, 111 AD	**$**	**494,295**	**30,157**	**524,452**
Balance as of January 1, 110 AD	$	494,295	30,157	524,452
Balance as of December 31, 110 AD	**$**	**494,295**	**30,157**	**524,452**

	自有資產		
	土　地	房屋及建築	總　計
Depreciation and impairment losses:			
Balance as of January 1, 111 AD	$ -	29,828	29,828
Depreciation for the current year	-	144	144
Balance as of December 31, 111 AD	**$ -**	**29,972**	**29,972**
Balance as of January 1, 110 AD	$ -	29,685	29,685
Depreciation for the current year	-	143	143
Balance as of December 31, 110 AD	**$ -**	**29,828**	**29,828**
Carrying amount：			
As of December 31, 111 AD	**$ 494,295**	**185**	**494,480**
As of January 1, 110 AD	**$ 494,295**	**472**	**494,767**
As of December 31, 110 AD	**$ 494,295**	**329**	**494,624**
Fair value:			
As of December 31, 111 AD			**$ 5,868,142**
As of December 31, 110 AD			**$ 5,428,031**

(十一) Lease liabilities.

The carrying amount of lease liabilities for the consolidated company is as follows:

	111.12.31	**110.12.31**
Current:	**$ 911**	**712**
Non-current:	**$ 772**	**209**

For maturity analysis, please refer to Note 6 (20) Financial Instruments。

The amounts recognized in profit or loss are as follows：

	111 年度	**110** 年度
The translation of the requested items is as follows:	**$ 16**	**22**
Interest expense on lease liabilities	**$ 378**	**378**
Expense for low-value leased assets (excluding short-term leases)	**$ 49**	**49**
Rent concessions related to COVID-19 pandemic	**$ 129**	**171**

The amounts recognized in the statement of cash flows are as follows:

	111 年度	**110** 年度
Total cash outflows from leases	**$ 1,232**	**1,192**

1.

	自有資產		
	土　　地	房屋及建築	總　　計
The merged company leases a property comprising a house and a building for office use			

The lease term for the office premises is two years, and it includes an option to extend the lease for the same duration as the original contract upon its expiration.

2. Other Leases:

The merged company leases machinery and equipment for a period of five years. The lease contract includes an option for the merged company to purchase the leased assets upon the expiration of the lease term. The residual value of the leased assets is guaranteed by the merged company at the end of the lease period.

Additionally, the merged company leases machinery and office equipment for periods ranging from one to five years. These leases are classified as short-term and low-value leases. The merged company has chosen to apply the exemption recognition requirements and therefore does not recognize the related right-of-use assets and lease liabilities.

(十二) Operating Leases

The merged company leases out its investment properties. Since the risks and rewards incidental to ownership of the underlying assets have not been substantially transferred, these lease contracts are classified as operating leases. Please refer to Note 6.10 (Investment Properties) for further details.

		111.12.31	110.12.31
Less than one year	$	57,206	45,047
One to five years		405,521	444,000
Total undiscounted lease payments.	$	462,727	489,047

The rental income generated from investment properties in the 111th and 110th fiscal years was NT$45,082 thousand and NT$36,110 thousand, respectively.

(十三) Employee Benefits

1. Defined Benefit Plans

The adjustments for the defined benefit obligation and plan assets of the consolidated company are as follows:

		111.12.31	110.12.31
Present Value of Defined Benefit Obligation	$	(17,024)	(22,650)
Fair Value of Plan Assets		16,708	18,299
Net Defined Benefit Liability	$	(316)	(4,351)

The composition of the plan assets for the defined benefit plan of the merged company, which is allocated to the Labor Retirement Reserve Account at Taiwan Bank, may include the following:

(1) Composition of project assets

The retirement fund allocated by the merged company in accordance with the Labor Standards Act is managed by the Labor Pension Fund Supervisory Committee (referred to as the Labor Fund Committee). According to the "Regulations for the Receipt, Disbursement, and Management of Labor Retirement Funds," the minimum return on investment for each accounting period shall not be lower than the yield calculated based on the local bank's two-year fixed deposit rate.。

As of the reporting date, the balance of the merged company's retirement fund held in the Taiwan Bank's Labor Retirement Reserve Account is 16,708 thousand NT dollars. Information regarding the utilization of labor retirement fund assets, including fund yield and fund asset allocation, can be found on the website of the Labor Pension Fund Supervisory Committee, under the Ministry of Labor.

(2) The changes in the present value of defined benefit obligations for the consolidated company in the years 111 and 110 are as follows:

	111 年度	110 年度
Defined benefit obligation as of January 1	$ (22,650)	(27,296)
Current service cost and interest	(838)	(669)
Net remeasurement of defined benefit liability (asset)	1,546	(33)
—Experience gains		
—Actuarial gains (losses) arising from changes in demographic assumptions	-	(1,067)
—Actuarial gains (losses) arising from changes in financial assumptions	890	787
Benefits paid under the plan.	4,028	5,628
Defined benefit obligation as of December 31	**$ (17,024)**	**(22,650)**

(3) The changes in the fair value of plan assets for the defined benefit plans of the consolidated company in the years 111 and 110 are as follows:

	111 年度	110 年度
Fair value of plan assets as of January 1	$ 18,299	21,654
Interest income	140	70
Net remeasurement of defined benefit liability		
—Return on plan assets (excluding current period interest)	1,457	343
Amount allocated to the plan	840	1,860
Contributions by plan participants	(4,028)	(5,628)
Fair value of plan assets as of December 31	**$ 16,708**	**18,299**

(4) The expenses recognized in the income statement for the consolidated company in the years 111 and 110 are as follows:

	111 年度	110 年度
Management Expenses	**$ 698**	**599**

(5) The principal actuarial assumptions used by the consolidated company as of the end of the financial reporting period are as follows:

	111 年度	110 年度
Discount Rate	1.400%	0.750%

Future Salary Increase Rate	2.25%~3%	2.25%~3%

The expected long-term asset return rate is based on the overall investment portfolio, rather than the sum of individual asset class returns. This return rate is purely based on historical return rates and is not adjusted.

The merged company is expected to allocate an amount of 840 thousand New Taiwan Dollars to the defined benefit plan within one year after the reporting date of the 111th ROC fiscal year.

The weighted average duration of the defined benefit plan is 9 to 11 years.

(6) Sensitivity analysis on the impact of changes in the key actuarial assumptions adopted as of the reporting date of the 111th year and the 110th year on the present value of the defined benefit obligation is as follows:

	對確定福利義務之影響	
	增加 **0.25**%	減少 **0.25**%
111 年 12 月 31 日		
Discount Rate	**$ 349**	**(360)**
Future Salary Increase	**$ (347)**	**337**
110 年 12 月 31 日		
Discount Rate	**$ 501**	**(518)**
Future Salary Increase	**$ (496)**	**482**

The sensitivity analysis provided above is based on analyzing the impact of individual assumption changes while keeping other assumptions constant. In practice, many assumptions may be interrelated and change together. Sensitivity analysis is consistent with the method used to calculate the net retirement benefit liability on the balance sheet.

For the current period, the method and assumptions used in the sensitivity analysis are the same as in the previous period.。

2. The defined contribution plan of the merged company is based on the regulations of the Labor Retirement Pension Act. It requires a contribution rate of 6% of the employee's monthly salary to be deposited into the individual account of the Labor Insurance Bureau's retirement pension. Under this plan, the merged company contributes a fixed amount to the Labor Insurance Bureau and has no additional statutory or presumed obligations to pay.

For the fiscal years ending in ROC Year 111 and ROC Year 110, the retirement benefit expenses under the defined contribution plan amounted to 3,981 thousand NT dollars and 4,002 thousand NT dollars, respectively.。

(十四) Income tax.

1. Income tax expense.

The detailed income tax expense for the consolidated company in the fiscal year 111 and 110 are as follows: ：

		111 年度	110 年度
Current income tax expense:			
Current tax expense for the period generated.	$	12,159	22,050
Adjustment for current income tax related to prior periods.		962	43
Current income tax expense:		13,121	22,093
Deferred income tax expense			
Recognition and reversal of temporary differences.		14	126
Deferred income tax expense.		14	126
	$	**13,135**	**22,219**

The merged company did not directly recognize income tax expense in equity for the fiscal years ending in ROC Year 111 and ROC Year 110. 。

The details of income tax (expense) benefit recognized in other comprehensive income for the fiscal years ending in ROC Year 111 and ROC Year 110 are as follows:

		111 年度	110 年度
Items not reclassified to profit or loss: ：			
Remeasurements of defined benefit plans	**$**	**313**	**21**

The adjustments for income tax expense and pre-tax profit for the combined company for the years 111 and 110 are as follows:

		111 年度	110 年度
Profit before tax	$	69,115	109,701
Income tax calculated based on the domestic tax rate of the company's jurisdiction		13,914	27,726
Non-deductible expenses		-	51
Tax-exempt income		(1,727)	(5,454)
Changes in unrecognized temporary differences		(14)	(147)
Prior period under(over)estimation		962	43

	$ 13,135	22,219

2. Deferred income tax assets and liabilities

(1) Unrecognized deferred income tax assets

The items for which the consolidated company has not recognized deferred income tax assets are as follows:

	111.12.31	110.12.31
Deductible temporary differences	$ 12,489	14,047

(2) Recognized Deferred Income Tax Assets and Liabilities

Changes in Deferred Income Tax Assets and Liabilities are as follows:

Deferred Income Tax Liabilities

	土地增值稅準　備	
Balance as of January 1, 2022 (Republic of China 111)	$	145,334
Debit/(Credit) Income Statement		-
Debit/(Credit) Other Comprehensive Income		-
Balance as of December 31, 2022 (Republic of China 111)	**$**	**145,334**
Balance as of January 1, 2021 (Republic of China 110)	$	145,334
Debit/(Credit) Income Statement		-
Debit/(Credit) Other Comprehensive Income		-
Balance as of December 31, 2021 (Republic of China 110)	**$**	**145,334**

Deferred Income Tax Assets：

	退休金費用超　限		其　他	合　計
Balance as of January 1, 2022 (Republic of China 111)	$	1,040	6	1,046
Debit/(Credit) Income Statement		(14)	-	(14)
Debit/(Credit) Income Statement		(313)	-	(313)
Balance as of December 31, 2022 (Republic of China 111)	**$**	**713**	**6**	**719**
Balance as of January 1, 2021 (Republic of China 110)	$	1,187	6	1,193
Debit/(Credit) Income Statement		(126)	-	(126)
Debit/(Credit) Other Comprehensive Income		(21)	-	(21)
Balance as of December 31, 2021 (Republic of China 110)	**$**	**1,040**	**6**	**1,046**

1. Income tax verification situation

The income tax settlement and declaration for the company's operating income have been reviewed and approved by the tax authorities until the fiscal year 2019.

(十五) Capital and Other Equity

1. Common Stock Capital

As of December 31st, 2022, the authorized capital of the company remains at 1,000,000 thousand NT dollars, with a par value of 10 NT dollars per share, totaling 100,000 thousand shares. The issued shares amount to 63,000 thousand shares. All the share capital for the issued shares has been collected.

2. capital reserve

The company's capital reserve balance is as follows

		111.12.31	110.12.31
Recognition of changes in equity of subsidiary:	$	1	1
Gain on disposal of assets		2,258	2,258
Assets received		20,099	20,099
	$	22,358	22,358

According to the Company Law, the capital surplus should be used to offset losses first before issuing new shares or distributing cash in proportion to the shareholders' original shares. The realized capital surplus mentioned above includes the premium from the issuance of shares above par value and the income received from gifts. According to the Guidelines for the Handling of Fundraising and Issuance of Securities by Issuers, capital surplus may be allocated to supplement capital, but the total amount allocated each year should not exceed 10% of the paid-in capital.

3. Retained Earnings

According to the company's articles of incorporation, if there are profits in the annual financial statements, the tax should be paid first, followed by the offsetting of previous years' losses and the allocation of 10% to the statutory surplus reserve, except when the statutory surplus reserve has reached the amount of paid-in capital. Other reserves or reversals of specific surplus reserves should be made in accordance with laws or regulations prescribed by the competent authority. If there are remaining profits after such allocations, they should be proposed by the board of directors for distribution and approved by the shareholders' meeting.

(1) Statutory Surplus Reserve

When the company has no losses, the statutory surplus reserve may be distributed in the form of new shares or cash, but only up to 25% of the excess amount of the statutory surplus reserve over the paid-in capital.

(2) Specific Surplus Reserve

When distributing profits, the specific surplus reserve can only be allocated if there is a debit balance in other equity items on the balance sheet as of the year-end.

When the debit balance in other equity items is reversed, the reversal amount can be included in distributable profits.

When the company first adopts the International Financial Reporting Standards approved by the Financial Supervisory Commission, the specific surplus reserve provided in accordance with the regulations of the Financial Supervisory Commission may be reversed and distributed as profits in proportion to the original allocation when using, disposing, or reclassifying related assets. If the related asset is an investment property, the reversal applies to the land portion upon disposal or reclassification, while the portion other than land is gradually reversed over the period of use.

(3) Surplus distribution

The company, through resolutions of the shareholders' meetings held on June 9, Republic of China Year 111, and July 29, Republic of China Year 110, has decided on the distribution of earnings for the fiscal years Republic of China Year 110 and 109. The amounts of dividends allocated to the owners are as follows: ：

		110 年度		109 年度	
		配股率 (元/股)	金　額	配股率 (元/股)	金　額
Dividends distributed to common shareholders:					
Cash dividends	$	1.3	81,900	0.9	56,700

(十六) Earnings per Share, EPS

The calculation of basic earnings per share (EPS) and diluted earnings per share for the consolidated company is as follows:

		111 年度	110 年度
Basic earnings per share:			
Net profit attributable to the equity holders of the company	$	56,582	81,170
Weighted average number of outstanding ordinary shares (in thousands)		63,000	63,000
Basic earnings per share (in currency)	$	0.90	1.29
Diluted earnings per share:			
Net profit attributable to the equity holders of the company	$	56,582	81,170
Weighted average number of outstanding ordinary shares (in thousands)		63,000	63,000
Impact of dilutive potential ordinary shares		38	42
Weighted average number of outstanding ordinary shares adjusted for dilution		63,038	63,042
Diluted earnings per share (in currency)	$	0.90	1.29

(十七) Revenue from customer contracts.

1. Detailed breakdown of revenue.

	111 年度

		半導體部門	染整部門	合　　計
Primary regional markets:				
Taiwan	$	100,725	208,770	309,495
United States		36,392	-	36,392
China		37,586	-	37,586
Other countries		12,498	-	12,498
	$	**187,201**	**208,770**	**395,971**

		111年度		
		半導體部門	染整部門	合　計
Primary products/services:				
Semiconductor testing and packaging	$	148,059	-	148,059
Dyeing and finishing processing services		-	163,059	163,059
Product sales		39,142	629	39,771
Real estate rental		-	45,082	45,082
	$	187,201	208,770	395,971

		110年度		
		半導體部門	染整部門	合　計
Primary regional markets:				
Taiwan	$	168,711	181,963	350,674
United States		64,981	-	64,981
China		42,435	-	42,435
Other countries		19,264	-	19,264
	$	295,391	181,963	477,354
Primary products/services lines:：				
Semiconductor testing and packaging	$	252,990	-	252,990
Dyeing and finishing processing services		-	145,476	145,476
Product sales		42,401	377	42,778
Real estate rental		-	36,110	36,110
	$	295,391	181,963	477,354

2. Contract balance

		111.12.31	110.12.31	110.1.1
Accounts receivable	$	32,388	72,186	71,733
Less: Allowance for doubtful accounts		(13)	(13)	(13)
Total	$	32,375	72,173	71,720
Contract liabilities	$	429	133	94

Disclosure of accounts receivable and their impairment can be found in Note 6(5). The initial balance of contract liabilities as of January 1, Year 111 and Year

	111 年度		
	半導體部門	染整部門	合　　計

110, recognized as revenue, amounted to 133 thousand dollars and 94 thousand dollars, respectively.

(十八) Employee and Director Remuneration

According to the company's articles of incorporation, if there are profits in the annual financial statements, an allocation of not less than 1% for employee remuneration and not more than 3% for director remuneration should be made. However, if the company has accumulated losses, an amount should be reserved for offsetting those losses in advance. The employee remuneration may be distributed in the form of stocks or cash to eligible employees of subsidiary companies under certain conditions.

The estimated amounts for employee remuneration in the years of ROC 111 and ROC 110 are NT$1,000,000 and NT$1,260,000, respectively. The estimated amounts for director remuneration are NT$1,260,000 in both years. These estimates are based on the tax-preceding net profit for each respective period, deducting the amounts of employee and director remuneration, multiplied by the distribution ratios specified in the company's articles of incorporation. They are reported as operating costs or operating expenses in the financial statements for ROC 111 and ROC 110. The amounts of employee and director remuneration approved by the board of directors are consistent with the estimated amounts reported in the consolidated financial statements for ROC 111 and ROC 110.

(十九) Non-operating income and expenses

1. Interest income

The detailed breakdown of interest income for the consolidated company is as follows:

	111 年度	110 年度
Interest income from bank deposits	$ 3,671	1,489
Interest income from financial assets measured at amortized cost	1,545	1,382
Interest income from financial assets measured at amortized cost	$ 5,216	2,871

2. Other income

The details of other income for the consolidated company are as follows:

	111 年度	110 年度
Dividend income	$ 104	52
Other income	2,208	2,806
Total other income	$ 2,312	2,858

3. Other gains and losses

The details of other gains and losses for the fiscal year 111 and 110 of the consolidated company are as follows: :

	111 年度	110 年度
Gain on disposal of property, plant, and equipment	$ 314	352
Gain on disposal of investments	1	812
Gain on rental concessions	129	171
Foreign exchange gain (loss)	20,124	(5,356)
Loss on financial assets at fair value through profit or loss	(4,608)	(703)
Other gains (losses)	(223)	(299)
	$ 15,737	**(5,023)**

(二十) Financial Instruments

1. Credit Risk

(1) Credit Exposure

The carrying amount of financial assets, excluding cash and cash equivalents, represents the maximum credit exposure. The maximum credit exposure as of December 31, ROC 111 and ROC 110 were NT$55,094,000 and NT$109,517,000, respectively.

(2) Concentration of Credit Risk

The credit risk of the company is primarily influenced by the credit characteristics of various creditors, and the industry in which customers operate also affects the credit risk. As of December 31, ROC 111 and ROC 110, the total accounts receivable of the company from the top five sales customers accounted for 86% and 57%, respectively.

2. Liquidity Risk

The following table presents the maturity profile of financial liabilities, including interest implications.

		帳面金額	合　約 現金流量	1年以內	超　過 1年以上	2-5年
As of December 31, 111:						
Non-derivative financial liabilities:						
Notes payable and accounts payable	$	14,047	14,047	14,047	-	-
Other payables		29,171	29,171	29,171	-	-
Lease liabilities		1,683	1,714	934	721	59
Deposits received as guarantee		12,242	12,242	12,242	-	-
	$	**57,143**	**57,174**	**56,394**	**721**	**59**
As of December 31, 110:						
Non-derivative financial liabilities:						
Notes payable and accounts payable	$	13,917	13,917	13,917	-	-
Other payables		42,006	42,006	42,006	-	-

Lease liabilities	921	936	721	78	137
Deposits received as guarantee	9,036	9,036	9,036	-	-
	$ 65,880	**65,895**	**65,680**	**78**	**137**

The consolidated company does not anticipate significant early occurrence or significant differences in the actual amounts of cash flows compared to the maturity dates analysis.

3. Exchange rate risk

(1) Exchange Rate Risk Exposure

The consolidated company is exposed to significant exchange rate risk in relation to the following financial assets and liabilities denominated in foreign currencies.

		111.12.31			110.12.31		
		外幣	匯率	台幣	外幣	匯率	台幣
Financial assets:							
Gold	$	7,132	30.71	219,036	7,480	27.68	207,041
Euro		24	32.72	796	24	31.32	762
Japanese Yen		3,265	0.23	759	1,110	0.24	268
Financial liabilities:							
Gold		101	30.71	3,117	108	27.68	2,996

(2) Sensitivity Analysis

The consolidated company's exchange rate risk mainly arises from cash and cash equivalents, accounts receivable, financial assets measured at amortized cost, and accounts payable denominated in foreign currencies, resulting in foreign exchange gains or losses upon translation. Assuming that the New Taiwan Dollar (TWD) appreciates or depreciates by 1% against the US Dollar, Euro, and Japanese Yen, while keeping all other factors unchanged, the pre-tax net profit for the fiscal year 111 and 110 will increase or decrease by TWD 2,175 thousand and TWD 2,051 thousand, respectively. The analysis for both periods is based on the same assumptions.

(3) Foreign exchange gains or losses on monetary items.

		111 年度		110 年度	
		兌換(損)益	平均匯率	兌換(損)益	平均匯率
Gold	$	20,216	29.85	(5,455)	27.80
Japanese Yen	$	(39)	0.230	12	0.260
Euro		(53)	31.35	87	33.11

4. Interest Rate Risk

The following is an overview of the interest rate characteristics of interest-bearing financial instruments held by the consolidated company as of the reporting date.

	帳面金額	
	111.12.31	**110.12.31**
Fixed-rate instruments:		
Financial assets	$ 178,327	277,695
Variable-rate instruments:		
Financial assets	$ 382,486	203,250

The consolidated company conducts sensitivity analysis on non-derivative interest rate risk as of the reporting date. In the scenario where interest rates increase/decrease by one basis point, and all other variables remain constant, the consolidated company's pre-tax net profit for the fiscal year ending in year one-one-one and year one-one-zero would increase/decrease by 956 thousand units and 508 thousand units, respectively. This is primarily due to the interest rate risk exposure related to variable rate bank deposits.

Furthermore, the financial assets of the consolidated company related to fixed-rate instruments are measured at amortized cost. Changes in market interest rates as of the reporting date do not impact the income statement, and therefore, sensitivity analysis regarding fair value changes is not disclosed.

5. Other price risk

The impact on the comprehensive income items due to changes in equity securities prices as of the reporting date (based on the same basis for both periods and assuming other factors remain constant) is as follows: [Please provide the specific information or data regarding the impact on comprehensive income items.]

	111 年度		**110 年度**	
Reporting daily stock prices:	其他綜合損益稅前金額	稅前損益	其他綜合損益稅前金額	稅前損益
Increased by 10%	**$ 546**	**2,272**	**642**	**3,734**
Decreased by 10%	**$ (546)**	**(2,272)**	**(642)**	**(3,734)**

6. Fair Value Information

(1) Types and fair values of financial instruments

The book values and fair values (including fair value hierarchy information) of the consolidated financial assets and financial liabilities are presented as follows, without the need to disclose fair value information for financial instruments that are not measured at fair value but for which the book values are reasonable approximations of fair value:

	111.12.31				
		公允價值			
	帳面金額	第一級	第二級	第三級	合　計
Financial assets measured at fair value through other comprehensive income:					
Equity instruments	**$ 5,461**	**2,080**	**-**	**3,381**	**5,461**
Financial assets measured at fair value through profit or loss:					
Equity instruments	**$ 22,719**	**22,719**	**-**	**-**	**22,719**

	110.12.31				
		公允價值			
	帳面金額	第一級	第二級	第三級	合　計

Financial assets measured at fair value through other comprehensive income:					
Equity instruments	$ 6,418	3,037	-	3,381	6,418
Financial assets measured at fair value through profit or loss:					
Equity instruments	$ 37,344	37,344	-	-	37,344

(2) Fair value measurement techniques for financial instruments measured at fair value:

When financial instruments have readily available market quotations from active markets, their fair value is determined based on these market quotations. The market prices announced by major exchanges and over-the-counter trading centers serve as the basis for the fair value of listed equity instruments and debt instruments with readily available market quotations.

If financial instruments can be obtained timely and regularly from exchanges, brokers, underwriters, industry associations, pricing service providers, or regulatory authorities, and the prices obtained represent actual and frequent transactions by market participants, then those financial instruments are considered to have readily available market quotations. If the aforementioned conditions are not met, then the market is considered to be inactive. Generally, large bid-ask spreads, significant increases in bid-ask spreads, or low trading volumes are indicators of an inactive market.

The financial instruments held by the consolidated company are classified as follows:

● Financial instruments with active markets: Listed company stocks and corporate bonds traded in active markets, which have standardized terms and conditions. The fair value of these financial assets and financial liabilities is determined based on market quotations.

● Financial instruments without active markets: The fair value of these instruments is determined using valuation techniques or referencing quotes from counterparties. The fair value obtained through valuation techniques may be based on the fair value of similar financial instruments with similar conditions and characteristics, discounted cash flow analysis, or other valuation techniques, including models that utilize market information available as of the date of the consolidated balance sheet.

(3) Transfer between Level 1 and Level 2

There were no transfers between Level 1 and Level 2 during the years of 2022 and 2023.。

(4) Statement of Changes in Level 3:

For Level 3 fair value measurements held by the consolidated company, the changes are as follows:

	111 年度	**110 年度**
Period End Balance (Period Beginning Balance)	**$ 3,381**	**3,381**

(5) Quantitative information for the fair value measurement of significant unobservable inputs (Level 3) is as follows:

The fair value measurement of equity instruments classified as Level 3 by the consolidated company is primarily based on other comprehensive income using the fair value measurement.

The majority of fair value measurements classified as Level 3 by the consolidated company have a single significant unobservable input. The significant unobservable inputs for equity investments without active markets are independent and not interrelated. The quantitative information for the significant unobservable inputs is listed as follows:

Item:	Evaluation technique:	Significant unobservable inputs:	Significant unobservable inputs and their relationship to fair value:
Financial assets at fair value through other comprehensive income - Equity instruments without active market	Comparable to listed and OTC companies method	·Lack of market liquidity discount (30% for both 31 December 111 and 31 December 110) ·Price-to-book ratio (ranging from 0.71 to 3.47 for 31 December 111 and from 0.78 to 4.82 for 31 December 110)	·Higher lack of market liquidity discount corresponds to lower fair value. ·Higher price-to-book ratio corresponds to higher fair value.

(6) For Level 3 fair value measurements, sensitivity analysis of fair value to reasonable alternative assumptions is as follows:

The fair value measurement of financial instruments by the consolidated company is considered reasonable. However, using different valuation models or parameters may lead to different valuation results. For financial instruments classified as Level 3, the impact on current period profit or other comprehensive income due to changes in valuation parameters is as follows:

		up or down	Changes in fair value reflected in other comprehensive income	
	input value	**change**	**favorable change**	**adverse change**
As of December 31, 111 (year)				
Financial assets at fair value through other comprehensive income				
Equity investments without active market	Price-to-Book Ratio Lack of market liquidity discount	±1%	34	(34)
As of December 31, 110 (year)				
Financial assets at fair value through other comprehensive income				
Equity investments without active market	Price-to-Book Ratio (P/B Ratio) Lack of market liquidity discount	±1%	34	(34)
As of December 31, 110 (year, ROC)				
Financial assets at fair value through other comprehensive income				
Equity investments without active market	Price-to-Book Ratio (P/B Ratio) Lack of market liquidity discount	±1%	34	(34)

Favorable and unfavorable changes by the consolidated company refer to the volatility of fair value, which is calculated using valuation techniques based on varying levels of unobservable input parameters. If the fair value of a financial instrument is influenced by more than one input value, the table above reflects only the impact of a single input value change and does not consider the correlation and variability between input values.

(二十一) Financial Risk Management

1. summary

The consolidated company is exposed to the following risks due to the use of financial instruments: :

(1) Credit Risk

(2) Liquidity Risk

(3) Market Risk

This footnote presents the significant information regarding the risks associated with the merger, the objectives, policies, and procedures for assessing and managing risks in the merged company. For further quantitative disclosures, please refer to the respective footnotes in the consolidated financial statements.

2. into English is "Risk Management Framework

The establishment of the risk management policy in the merged company is aimed at identifying and analyzing the risks faced by the merged company, as well as setting appropriate risk limits and controls to oversee compliance with risk and risk limits. The merged company conducts regular reviews of the risk management policy and system to promptly reflect market conditions and changes in its operations. Through training, management guidelines, and operational procedures, the company is committed to developing a disciplined and constructive control environment where all employees understand their roles and responsibilities.

The Audit Committee of the merged company oversees the supervision of management in monitoring the adherence to the risk management policies and procedures, as well as the review of the adequacy of the related risk management framework. Internal auditors assist the Audit Committee in its supervisory role by conducting regular and ad-hoc reviews of risk management controls and procedures, and reporting the review results to the Audit Committee.

3. Credit Risk

Credit risk refers to the risk of financial loss that the merged company may incur due to the inability of customers or counterparties of financial instruments to fulfill contractual obligations. It primarily arises from accounts receivable from customers and securities investments of the merged company.

(1) Accounts Receivable and Other Receivables

The credit risk of the merged company is primarily influenced by the individual circumstances of each customer. However, management also considers statistical data regarding the customer base of the merged company, including industry and country default risks, as these factors may affect credit risk.

The Finance and Accounting department has established a credit policy that requires the merged company to analyze the credit ratings of each new customer individually before granting standard payment and delivery terms and conditions. The review of the merged company includes external ratings when available and, in certain cases, inquiries with banks. Purchase limits are established for individual customers and represent the maximum outstanding amount that does not require approval from the Finance and Accounting department. These limits are periodically reviewed. Customers that do not meet the credit ratings may engage in transactions with the merged company on a prepayment basis or by providing collateral.

The merged company maintains an allowance for doubtful accounts to reflect estimated losses on accounts receivable and other receivables and investments that have incurred losses. The allowance account consists of specific loss components related to individually significant exposures and collective loss components established for losses that have occurred but have not been specifically identified for similar groups of assets. The collective loss allowance is determined based on historical payment statistics for similar financial assets.

(2) Investments

The credit risk of bank deposits and other financial instruments is assessed and monitored by the Finance department of the merged company. Due to the merged company's counterparties being reputable banks, financial institutions, corporate organizations, and government agencies with investment-grade or higher credit ratings, there is no significant credit risk.

(3) Guarantees

The merged company's policy stipulates that financial guarantees can only be provided between parent and subsidiary companies. As of December 31, Year 111 and Year 110 of the Republic of China, the endorsed guarantees provided by the merged company amounted to NT$46,065 thousand and NT$41,520 thousand, respectively.

4. Liquidity Risk

Liquidity risk refers to the risk that the merged company may be unable to meet financial obligations by delivering cash or other financial assets, resulting in a failure to fulfill related obligations. The merged company manages liquidity by ensuring that it has sufficient liquid funds to support the payment of maturing liabilities under normal and stressful conditions, thereby avoiding unacceptable losses or risks to the company's reputation.

Generally, the merged company ensures sufficient cash to meet anticipated short-term operating expenditure needs, including the fulfillment of financial obligations, excluding potential impacts that cannot be reasonably anticipated in extreme circumstances such as natural disasters.

5. Market Risk

Market risk refers to the risk that the earnings or the value of financial instruments held by the merged company may be affected by market price fluctuations, such as exchange rates, interest rates, and equity instrument prices. The goal of market risk management is to control the level of market risk within acceptable limits and optimize investment returns.

(1) Exchange Rate Risk

The merged company is exposed to exchange rate risk arising from sales, purchases, and borrowing transactions denominated in currencies other than the functional currencies of the respective group entities. The functional currencies of the group entities are primarily New Taiwan Dollar, while the major currencies used for these transactions include New Taiwan Dollar, US Dollar, Euro, and Japanese Yen.

(2) Interest Rate Risk

The merged company's interest rate risk arises from fluctuating interest rates on bank deposits, which can result in volatility in future cash flows.

(3) Other Market Risks

The merged company is exposed to equity price risk through investments in listed companies' stocks and domestic and foreign fund beneficiary certificates. These equity investments are strategic investments and not held for trading purposes. The merged company's management mitigates the risk by holding diversified portfolios of different risk investments.

(二十二) Capital Management

The Board of Directors' policy is to maintain a sound capital base to uphold investor, creditor, and market confidence and support future business development. Capital includes the merged company's share capital, capital surplus, retained earnings, and non-controlling interests. The Board of Directors manages the capital return rate and also controls the level of dividends on ordinary shares.

The merged company's debt-to-capital ratio as of the reporting dates in the 111th and 110th fiscal years is as follows:

	111.12.31	110.12.31
Total liabilities	$ 223,433	242,323

Minus: Cash and cash equivalents	(491,842)	(435,974)
Net debt	**$ (268,409)**	**(193,651)**
Total equity	**$ 1,152,691**	**1,180,599**
Debt-to-equity ratio	**(23.29)%**	**(16.40)%**

The capital management approach of the merged company remained unchanged in the 111th and 110th fiscal years as of December 31st.

(二十三) Non-cash investing and financing activities" refers to investment and financing activities that do not involve the use of cash.

Non-cash investing and financing activities of the merged company for the fiscal years 20XX and 20XX are as follows:

Adjustments to liabilities from financing activities are presented in the table below.

	111.1.1	現金流量	取 得	其 他	111.12.31
Security deposits	$ 9,036	3,206	-	-	12,242
Lease liabilities	921	(789)	1,680	(129)	1,683
Total liabilities from financing activities	**$ 9,957**	**2,417**	**1,680**	**(129)**	**13,925**

	110.1.1	現金流量	其 他	110.12.31
Security deposits	$ 9,036	-	-	9,036
Lease liabilities	1,835	(743)	(171)	921
Total liabilities from financing activities	**$ 10,871**	**(743)**	**(171)**	**9,957**

七、related party transactions

(一) key executive transactions

The main executive compensation includes:

	111 年度	110 年度
Short-term employee benefits.	**$ 7,050**	**7,720**

八、Pledged assets

The detailed listing of the book value of assets pledged as collateral by the merged company is as follows:

Asset Names:	Pledged Collateral:	111.12.31	110.12.31
Land	Secured by the bank loan limit	$ 11,322	11,322
Buildings and structures	Secured by the bank loan limit.	6,990	7,972
Fixed deposits (Note 1)	Secured by natural gas usage deposit.	-	30,538
		$ 18,312	**49,832**

(Note 1) Financial assets - Non-current, measured at amortized cost.

九、**Significant contingent liabilities and unrecognized contractual commitments.**

(一) Significant unrecorded contractual commitments

The unrecorded contractual commitments for the acquisition of real estate, buildings, and equipment by the merged company are as follows: :

	111.12.31	110.12.31
Acquisition of real estate, plants, and equipment.	**$ 907**	**1,884**

(二) The merged company has applied for financing customs duty deposit from Shanghai Commercial Bank with a limit of 1,500,000 RMB.

(三) The merged company has provided endorsement guarantees in the form of a bank deposit to secure bank loan facilities for its subsidiary. The details of the endorsement guarantee amounts are as follows:

Company Name	Endorsed guarantee recipients.	111.12.31	110.12.31
The parent company.	Nan Yan Semiconductor.	$ 46,065	41,520
		(美金 1,500 千元)	(美金 1,500 千元)

十、**Significant disaster losses: None.**。

十一、**Significant subsequent events: None.**

十二、**Others.**

(一) Summary of functional breakdown for employee benefits, depreciation, and amortization expenses:

Function / Functional Types:	111 年度			110 年度		
	屬於營業成本者	屬於營業費用者	合 計	屬於營業成本者	屬於營業費用者	合 計
Employee Benefits Expenses						
Salary Expenses	62,079	24,782	86,861	72,569	30,693	103,262
Labor Insurance and Health Insurance Expenses	6,969	2,486	9,455	7,208	2,622	9,830
Retirement Benefits Expenses	1,741	2,938	4,679	1,746	2,855	4,601
Director's Remuneration	-	1,260	1,260	-	1,810	1,810
Director's Remuneration	320	2,303	2,623	275	2,426	2,701
Depreciation Expenses	21,927	3,617	25,544	22,252	4,195	26,447
Amortization Expenses	-	-	-	-	-	-

十三、**Disclosure matters in footnotes may include:**

(一) Disclosure of significant transactional information may include:

According to the applicable accounting standards, the following significant transactional information should be disclosed by the merged company for the fiscal year 20XX:

1. Funds loaned to others: None.

2. Guarantees provided for others:

編號	背書保證者公司名稱	被背書保證對象		對單一企業背書保證限額	本期最高背書保證餘額	期末背書保證餘額 (註3)		實際動支金額	以財產擔保之背書保證金額	累計背書保證金額佔最近期財務報表淨值之比率	背書保證最高限額	屬母公司對子公司背書保證	屬子公司對母公司背書保證	屬對大陸地區背書保證
		公司名稱	關係 (註 2)											
0	本公司	南岩半導體	(2)	542,063	46,065	46,065		-	-	4.16%	1,106,252	Y	N	N

Note 1: The company is required to disclose the operating procedures for providing guarantees, including the specific limits for individual guarantees and the overall maximum guarantee limit. The calculation method for individual and total limits should be explained in the footnote. The company has established a maximum guarantee limit that should not exceed the net worth of the company for the current period. The guarantee amount for a single entity should not exceed 49% of the net worth of the company for the current period.

Note 2: The relationships between the guarantor and the guaranteed parties can be categorized into the following 7 types:

(1) Companies with business transactions.

(2) Companies in which the guarantor directly or indirectly holds more than 50% of the voting rights.

(3) Companies in which the guarantor directly and indirectly holds more than 50% of the voting rights.

(4) Companies in which the guarantor directly or indirectly holds more than 90% of the voting rights.

(5) Companies that mutually provide guarantees based on the contractual requirements for contracted projects or joint construction.

(6) Companies for which the guarantor provides guarantees based on the proportion of their respective shareholdings due to joint investment relationships.

(7) Guarantees provided among peers for the performance of presale housing sales contracts in compliance with consumer protection regulations.。

Note 3: This is calculated based on the exchange rate at the end of the period.

3. End-of-period holdings of marketable securities (excluding investments in subsidiaries, affiliated companies, and joint ventures):

持有之公司	有價證券種類及名稱	與有價證券發行人之關係	帳列科目	期末股數	帳面金額	持股比率%	公允價值	期中最高持股或出資情形	備註
南岩半導體	Standard Chartered PLC	無	透過損益按公允價值衡量之金融資產 - 非流動	-	22,719	-	22,719	-	
本公司	新興航運(股)公司	無	透過其他綜合損益按公允價值衡量之金融資產-非流動	104,025	2,080	0.02	2,080	-	
〃	永成環科(股)公司	無	透過其他綜合損益按公允價值衡量之金融資產-非流動	338,037	3,381	0.32	3,381	-	
〃	台鳳(股)公司股票	無	透過其他綜合損益按公允價值衡量之金融資產-非流動	5,042	-	-	-	-	

4. End-of-period holdings of marketable securities (excluding investments in subsidiaries, affiliated companies, and joint ventures): None.
5. Amounts for the acquisition of real estate reaching NT$300 million or exceeding 20% of the paid-in capital: None.
6. Amounts for the disposal of real estate reaching NT$300 million or exceeding 20% of the the paid-in capital: None.
7. Amounts for sales or purchases with related parties reaching NT$100 million or exceeding 20% of the paid-in capital: None.
8. Amounts of receivables from related parties reaching NT$100 million or exceeding 20% of the paid-in capital: None.
9. Engaging in derivative instrument transactions: None.
10. Business relationships and significant transactions between the parent and subsidiary companies are as follows:

編號	交易人名稱	交易往來對象	與交易人之關係	交易往來情形 科目	金額	交易條件	佔合併總營收或總負債之比率
0	本公司	南岩半導體(股)公司	1	租賃收入	14,840	依合約規定	3.75%
0	本公司	南岩半導體(股)公司	1	存入保證金	1,200	依合約規定	0.54%

Note 1: The numbering method for filling in the codes is as follows:

1. "0" represents the parent company.
2. The subsidiary companies are numbered sequentially starting from "1" based on their respective company

types using Arabic numerals.

Note 2: The relationship types with the counterparty are indicated as follows:

1. Parent company to subsidiary company.
2. Subsidiary company to parent company.
3. Subsidiary company to subsidiary company.

Note 3: All of the above transactions have been fully offset in the preparation of the consolidated financial statements.

(二) Relevant information regarding investments in associated enterprises:

The information regarding investments in associated enterprises by the merged company for the fiscal year 20XX is as follows:

投資公司名稱	被投資公司名稱	所在地區	主要營業項目	原始投資金額		期末持有			期中最高持股或出資情形	被投資公司本期(損)益	本期認列之投資(損)益	備註
				本期期末	上期期末	股數	比率	帳面金額				
本公司	南岩半導體(股)公司	台灣	半導體封裝測試	164,191	164,191	16,254	82.09%	214,180	82.09%	(3,353)	(2,776)	註 1

Note 1: The share transactions listed above have been offset in the preparation of the consolidated financial statements.

(三) Investment information in Mainland China: None.

(四) Information on the major shareholders:

單位：股

Shareholders:	The number of shares held is not provided in the given information.	The shareholding percentages are not provided in the given information.
Shih Rong Investment Co., Ltd.	6,266,293	9.94%
He Ping	5,756,233	9.13%
He Jun	4,463,764	7.08%
Taiwan Bank, entrusted custody of Global Communications Corporation Limited Investment Trust	4,306,250	6.83%
Mr. Ho Shih-Yi Memorial Foundation	3,836,217	6.08%
Standard Chartered Bank, entrusted custody of Invesco Fund Investment Trust	3,239,000	5.14%
Guo Li-Ming	3,242,125	5.14%

(1) The information on major shareholders is derived from the Taiwan Depository & Clearing Corporation (TDCC) and is based on the calculation of ordinary shares and preferred shares, including treasury shares, held by shareholders as of the last business day of each quarter. The threshold for inclusion in the major shareholders' information is when the total holdings of such shares reach or exceed 5% of the company's total outstanding shares.

It's important to note that the number of shares recorded in the company's financial statements may differ from the actual number of shares held by shareholders due to different calculation bases or other factors.

(2) If the aforementioned data pertains to shareholders holding shares through trust arrangements, the disclosure of individual sub-accounts in the trust accounts established by the trustee will be provided. Regarding shareholders who report their shareholdings exceeding 10% under the securities trading regulations, their holdings include both their personal holdings and the shares held through trust arrangements, where they possess decision-making rights over the trust assets. For information regarding the disclosure of insider shareholding declarations, please refer to the Public Information Observation System

十四、**Departmental Information:**

(一) General Information:

The merged company has two reporting departments: the Textile Processing Department and the Semiconductor Department.

The Textile Processing Department is responsible for activities such as dyeing, resin processing, and finishing of textile products.

The Semiconductor Department is engaged in packaging and testing processes for semiconductors.

These reporting departments are considered strategic business units that provide different products and services. Each strategic business unit requires distinct technical expertise and marketing strategies, hence they are managed separately.

Most of these business units were acquired separately and retained their existing management teams at the time of acquisition.

In addition to these reporting departments, the merged company also operates in real estate development. However, this department did not meet any quantifiable thresholds for reporting in both the fiscal year 111 and fiscal year 110.

(二) The information regarding the income, assets, liabilities, measurement basis, and adjustments of the reporting segments is as follows:

The consolidated company uses the pre-tax income of the reporting segments, as reviewed by the primary operating decision-maker in the internal management reports, as the basis for resource allocation and performance evaluation. This income does not include non-recurring gains/losses and foreign exchange gains/losses.

Income taxes, non-recurring gains/losses, and foreign exchange gains/losses are managed on a consolidated basis and are not allocated to the reporting segments. Additionally, not all reporting segments include significant non-cash items outside of depreciation and amortization in their income.

The reported amounts are consistent with the reports used by the operating decision-makers. The accounting policies of the operating segments, except for retirement benefit expenses, which are recognized and measured based on cash payments to retirement benefit plans, are the same as those disclosed in Note 4, "Summary of Significant Accounting Policies."

Sales and transfers between segments are treated as transactions with third parties and are measured at current market prices.

Here is the translation of the provided information. :

	111 年度			
	Dyeing and Finishing Department	**Semiconductor Department**	**Adjustment and Reconciliation**	**Total**
Income:				
Revenue from external customers	$ 208,770	187,201	-	395,971
Interdepartmental revenue	14,840	-	(14,840)	-
Interest income	3,243	1,973	-	5,216
Total revenue	$ 226,853	189,174	(14,840)	401,187
Interest expense	$ 43	837	(833)	47
Depreciation and amortization	$ 10,254	29,336	(14,046)	25,544
Reported departmental profit or loss	$ 69,573	(3,209)	2,751	69,115
Non-current assets capital expenditure:	$ -	44,591	-	44,591
Capital expenditure for non-current assets	$ 1,305,256	324,889	(254,021)	1,376,124
Reported departmental assets:	$ 199,004	65,619	(41,190)	223,433

	110 年度			
	Dyeing and Finishing Department	**Semiconductor Departme**	**Adjustment and Reconcilia**	**Total**

		nt	tion	
Income:				
Revenue from external customers	$ 181,963	295,391	-	477,354
Interdepartmental revenue	14,925	-	(14,925)	-
Interest income	2,240	631	-	2,871
Total revenue	$ 199,128	296,022	(14,925)	480,225
Interest expense	$ 52	1,082	(1,077)	57
Depreciation and amortization	$ 10,133	30,435	(14,121)	26,447
Reported departmental profit or loss	$ 93,859	44,771	(28,929)	109,701
Non-current assets capital expenditure:	$ 940	25,580	-	26,520
Capital expenditure for non-current assets	$ 1,329,617	384,651	(291,346)	1,422,922
Reported departmental assets:	$ 200,531	97,051	(55,259)	242,323

The significant adjustments for the reported segment information are explained as follows:

For the fiscal year ending in [year], the total reported segment revenues should be adjusted by deducting intersegment revenues of 14,840 thousand NT$ and 14,925 thousand NT$, respectively. 。

(三) Product and service information:

The revenue information from external customers for the consolidated company is as follows:

Product and service names:		111 年度	110 年度
Semiconductor packaging and testing revenue	$	148,059	252,990
Textile processing and finishing revenue		163,059	145,476
Product sales revenue		39,771	42,778
Rental income		45,082	36,110
Total	$	395,971	477,354

(四) District information

The regional information for the consolidated company is as follows:。

Regional breakdown		111 年度	110 年度
Revenue from external customers:			
Taiwan	$	309,495	350,674
United States		36,392	64,981
China		37,586	42,435
Other countries		12,498	19,264
Total	$	395,971	477,354

Regional breakdown		111.12.31	110.12.31
Non-current assets:			
Taiwan	$	707,904	687,219

Non-current assets include real estate, plants and equipment, investment properties, and other assets, excluding financial instruments, deferred tax assets, post-employment benefit assets, and non-current assets arising from insurance contracts.

(五) Main customer information

The details of customers whose individual sales revenue accounted for more than 10% of the consolidated statement of comprehensive income's net operating revenue in the ROC Year 111 and ROC Year 110 are as follows:

		111 度	110 度
D 客戶	$	44,733	38,705
A 客戶		35,645	63,607
C 客戶		28,964	34,925
B 客戶		26,055	46,122
	$	**135,397**	**183,359**

5、The consolidated financial statements of the parent and subsidiary companies have been audited and certified by the accounting firm in the recent year.

6、Regarding the company and its affiliated enterprises, there have been no instances of financial difficulties in the recent year and up to the date of printing of the annual report.

Financial Condition and Review of Financial Performance, along with Risk Factors
Financial Condition and Review of Financial Performance:

1、Financial Condition:

In the past two years, there have been significant changes in assets, liabilities, and shareholders' equity, with variations exceeding 20% and amounts exceeding NT$10 million. The analysis is as follows:

Unit: NTD IN THOUSANDS

Annual period / items	2022	2021	difference		Ex
			amount	%	
Current assets	638,146	669,199	(31,053)	(4)	-
Property, plant, and equipment	211,752	191,687	20,065	10	-
Other assets	526,226	562,036	(35,810)	(6)	-
Total assets	1,376,124	1,422,922	(46,798)	(3)	-
Current liabilities	52,218	71,608	(19,390)	(27	1
Other liabilities	171,215	170,715	500	(0.	-
Total liabilities	223,433	242,323	(18,890)	(8)	-

Share capital	630,000	630,000	-	-	-
Capital surplus	22,358	22,358	-	-	-
Retained earnings	455,756	477,633	(21,877)	(5)	-
Other equity	(1,862)	(905)	(957)	(10	-
Non-controlling interests	46,439	51,513	5,074	(10	-
Total shareholders' equity	1,152,691	1,180,599	(27,908)	(2)	-
The current liabilities have decreased significantly compared to the previous period, which is mainly attributed to the continued downturn in the semiconductor industry in 111 年, resulting in a shift from profitability to losses. As a result, the company has reduced expenses related to year-end bonuses, employee dividends, director remuneration, and other costs.					

2、Fiancial Performance

Unit: NTD　IN THOUSANDS

Annual period items	Year 111	Year 110	Increase (Decrease) amount	Percentage change
Net revenue from operations	395,971	477,354	(81,383)	(6)
Operating costs	(263,032)	(294,358)	31,326	11
Gross profit from operations	132,939	182,996	(50,057)	(27)
Operating expenses	(87,042)	(73,944)	13,100	18
Net profit from operations	45,897	109,052	(63,155)	(58)
Non-operating income and expenses	23,218	649	22,569	3,478
Profit before tax	69,115	109,701	(40,586)	(37)
Income tax expense	(13,135)	(22,219)	9,084	(41)
Net profit from continuing operations after tax	55,980	87,482	(31,502)	(36)

1、Gross profit from operations, pre-tax profit, and after-tax profit all decreased significantly compared to the previous period. This is mainly due to the continuous contraction of the semiconductor industry in 111, resulting in a significant decline in revenue, hence the decrease in the related figures compared to the previous period.

2、Non-operating income and expenses increased compared to the previous period, mainly due to exchange rate fluctuations, resulting in a significant increase in exchange gains in 111.

3、cash flow

(1) Recent two-year liquidity analysis

Annual period / items	Year 111	Year 110	Increase (Decrease) ratio (%)
Cash flow ratio	215.51%	128.84%	67.27
Cash flow adequacy ratio	96.00%	102.68%	(6.51)
Cash reinvestment ratio	1.31%	1.56%	(0.16)
Explanation of Variations in Ratios: In the semiconductor industry, a subsidiary company experienced favorable operational performance in 110, resulting in an overestimation of expected order volume. As a result, the inventory level significantly increased at the end of 110 compared to previous periods. However, in 111, the overall electronic industry experienced a downturn, leading to significant fluctuations in inventory. Additionally, the subsidiary company incurred losses, resulting in reduced expenses such as annual bonuses and dividends. Consequently, the cash flow ratio increased significantly compared to the previous period.			

(2) Analysis of Future Cash Liquidity for the Next Year

Unit: NTD IN THOUSANDS

Opening Cash Balance	Estimated Annual Net Cash Flow from Operating Activities	Estimated Annual Cash Outflow	Estimated Cash Surplus (Deficiency) Amount	Remedial Measures for Estimated Cash Deficiency	
(1)	(2)	(3)	(1)+(2)-(3)	Inv	Financial Plan
531,642	24, 000	65,000	490,642	NO	NO

1. Analysis Explanation

The estimated net cash inflow from operating activities is approximately 24,000 thousand yuan, while the projected cash outflow amounts to 65,000 thousand yuan, which represents the expected net cash outflow for dividend distribution and other purposes. It is projected that there will be a remaining cash balance of 490,642 thousand yuan, which will be used as working capital.

2、The company has sufficient working capital, and there is no cash shortage situation

4、Impact of significant capital expenditures on financial operations in the recent year

(1) Utilization and funding sources of significant capital expenditures

Unit: NTD IN THOUSANDS

Project items	Actual or anticipated sources of funds	Actual or expected completion date	Total required funding amount	Actual or anticipated utilization of funds
				"Year 112"-
Equipment	Self-owned funds	112.6.30	3,000,000	

Adding wastewater treatment equipment

5、During the recent fiscal year, the investment policy of the company underwent changes. The

main reasons behind the profitability or loss in the investments can vary based on the specific circumstances and investment portfolio of the company. It is important to assess the factors that contributed to the performance and develop improvement plans for the future.

Explanation / Item	Amount: (Thousand NT dolla	Policy	Main reasons for profit or loss	Improvement plans include:	

	rs)				
Nanyan Semiconductor Co., Ltd.	164,191	Diversification	Declining order volume and underutilization of production capacity.	The company is actively seeking new product orders to address the issue of underutilized production capacity.	

6、Risk factors

(一) Impact of recent interest rates, exchange rates, and inflation on the company's earnings and future measures

1、Impact on company's earnings

Item	Fiscal Year 2022 (in thousands)
Interest expense	47
Foreign Exchange (Loss) Gain	20,124

2、 For future contingency measures, the merged company will continue to adopt a proactive approach to financial management.

(1) Regarding interest rates and inflation

The merged company maintains a sound financial position with ample internal funds, and as of the end of 111, it has not incurred any borrowings. Short-term idle funds are primarily invested in bank fixed deposits, and the company evaluates the impact of interest rates and inflation cautiously, aiming to minimize any potential adverse effects.

(2 Exchange rate aspect

The merged company specializes in the contract manufacturing industry, with a majority of its contract products being sold domestically in New Taiwan Dollars (TWD), while a significant portion of sales is conducted in US Dollars (USD). To mitigate exchange rate risk, the company continuously collects relevant information and maintains close contact with banks to stay informed about international exchange rate trends. It adjusts foreign currency positions as needed to mitigate foreign exchange risks.

¤ Policies regarding high-risk and high-leverage investments, lending of funds to others, endorsement guarantees, and derivative trading, as well as the main reasons for profit or loss and future response measures:

The company maintains a conservative financial approach and does not engage in high-risk, high-leverage investments, lending of funds to others, or derivative trading. The only external guarantee provided by the company is a financing endorsement guarantee for a subsidiary in which the company holds an 82.09% ownership stake. As of the end of 111th year, the guaranteed amount stands at USD 1.5 million. All activities related to lending of funds and endorsement guarantees are conducted in accordance with the company's established "Procedures for Lending of Funds and Endorsement Guarantees."

¤ Recent year's research and development plans, current progress of unfinished research and development projects, required additional research and development expenses, expected completion and production timeline, and key factors influencing the success of future research and development:

On August 26, 2022, the company announced its decision to exit the dyeing and finishing industry and transition into the real estate leasing business.

(4) The recent changes in important domestic and international policies and laws had no significant impact on the financial operations of the company during the recent fiscal year

There were no significant impacts on the financial operations of the merged company during the recent fiscal year due to changes in important domestic and international policies and laws.

(5) Impact of Recent Technological and Industry Changes (including Cybersecurity Risks) on Company's Financial Operations and Measures Taken:

There were no significant impacts on the financial operations of the merged company during the recent fiscal year due to technological changes and industry developments.

(6) The impact of corporate image on corporate crisis management and the corresponding measures in the recent fiscal year are as follows:

In the recent fiscal year, there were no significant impacts on crisis management in the merged companies due to changes in corporate image. The stability and consistency of the corporate image helped maintain the trust and confidence of stakeholders, minimizing the potential risks associated with crisis management. The merged companies continued to prioritize proactive communication, stakeholder engagement, and crisis preparedness measures to ensure effective management of any potential crises that may arise. 。

(7) Expected Benefits and Potential Risks of Mergers and Acquisitions

No mergers or acquisitions were carried out in the recent fiscal year.

(8) Expected Benefits and Potential Risks of Expanding the Factory

On August 26, 2022, the company announced its decision to exit the textile dyeing and finishing industry and transition into the real estate leasing business. The company aims to shift its focus and generate income through rental properties, increasing rental income.

(9) Risks associated with concentrated procurement or sales

The main procurement and sales customers of the merged company are financially sound, and their financial condition has remained stable over the past two years with no significant changes. There is no concern regarding concentration of procurement or sales. Furthermore, through the risk control management procedures implemented by the merged company, no similar risks have been identified or observed.

(10) If there is a significant transfer or replacement of shares by a director or a major shareholder holding more than ten percent of the shares, it may have an impact on the company's governance and decision-making processes. It could potentially introduce new strategic directions, changes in management, or alterations to the company's overall direction. The associated risks would depend on the specific circumstances, such as the intentions and capabilities of the new shareholders, and the potential disruption to the existing operations and relationships. Proper evaluation and monitoring of such changes are necessary to mitigate any adverse effects and ensure the company's stability and long-term growth.

After the shareholders' meeting held on July 29, 2021, where the election took place, the establishment of an Audit Committee with independent directors replacing the supervisor position does not have a direct impact or risk on the company.

(11) The change in management rights does not have any direct impact or risk on the company. ：

After the shareholders' meeting held on July 29, 2021, where the election took place, the Audit

Committee was established, replacing the Supervisor position with an Independent Director. This change does not have a direct impact or risk on the company, and it does not result in any alteration to the management rights.

(12) Litigation or Non-Litigation Events: No litigation or non-litigation events. (十三) Other Significant Risks: Information Security Risk Assessment: The company's information management system is limited to internal use within the office premises, with appropriate authorization controls implemented based on business processes. Data backup management, antivirus software updates, and other related information management regulations are implemented. Internet access is restricted to essential personnel only and controlled by a firewall. Regarding on-site production equipment, as it is not fully automated, each workstation operates independently. Therefore, the company's information security risk assessment has determined that there are no significant risks.

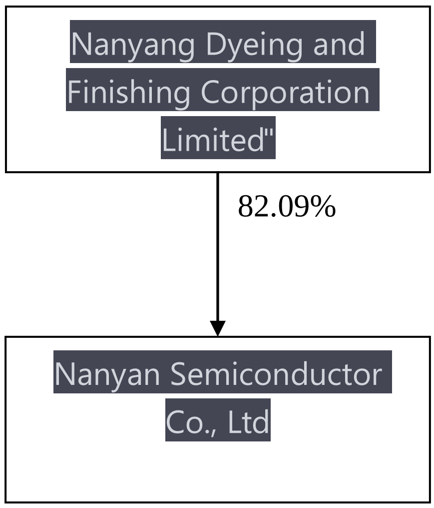
7、Other Significant Matters：NO

8、Special Notes

1、Related Company Information：Report on Consolidated Business Operations of Related Companies.、Consolidated Financial Statements of Related Companies. Report on Related Parties

(1) Consolidated Financial Report of Related Companies

1、Organizational Chart of Related Companies



Related Company Name	Shareholding or Contribution Ratio
Parent Company and Subsidiary Company	
Nanyan Semiconductor Co., Ltd.	82.09%

(Note)

Mutual Investment Companies

NO

Subsidiary Company and Subsidiary Company

NO

Note:

Identical Executive Shareholders / Director	Shareholding or Contribution Ratio	Shareholding or Contribution Ratio
HO JUN		0.61%

Common Shareholders / Contributors		Shareholding or Contribution Ratio
HO JUN		0.61%

2、Basic Information of Each Related Enterprise

Company Name	Date of Establishment	Address	Paid-up Capita NTD	Principal Business or Production Items
Nanotech Semiconductor Co., Ltd.	87/2/ 4	No. 89, Haishan Road, Shanjiao Village, Luzhu District, Taoyuan City.	198,000,000	Electronic Component Manufacturing Industry. Electronic Materials Wholesale Industry. Electronic Materials Retail Industry.

3、Presumed common shareholders among controlling and subsidiary entities: None.

4、The industries covered by the overall related enterprises' business operations are as follows

Nanyan Semiconductor Co., Ltd. is a professional communication semiconductor component packaging and testing contract manufacturer. Its main business nature is OEM/ODM for wireless communication semiconductors

5、Here are the director, supervisor, and general manager information for each related enterprise:

Company Name	Position	NamORRepresentative	Shareholding	
			Number of Shares	Shareholding Percentage
Nanyan Semiconductor Co., Ltd.	Chairman	Nanyang Textile Dyeing & Finishing Co., Ltd. HO	16,253,549	82.09%
	Board of Directors	HO Chengyuan	201,456	1.02%

	Board of Directors	HO Chengyu	106,621	0.54%
	Board of Directors	Qianxi Investment Co., Ltd.	242,756	1.23%
	Board of Directors	Hengshang Investment Co., Ltd	225,746	1.14%
	Supervisor	Zhāng Àiyù	184,311	0.93%

(1) Operations Overview of Each Related Enterprise.

Unit: NTD IN THOUSANDS

Capital Amount	Total Assets	Total Liabilities	Net Worth	Operating Revenue	Operating Profit	Net Profit for the Period (After Tax))	Earnings per Share (EPS) (After Tax)
198,000	324,889	65 ,618	259,271	187,201	(8,976)	(3,353)	(0.17)

¤ No related-party transactions.

¤

2、In the recent fiscal year and up until the printing date of the annual report, there have been no private placements of securities conducted.

3、As of the latest annual report and up until the printing date, there has been no holding or disposal of the company's stocks by any subsidiary。

4 Additional supplementary explanations: There are no other necessary supplementaryexplanations.。

5、Recently, as of the printing date of the annual report, there have been no significant matters, as defined in Article 36, Paragraph 2, Subparagraph 2 of the Securities and Exchange Act, that would have a major impact on shareholder rights or securities prices。