# TAINAN SPINNING CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED FINANCIAL STATEMENTS AND

## INDEPENDENT AUDITORS' REPORT

## DECEMBER 31, 2022 AND 2021

---

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

**TAINAN SPINNING CO., LTD.**
**Declaration of Consolidated Financial Statements of Affiliated Enterprises**

For the year ended December 31, 2022, pursuant to Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, the Company that is required to be included in the consolidated financial statements of affiliates, is the same as the Company required to be included in the consolidated financial statements under International Financial Reporting Standards 10. And if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare consolidated financial statements of affiliates.

Hereby declare,

HOU BO MING
TAINAN SPINNING CO., LTD.
March 7, 2023

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of Tainan Spinning Co., Ltd.

## Opinion

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

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

## Basis for opinion

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

## Key audit matters

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

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

**Existence of sales revenues**

Description

Refer to Note 4(29) for accounting policy on revenue recognition and Note 6(23) for accounting items on revenue. The Group's sales revenues arise mainly from manufacturing and sales of various textile products and synthetic fiber materials. Since the Group has a large volume and amount of transactions from sales of numerous kinds of products to a wide range of customers in many different locations such as Taiwan, Asia and America, etc. , the sales revenue transactions need more time for verification . Thus, we considered the existence of sales revenue of the Group a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Obtained an understanding and assessed the accounting policies on the revenue recognition and the effectiveness of internal controls relevant to the existence of sales revenues, and tested the effectiveness of internal controls on customer order's approval, goods delivery, sales recording, reconciliation of cash receipts and customer's records to subsequent settlement of trade receivables.
2. Selected samples from transactions of significant counterparties and checked the consistency between transaction details and supporting documents.
3. Performed confirmation procedures to significant counterparties' accounts receivable, confirmed the consistency between the responses, account records and customers' data, and evaluated the reasonableness between the responses and the account records.

**Valuation of inventories**

Description

Refer to Note 4(10) for the accounting policy on inventory valuation, Note 5(2) for the information on the uncertainty of accounting estimates and assumptions on inventory valuation and Note 6(6) for details of inventory items. As of December 31, 2022, the balances of inventories and allowance for inventory valuation losses were NT$6,198,098 thousand and NT$271,333 thousand, respectively.

The Group is engaged in the manufacture and sales of various textile products and synthetic fiber materials. The main component of raw materials is cotton, and the price of which is usually affected by price changes in international trade. As textile products are considered basic commodities, product sales prices are relatively difficult to be adjusted in time to reflect the rapid change in raw materials costs. This results in a higher risk of loss on market price decline. The Group measures its inventories at the lower of cost and net realizable value. The net realizable value is determined based on the historical information on inventory. Given that the determination of the net realizable value of inventory involves subjective judgement, we considered the valuation of inventories a key audit matter.

How our audit addressed the matter

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

1. Assessed the reasonableness of the policies and procedures on allowance for inventory valuation losses.
2. Selected samples from inventory items by each sequence number to verify its net realizable value, discussed with the management and inspected related supporting documents to assess the adequacy of allowance for inventory valuation loss.

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

We did not audit the financial statements of the investee company, Howard Beach Resort Kenting Co., Ltd., accounted for under equity method that was included in the consolidated financial statements. As of December 31, 2022 and 2021, the balance of this investment accounted for under equity method was NT$209,878 thousand and NT$193,395 thousand, constituting 0.42% and 0.39% of the total consolidated assets, respectively, and the share of other comprehensive income of associates and joint ventures accounted for under equity method was NT$16,252 thousand and (NT$9,304) thousand, constituting 1.30% and (0.28%) of the total consolidated comprehensive income for the years then ended, respectively. The financial statements of the investee company were audited by other auditors whose report thereon has been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the consolidated financial statements relative to this investee, is based solely on the audit report of the other auditors.

## Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion with other matter paragraph on the parent company only financial statements of Tainan Spinning Co., Ltd. as at and for the years ended December

31, 2022 and 2021.

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

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

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

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

## Auditors' responsibilities for the audit of the consolidated financial statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Lin Yung-Chih

Independent Accountants

Lin Tzu-Shu

PricewaterhouseCoopers, Taiwan
Republic of China
March 7, 2023

---

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.
As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

TAINAN SPINNING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

| | Assets | Notes | December 31, 2022 AMOUNT | % | December 31, 2021 AMOUNT | % |
|---|---|---|---|---|---|---|
| | **Current assets** | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | $ 6,218,881 | 13 | $ 4,630,792 | 9 |
| 1110 | Financial assets at fair value through profit or loss - current | 6(2) | 75,338 | - | 70,281 | - |
| 1136 | Financial assets at amortised cost-current | 6(1)(3) and 8 | 213,000 | 1 | 685,087 | 2 |
| 1150 | Notes receivable, net | 6(4) | 242,728 | 1 | 190,484 | 1 |
| 1170 | Accounts receivable, net | 6(4)(5) and 12 | 1,201,742 | 2 | 1,650,285 | 3 |
| 1200 | Other receivables | | 161,521 | - | 123,438 | - |
| 1220 | Current income tax assets | 6(30) | 125,950 | - | 141,446 | - |
| 130X | Inventories | 5(2) and 6(6) | 5,926,765 | 12 | 5,651,960 | 11 |
| 1410 | Prepayments | | 169,348 | - | 201,798 | 1 |
| 11XX | **Total current assets** | | 14,335,273 | 29 | 13,345,571 | 27 |
| | **Non-current assets** | | | | | |
| 1510 | Financial assets at fair value through profit or loss - non-current | 6(2) | 289,546 | 1 | 293,167 | - |
| 1517 | Financial assets at fair value through other comprehensive income - non-current | 5(2) and 6(7) | 4,284,374 | 8 | 4,872,177 | 10 |
| 1550 | Investments accounted for under equity method | 6(8) and 8 | 4,214,625 | 8 | 4,591,235 | 9 |
| 1600 | Property, plant and equipment | 6(9)(12)(13) and 8 | 20,577,892 | 41 | 21,108,331 | 42 |
| 1755 | Right-of-use assets | 6(10) | 456,029 | 1 | 448,534 | 1 |
| 1760 | Investment property - net | 6(9)(11)(12)(13) and 8 | 4,965,609 | 10 | 4,994,216 | 10 |
| 1780 | Intangible assets | | 886 | - | 604 | - |
| 1840 | Deferred income tax assets | 6(30) | 45,632 | - | 58,572 | - |
| 1915 | Prepayments for equipment | 6(9) | 813,324 | 2 | 398,410 | 1 |
| 1920 | Guarantee deposits paid | | 16,870 | - | 14,033 | - |
| 1975 | Net defined benefit asset - non-current | 6(18) | 162,096 | - | 66,182 | - |
| 1990 | Other non-current assets | | 5,054 | - | 5,526 | - |
| 15XX | **Total non-current assets** | | 35,831,937 | 71 | 36,850,987 | 73 |
| 1XXX | **Total assets** | | $ 50,167,210 | 100 | $ 50,196,558 | 100 |

(Continued)

TAINAN SPINNING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

| | Liabilities and Equity | Notes | December 31, 2022 AMOUNT | % | December 31, 2021 AMOUNT | % |
|---|---|---|---|---|---|---|
| | **Current liabilities** | | | | | |
| 2100 | Short-term borrowings | 6(14) and 8 | $ 5,766,122 | 11 | $ 5,150,895 | 10 |
| 2110 | Short-term notes and bills payable | 6(15) | 350,000 | 1 | 340,000 | 1 |
| 2130 | Current contract liabilities | 6(23) | 302,702 | 1 | 619,424 | 1 |
| 2150 | Notes payable | | 60,508 | - | 79,597 | - |
| 2170 | Accounts payable | | 1,921,832 | 4 | 1,780,840 | 4 |
| 2200 | Other payables | 6(16) | 1,038,103 | 2 | 1,184,241 | 2 |
| 2230 | Current income tax liabilities | 6(30) | 180,130 | - | 25,334 | - |
| 2280 | Lease liabilities - current | 6(10) | 16,073 | - | 19,145 | - |
| 2310 | Advance receipts | | 350 | - | 350 | - |
| 2320 | Long-term liabilities, current portion | 6(17) and 8 | 943,651 | 2 | 961,905 | 2 |
| 2399 | Other current liabilities | | 2,200 | - | 1,756 | - |
| 21XX | **Total current liabilities** | | 10,581,671 | 21 | 10,163,487 | 20 |
| | **Non-current liabilities** | | | | | |
| 2540 | Long-term borrowings | 6(17) and 8 | 7,084,508 | 14 | 7,489,047 | 15 |
| 2570 | Deferred income tax liabilities | 6(30) | 4,177,764 | 8 | 4,170,557 | 8 |
| 2580 | Lease liabilities - non-current | 6(10) | 329,409 | 1 | 317,220 | 1 |
| 2645 | Guarantee deposits received | | 76,397 | - | 70,430 | - |
| 2670 | Other non-current liabilities | | 10,486 | - | 10,486 | - |
| 25XX | **Total non-current liabilities** | | 11,678,564 | 23 | 12,057,740 | 24 |
| 2XXX | **Total liabilities** | | 22,260,235 | 44 | 22,221,227 | 44 |
| | **Equity attributable to owners of parent** | | | | | |
| | Share capital | | | | | |
| 3110 | Common stock | 6(19) | 16,568,159 | 33 | 16,568,159 | 33 |
| 3200 | Capital surplus | 6(20) | 72,590 | - | 64,780 | - |
| | Retained earnings | 6(7)(21)(22) | | | | |
| 3310 | Legal reserve | | 2,886,349 | 5 | 2,591,383 | 5 |
| 3320 | Special reserve | | 4,391,668 | 9 | 4,391,668 | 9 |
| 3350 | Unappropriated retained earnings | | 3,940,103 | 8 | 4,313,883 | 8 |
| 3400 | Other equity interest | 6(7)(8)(22) | ( 244,340) | - | ( 195,297) | - |
| 31XX | **Equity attributable to owners of the parent** | | 27,614,529 | 55 | 27,734,576 | 55 |
| 36XX | Non-controlling interest | | 292,446 | 1 | 240,755 | 1 |
| 3XXX | **Total equity** | | 27,906,975 | 56 | 27,975,331 | 56 |
| | Significant contingent liabilities and unrecognized contract commitments | 9 | | | | |
| 3X2X | **Total liabilities and equity** | | $ 50,167,210 | 100 | $ 50,196,558 | 100 |

The accompanying notes are an integral part of these consolidated financial statements.

TAINAN SPINNING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

| | Items | Notes | 2022 AMOUNT | 2022 % | 2021 AMOUNT | 2021 % |
|---|---|---|---|---|---|---|
| | | | For the years ended December 31, | | | |
| 4000 | Operating revenue | 6(11)(12)(23) and 7 | $ 21,968,232 | 100 | $ 20,193,510 | 100 |
| 5000 | Operating costs | 6(6)(12)(18)(28)(29) | ( 19,556,386) | ( 89) | ( 16,908,462) | ( 84) |
| 5900 | Net operating margin | | 2,411,846 | 11 | 3,285,048 | 16 |
| | Operating expenses | 6(18)(28)(29) and 7 | | | | |
| 6100 | Selling expenses | | ( 1,171,202) | ( 5) | ( 1,191,870) | ( 6) |
| 6200 | General and administrative expenses | | ( 836,384) | ( 4) | ( 838,729) | ( 4) |
| 6300 | Research and development expenses | | ( 40,547) | - | ( 37,746) | - |
| 6000 | Total operating expenses | | ( 2,048,133) | ( 9) | ( 2,068,345) | ( 10) |
| 6900 | Operating profit | | 363,713 | 2 | 1,216,703 | 6 |
| | Non-operating income and expenses | | | | | |
| 7100 | Interest income | 6(3)(24) | 49,003 | - | 9,027 | - |
| 7010 | Other income | 6(7)(25) and 7 | 592,145 | 3 | 451,439 | 2 |
| 7020 | Other gains and losses | 6(2)(8)(9)(13)(26) and 12 | 283,706 | 1 | ( 128,371) | - |
| 7050 | Finance costs | 6(5)(9)(10)(27) | ( 213,843) | ( 1) | ( 158,507) | ( 1) |
| 7060 | Share of profit of associates and joint ventures accounted for under equity method | 6(8) | 341,081 | 2 | 1,973,501 | 10 |
| 7000 | Total non-operating income and expenses | | 1,052,092 | 5 | 2,147,089 | 11 |
| 7900 | **Profit before income tax** | | 1,415,805 | 7 | 3,363,792 | 17 |
| 7950 | Income tax expense | 6(30) | ( 224,047) | ( 1) | ( 394,495) | ( 2) |
| 8200 | **Profit for the year** | | $ 1,191,758 | 6 | $ 2,969,297 | 15 |

(Continued)

TAINAN SPINNING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

| | | | For the years ended December 31, | | | |
|---|---|---|---|---|---|---|
| | | | 2022 | | 2021 | |
| | Items | Notes | AMOUNT | % | AMOUNT | % |
| | **Other comprehensive income (loss)** | | | | | |
| | **Components of other comprehensive income (loss) that will not be reclassified to profit or loss** | | | | | |
| 8311 | Remeasurement of defined benefit obligations | 6(18) | $ 84,204 | 1 | $ 22,802 | - |
| 8316 | Unrealised (loss) gains on valuation of financial assets at fair value through other comprehensive income | 6(7)(22) | ( 621,378) | ( 3) | 415,335 | 2 |
| 8320 | Share of other comprehensive income of associates and joint ventures accounted for under equity method | 6(8)(22) | 35,119 | - | 9,375 | - |
| 8349 | Income tax related to components of other comprehensive income that will not be reclassified to profit or loss | 6(30) | ( 16,842) | - | ( 4,560) | - |
| | **Components of other comprehensive income (loss) that will be reclassified to profit or loss** | | | | | |
| 8361 | Financial statements translation differences of foreign operations | 6(22) | 491,925 | 2 | ( 114,276) | ( 1) |
| 8370 | Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method | 6(8)(22) | 84,501 | - | ( 20,566) | - |
| 8300 | **Other comprehensive income for the year** | | $ 57,529 | - | $ 308,110 | 1 |
| 8500 | **Total comprehensive income for the year** | | $ 1,249,287 | 6 | $ 3,277,407 | 16 |
| | Profit attributable to: | | | | | |
| 8610 | Owners of the parent | | $ 1,157,904 | 6 | $ 2,926,072 | 15 |
| 8620 | Non-controlling interest | | 33,854 | - | 43,225 | - |
| | | | $ 1,191,758 | 6 | $ 2,969,297 | 15 |
| | Comprehensive income attributable to: | | | | | |
| 8710 | Owners of the parent | | $ 1,197,596 | 6 | $ 3,237,281 | 16 |
| 8720 | Non-controlling interest | | 51,691 | - | 40,126 | - |
| | | | $ 1,249,287 | 6 | $ 3,277,407 | 16 |
| | Earnings per share (in dollars) | 6(31) | | | | |
| 9750 | Basic | | $ | 0.70 | $ | 1.77 |
| 9850 | Diluted | | $ | 0.70 | $ | 1.76 |

The accompanying notes are an integral part of these consolidated financial statements.

TAINAN SPINNING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

| | | Equity attributable to owners of the parent | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Capital Surplus | | | Retained Earnings | | | Other Equity Interest | | | | |
| | Notes | Share capital - common stock | Treasury stock transactions | Difference between the price for acquisition or disposal of subsidiaries and carrying amount | Others | Legal reserve | Special reserve | Unappropriated retained earnings | Financial statements translation differences of foreign operations | Unrealised gains (losses) on valuation of financial assets at fair value through other comprehensive income | Total | Non-controlling interest | Total equity |
| For the year ended December 31, 2021 | | | | | | | | | | | | | |
| Balance at January 1, 2021 | | $ 16,568,159 | $ 35,983 | $ 16,471 | $ 12,196 | $ 2,493,092 | $ 4,391,668 | $ 2,042,393 | ($ 1,053,983) | $ 571,072 | $ 25,077,051 | $ 200,630 | $ 25,277,681 |
| Net income for the year ended December 31, 2021 | | - | - | - | - | - | - | 2,926,072 | - | - | 2,926,072 | 43,225 | 2,969,297 |
| Other comprehensive income (loss) for the year ended December 31, 2021 | 6(22) | - | - | - | - | - | - | 24,370 | ( 131,729) | 418,568 | 311,209 | ( 3,099) | 308,110 |
| Total comprehensive income (loss) for the year ended December 31, 2021 | | - | - | - | - | - | - | 2,950,442 | ( 131,729) | 418,568 | 3,237,281 | 40,126 | 3,277,407 |
| Distribution of 2020 net income | | | | | | | | | | | | | |
| Legal reserve | | - | - | - | - | 98,291 | - | ( 98,291) | - | - | - | - | - |
| Cash dividends | 6(21) | - | - | - | - | - | - | ( 579,886) | - | - | ( 579,886) | - | ( 579,886) |
| Adjustment for change in capital surplus for investee company | 6(8) | - | - | - | 130 | - | - | - | - | - | 130 | - | 130 |
| Adjustment for change in other equity interest for investee company | 6(7)(22) | - | - | - | - | - | - | ( 775) | - | 775 | - | - | - |
| Non-controlling interest | | - | - | - | - | - | - | - | - | - | - | ( 1) | ( 1) |
| Balance at December 31, 2021 | | $ 16,568,159 | $ 35,983 | $ 16,471 | $ 12,326 | $ 2,591,383 | $ 4,391,668 | $ 4,313,883 | ($ 1,185,712) | $ 990,415 | $ 27,734,576 | $ 240,755 | $ 27,975,331 |
| For the year ended December 31, 2022 | | | | | | | | | | | | | |
| Balance at January 1, 2022 | | $ 16,568,159 | $ 35,983 | $ 16,471 | $ 12,326 | $ 2,591,383 | $ 4,391,668 | $ 4,313,883 | ($ 1,185,712) | $ 990,415 | $ 27,734,576 | $ 240,755 | $ 27,975,331 |
| Net income for the year ended December 31, 2022 | | - | - | - | - | - | - | 1,157,904 | - | - | 1,157,904 | 33,854 | 1,191,758 |
| Other comprehensive income (loss) for the year ended December 31, 2022 | 6(22) | - | - | - | - | - | - | 89,054 | 558,580 | ( 607,942) | 39,692 | 17,837 | 57,529 |
| Total comprehensive income (loss) for the year ended December 31, 2022 | | - | - | - | - | - | - | 1,246,958 | 558,580 | ( 607,942) | 1,197,596 | 51,691 | 1,249,287 |
| Distribution of 2021 net income | | | | | | | | | | | | | |
| Legal reserve | | - | - | - | - | 294,966 | - | ( 294,966) | - | - | - | - | - |
| Cash dividends | 6(21) | - | - | - | - | - | - | ( 1,325,453) | - | - | ( 1,325,453) | - | ( 1,325,453) |
| Adjustment for change in capital surplus for investee company | 6(8) | - | - | - | 7,810 | - | - | - | - | - | 7,810 | - | 7,810 |
| Adjustment for change in other equity interest for investee company | 6(7)(22) | - | - | - | - | - | - | ( 319) | - | 319 | - | - | - |
| Balance at December 31, 2022 | | $ 16,568,159 | $ 35,983 | $ 16,471 | $ 20,136 | $ 2,886,349 | $ 4,391,668 | $ 3,940,103 | ($ 627,132) | $ 382,792 | $ 27,614,529 | $ 292,446 | $ 27,906,975 |

The accompanying notes are an integral part of these consolidated financial statements.

TAINAN SPINNING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

| | Notes | For the years ended December 31, 2022 | 2021 |
|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before tax | | $ 1,415,805 | $ 3,363,792 |
| Adjustments | | | |
| Adjustments to reconcile profit (loss) | | | |
| Gain on financial assets at fair value through profit or loss | | ( 79,347 ) | ( 50,712 ) |
| Provision (reversal of allowance) for inventory market price decline | 6(6) | 226,150 | ( 3,156 ) |
| Share of profit of associates and joint ventures accounted for under equity method | 6(8) | ( 341,081 ) | ( 1,973,501 ) |
| Loss on liquidation of investments accounted for under equity method | 6(8)(26) | - | 2,429 |
| Depreciation | 6(9)(10)(12)(28) | 1,024,593 | 1,136,701 |
| Gain on disposal of property, plant and equipment | 6(26) | ( 22,854 ) | ( 494 ) |
| Impairment loss on non-financial assets | 6(9)(13)(26) | - | 127,122 |
| Amortisation | 6(28) | 603 | 1,341 |
| Interest income | 6(24) | ( 49,003 ) | ( 9,027 ) |
| Dividend income | 6(7)(25) | ( 290,216 ) | ( 227,292 ) |
| Interest expense | 6(27) | 213,843 | 158,507 |
| Changes in operating assets and liabilities | | | |
| Changes in operating assets | | | |
| Financial assets at fair value through profit or loss | | ( 13,971 ) | ( 134,161 ) |
| Notes receivable | | ( 52,244 ) | 90,272 |
| Accounts receivable | | 448,543 | ( 227,148 ) |
| Other receivables | | ( 30,943 ) | ( 6,485 ) |
| Inventories | | ( 526,239 ) | ( 1,837,542 ) |
| Prepayments | | 32,450 | ( 81,936 ) |
| Net defined benefit assets - non-current | | ( 11,710 ) | ( 16,508 ) |
| Changes in operating liabilities | | | |
| Current contract liabilities | | ( 316,722 ) | 154,588 |
| Notes payable | | ( 19,089 ) | 13,829 |
| Accounts payable | | 140,992 | 125,997 |
| Other payables | | 828 | 118,078 |
| Advance receipts | | - | ( 2,504 ) |
| Other current liabilities | | 444 | 499 |
| Cash inflow generated from operations | | 1,750,832 | 722,689 |
| Interest received | | 41,863 | 9,340 |
| Dividends received | 6(7)(8) | 1,220,599 | 767,815 |
| Income tax refund | | 1,485 | 26,232 |
| Interest paid | | ( 206,873 ) | ( 158,545 ) |
| Income tax paid | | ( 102,273 ) | ( 64,934 ) |
| Net cash flows from operating activities | | 2,705,633 | 1,302,597 |

(Continued)

TAINAN SPINNING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

| | Notes | For the years ended December 31, 2022 | 2021 |
|---|---|---|---|
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Decrease (increase) in financial assets at amortised cost | | $ 472,087 | ($ 562,040 ) |
| Acquisition of financial assets at fair value through other comprehensive income - non-current | | ( 22,456 ) | ( 123,154 ) |
| Proceeds from financial assets at fair value through other comprehensive income - non-current | 6(7) | - | 20,937 |
| Return of capital from financial assets at fair value through other comprehensive income - non-current | 6(7) | - | 9,561 |
| Distribution from liquidation of financial assets at fair value through other comprehensive income | 6(7) | 33 | - |
| Acquisition of investments accounted for under equity method | 6(8) | ( 85,262 ) | - |
| Proceeds from liquidation of investments accounted for under equity method | 6(8) | - | 27,387 |
| Cash paid for acquisition of property, plant and equipment | 6(32) | ( 347,986 ) | ( 627,580 ) |
| Interest paid for acquisition of property, plant and equipment | 6(9)(27)(32) | ( 1,294 ) | ( 223 ) |
| Proceeds from disposal of property, plant and equipment | | 38,165 | 27,172 |
| Acquisition of intangible assets | | ( 867 ) | ( 143 ) |
| Increase in prepayments for equipment | | ( 452,276 ) | ( 194,678 ) |
| Increase in guarantee deposits paid | | ( 2,837 ) | ( 6,003 ) |
| Decrease (increase) in other non-current assets | | 472 | ( 302 ) |
| Net cash flows used in investing activities | | ( 402,221 ) | ( 1,429,066 ) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from short-term borrowings | 6(33) | 20,534,689 | 17,636,379 |
| Repayments of short-term borrowings | 6(33) | ( 20,070,170 ) | ( 17,654,340 ) |
| Increase (decrease) in short-term notes and bills payable | 6(33) | 10,000 | ( 120,000 ) |
| Repayment of lease principal | 6(33) | ( 14,375 ) | ( 25,319 ) |
| Proceeds from long-term borrowings | 6(33) | 18,733,000 | 16,270,000 |
| Repayments of long-term borrowings | 6(33) | ( 19,155,793 ) | ( 16,151,685 ) |
| Increase in guarantee deposits received | 6(33) | 5,967 | 4,474 |
| Cash dividends paid | 6(21) | ( 1,325,453 ) | ( 579,866 ) |
| Change in non-controlling interest | | - | ( 1 ) |
| Net cash flows used in financing activities | | ( 1,282,135 ) | ( 620,358 ) |
| Effect of foreign exchange rate changes on cash and cash equivalents | | 566,812 | ( 59,449 ) |
| Net increase (decrease) in cash and cash equivalents | | 1,588,089 | ( 806,276 ) |
| Cash and cash equivalents at beginning of year | 6(1) | 4,630,792 | 5,437,068 |
| Cash and cash equivalents at end of year | 6(1) | $ 6,218,881 | $ 4,630,792 |

The accompanying notes are an integral part of these consolidated financial statements.

TAINAN SPINNING CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

## 1. HISTORY AND ORGANIZATION

(1) Tainan Spinning Co., Ltd. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China and other relevant laws and regulations in March 1955. The Company and its subsidiaries (the "Group") are primarily engaged in manufacturing, processing, sale of textile products, woven textile products and synthetic fiber materials, construction of public housing, the rental and sale of commercial property and operation of department store.

(2) The common shares of the Company have been listed on the Taiwan Stock Exchange since October 1989.

## 2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorized for issuance by the Board of Directors on March 7, 2023.

## 3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC and became effective from 2022 are as follows:

| New Standards, Interpretations and Amendments | Effective date by International Accounting Standards Board |
|---|---|
| Amendments to IFRS 3, 'Reference to the conceptual framework' | January 1, 2022 |
| Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use' | January 1, 2022 |
| Amendments to IAS 37, 'Onerous contracts— cost of fulfilling a contract' | January 1, 2022 |
| Annual improvements to IFRS Standards 2018–2020 | January 1, 2022 |

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments as endorsed by the FSC effective from 2023 are as follows:

| New Standards, Interpretations and Amendments | Effective date by International Accounting Standards Board |
|---|---|
| Amendments to IAS 1, 'Disclosure of accounting policies' | January 1, 2023 |
| Amendments to IAS 8, 'Definition of accounting estimates' | January 1, 2023 |
| Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction' | January 1, 2023 |

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

| New Standards, Interpretations and Amendments | Effective date by International Accounting Standards Board |
|---|---|
| Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture' | To be determined by International Accounting Standards Board |
| Amendments to IFRS 16, 'Lease liability in a sale and leaseback' | January 1, 2024 |
| IFRS 17, 'Insurance contracts' | January 1, 2023 |
| Amendments to IFRS 17, 'Insurance contracts' | January 1, 2023 |
| Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information' | January 1, 2023 |
| Amendments to IAS 1, 'Classification of liabilities as current or non-current' | January 1, 2024 |
| Amendments to IAS 1, 'Non-current liabilities with covenants' | January 1, 2024 |

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC

Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Financial assets and liabilities at fair value through other comprehensive income.

(c) Defined benefit assets and liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs that came into effect as endorsed by the FSC requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture.

Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

| Name of investor | Name of subsidiary | Main business activities | Ownership (%) December 31, 2022 | Ownership (%) December 31, 2021 | Description |
|---|---|---|---|---|---|
| Tainan Spinning Co., Ltd. | Tainan Spinning Co., Ltd. (Vietnam) | Manufacturing and sales of cotton, yarn etc. | 100.00 | 100.00 | — |
| Tainan Spinning Co., Ltd. | Nan Fan Development Co., Ltd. | Land development | 100.00 | 100.00 | — |
| Tainan Spinning Co., Ltd. | Tainan Spinning Holding (Cayman Islands) Ltd. | Professional investments | 100.00 | 100.00 | — |
| Tainan Spinning Co., Ltd. | Nan Fan International Investment (Cayman Islands) Co., Ltd. | Professional investments | 100.00 | 100.00 | — |
| Tainan Spinning Co., Ltd. | Tainan Spinning Retail and Distribution Co., Ltd. | Operating department stores | 100.00 | 100.00 | — |
| Tainan Spinning Co., Ltd. | Tainan Spinning (Singapore) Pte. Ltd. | Professional investments | 100.00 | 100.00 | — |
| Tainan Spinning Co., Ltd. | Nan Fan Housing Development Co., Ltd. | Commissioned to build public housing and the rental and sale of commercial property | 99.99 | 99.99 | — |

| Name of investor | Name of subsidiary | Main business activities | Ownership (%) December 31, 2022 | Ownership (%) December 31, 2021 | Description |
|---|---|---|---|---|---|
| Tainan Spinning Co., Ltd. (Vietnam) | Tainan Textile Co., Ltd. | Manufacturing and sales of cotton, yarn etc. | 85.00 | 85.00 | — |
| Tainan Spinning (Singapore) Pte. Ltd. | Tainan Textile Co., Ltd. | Manufacturing and sales of cotton, yarn etc. | 15.00 | 15.00 | — |
| Nan Fan Housing Development Co., Ltd. | Federal Holding Limited | Professional investments | 100.00 | 100.00 | — |
| Federal Holding Limited | United Investment Pte. Ltd. | Professional investments | 100.00 | 100.00 | — |
| United Investment Pte. Ltd. | Namtex Co., Ltd. | Businesses related to weaving, dyeing and sorting of yarns | 50.00 | 50.00 | (Note) |

Note: The Company has control over this entity because it holds half of the board seats and has appointed the Chairman.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollars, which is the Company's functional and presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are retranslated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, nonmonetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within ‘other gains and losses’.

B. Translation of foreign operations

(a) The financial performance and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognized in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is an associate or joint arrangement, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Group retains partial interest in the former foreign associate or joint arrangement after losing significant influence over the former foreign associate, or losing joint control of the former joint arrangement, such transactions should be accounted for as disposal of all interest in these foreign operations.

(c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) <u>Classification of current and non-current items</u>

A. The construction projects of the Company and its subsidiaries, Nan Fan Development Co., Ltd. and Nan Fan Housing Development Co., Ltd., have operating cycles of more than one year. Consequently, the assets and liabilities related to these construction projects are classified as current or non-current based on the length of their project life relative to the operating cycle. The remaining assets and liabilities are classified using one year as the cut-off point.

B. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realized within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

C. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

A. Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

B. Time deposits and commercial papers that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value and recognises the gain or loss in profit or loss.

D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at amortized cost

A. Financial assets at amortized cost are those that meet all of the following criteria:

(a) The objective of the Group’s business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

C. The Group's operating pattern of accounts receivable that are expected to be factored is for the purpose of selling, and the accounts receivable are subsequently measured at fair value, with any changes in fair value recognized in profit or loss.

(10) Inventories

A. The Company:

Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realisable value is 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. When the cost of inventories exceeds the net realizable value, the amount of any write-down of inventories is recognized as cost of sales during the period; and the amount of any reversal of inventory write-down is recognized as a reduction in cost of sales during the period.

B. Subsidiaries:

(a) Tainan Spinning Co., Ltd. (Vietnam), Tainan Textile Co., Ltd. and Namtex Co., Ltd.: Same as the Company.

(b) Nan Fan Development Co., Ltd. and Nan Fan Housing Development Co., Ltd.: Inventories are initially recorded at cost, and profit or loss is recognized when merchandise is sold. Land used for construction is reclassified to construction in progress when active development commences, and related interest is capitalized during the active development or construction period. The ending balance of inventories is stated at the lower of cost and net realizable value.

(c) Tainan Spinning Holding (Cayman Islands) Ltd., Nan Fan International Investment (Cayman Islands) Co., Ltd., Tainan Spinning (Singapore) Pte. Ltd., Federal Holding Limited and United Investment Pte., Ltd.：Not applicable as these companies have no inventories.

(d) Tainan Spinning Retail and Distribution Co., Ltd.:

Self-owned inventories: Recorded initially at cost, which is determined using the weighted-average method.

Concessionaire: The concessionaire recognises the full amount collected from customers as revenue when the following criteria are met: a.) Concessionaire acts as a principal and provides goods or services to customers; b.) The entity earns a fixed amount or percentage of profit in the transaction; and c.) Concessionaire assumes credit risks. The difference between the full amount collected from customers and the amount paid to concessionaire is recognized as license income by the entity. Unsold goods at the balance sheet date belong to the Concessionaire, and are not included in the ending balance of the Company's inventories.

(11) Financial assets at fair value through other comprehensive income

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.

C. The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(12) Investments accounted for under equity method / associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.

B. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.

C. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group..

E. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

F. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(13) Impairment of financial assets

For financial assets at amortized cost, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(14) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(15) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.

B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

| Assets | Useful lives |
|---|---|
| Buildings and structures | 3 ～ 60 years |
| Machinery | 7 ～ 10 years |
| Facility | 3 ～ 20 years |
| Office equipment | 3 ～ 15 years |
| Transportation equipment | 3 ～ 5 years |
| Leasehold improvements | 8 years |
| Other equipment | 3 ～ 20 years |

The Group's buildings and structures that have a significant financing component include buildings and its auxiliary facilities which are depreciated over the estimated useful lives of 35 to 60 years and 3 to 30 years, respectively.

(16) Leasing arrangements (lessee)－right-of-use assets / lease liabilities

A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.

Lease payments are comprised of the following:

(a) Fixed payments, less any lease incentives receivable; and

(b) Amounts expected to be payable by the lessee under residual value guarantees; and

(c) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The Group subsequently measures the lease liability at amortized cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability;

(b) Any lease payments made at or before the commencement date; and

(c) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise the difference between remeasured lease liability in profit or loss.

(17) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 50 ~ 60 years.

(18) Leasing arrangements (lessor) - operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(19) Intangible assets

The Group's intangible assets, mainly computer software, are stated at cost and amortized on a straight-line basis over its estimated useful life of 3 years.

(20) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(21) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(22) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(23) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(24) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(25) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expense when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date).

ii. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employees' compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(26) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

F. A deferred income tax asset shall be recognized for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(27) Share capital

A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

B. Where the Company repurchases the Company’s equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company’s equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(28) Dividends

Cash dividends are recorded as liabilities in the Company's financial statements in the period in which they are resolved by the Bored of Directors. Stock dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(29) Revenue recognition

A. Sales of goods

(a) The Group manufactures and sells textile products and chemical fiber products. Sales are recognized when control of the products has transferred, being when the products are delivered to the client, the client has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the client's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the client, and either the client has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Customer loyalty program

The subsidiary (Tainan Spinning Retail and Distribution Co., Ltd.) operates a loyalty programme where retail customers accumulate points for purchases made which entitle them to discount on future purchases. The points provide a material right to customers that they would not receive without entering into a contract. Therefore, the promise to provide points to the customer is a separate performance obligation. The transaction price is allocated to the product and the points on a relative stand-alone selling price basis. The stand-alone selling price per point is estimated on the basis of the discount granted when the points are redeemed and on the basis of the likelihood of redemption, based on past experience. The stand-alone selling price of the product sold is estimated on the basis of the retail price. A contract liability is recognized for the transaction price which is allocated to the points and revenue is recognized when the points are redeemed or expire.

C. Commission revenue

The revenue amount is confirmed when the counters complete the sale of goods. In accordance with IFRS 15, 'Revenue from contracts with customers', the subsidiary, Tainan Spinning Retail and Distribution Co., Ltd., arranges for goods and services to be provided, and therefore its role meets the definition of an agent. As a result, the net amounts of sales revenue and costs are recognized for goods sold through sales counters.

(30) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

Revenue recognition on a net/gross basis

The Group determines whether the nature of its performance obligation is to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for the other party to provide those goods or services (i.e. the Group is an agent) based on the transaction model and its economic substance. The Group is a principal if it controls a promised good or service before it transfers the good or service to a customer. The Group recognises revenue at gross amount of consideration to which it expects to be entitled in exchange for those goods or services transferred. The Group is an agent if its performance obligation is to arrange for the provision of goods or services by another party. The Group recognises revenue at the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the other party to provide its goods or services.

Indicators that the Group controls the good or service before it is provided to a customer include the following:

(a) The Group is primarily responsible for the provision of goods or services;

(b) The Group assumes the inventory risk before transferring the specified goods or services to the customer or after transferring control of the goods or services to the customer.

(c) The Group has discretion in establishing prices for the goods or services.

(2) Critical accounting estimates and assumptions

A. Evaluation of inventories

(a) As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the impact of international price fluctuations of raw materials, the Group evaluates the amounts of market price decline on balance sheet date and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

(b) As of December 31, 2022, the carrying amount of inventories was $5,926,765.

B. Financial assets — fair value measurement of unlisted stocks without active market

(a) The fair value of unlisted stocks held by the Group that are not traded in an active market is determined considering those companies' recent fund raising activities and technical development status, fair value assessment of other companies of the same type, market conditions and other economic indicators existing on balance sheet date. Any changes in these judgements and estimates will impact the fair value measurement of these unlisted stocks. Please refer to Note 12(3) for the financial instruments fair value information.

(b) As of December 31, 2022, the carrying amount of unlisted stocks without active market was $2,266,002.

## 6. DETAILS OF SIGNIFICANT ACCOUNTS

### (1) Cash and cash equivalents

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Cash: | | |
| Cash on hand | $ 9,584 | $ 8,901 |
| Checking accounts and demand deposits | 2,778,698 | 2,758,099 |
| | 2,788,282 | 2,767,000 |
| Cash equivalents: | | |
| Time deposits | 2,614,235 | 661,136 |
| Commercial paper | 816,364 | 1,199,875 |
| Stimulus Vouchers | - | 2,781 |
| | 3,430,599 | 1,863,792 |
| | $ 6,218,881 | $ 4,630,792 |

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group recognised its deposits with maturities ranging from three months to one year as "Financial assets at amortized cost – current" for the years ended December 31, 2022 and 2021. Details of the Group's times deposits pledged as collateral are provided in Note 8.

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

| Items | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Current items: | | |
| Financial assets mandatorily measured at fair value through profit or loss | | |
| Listed stocks | $ 32,227 | $ 31,309 |
| Beneficiary certificates | 34,452 | 34,427 |
| | 66,679 | 65,736 |
| Valuation adjustment | 8,659 | 4,545 |
| | $ 75,338 | $ 70,281 |
| Non-current items: | | |
| Financial assets mandatorily measured at fair value through profit or loss | | |
| Beneficiary certificates | $ 324,661 | $ 244,821 |
| Valuation adjustment | ( 35,115) | 48,346 |
| | $ 289,546 | $ 293,167 |

A. The Group recognized net (loss) gain on financial assets mandatorily measured at fair value through profit or loss (shown as "other gains and losses") amounting to ($87,609) and $57,433 for the years ended December 31, 2022 and 2021, respectively.

B. The Group has no financial assets at fair value through profit or loss pledged to others as of December 31, 2022 and 2021.

C. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Financial assets at amortized cost - current

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Time deposits over three months | $ 211,500 | $ 683,587 |
| Pledged time deposits | 1,500 | 1,500 |
| | $ 213,000 | $ 685,087 |

A. Amounts recognized in profit or loss in relation to financial assets at amortized cost are listed below:

| | For the years ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Interest income | $ 2,333 | $ 1,845 |

B. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Group was the book value.

C. Details of the Group's financial assets at amortized cost pledged to others as collateral are provided in Note 8.

D. Information relating to credit risk of financial assets at amortized cost is provided in Note 12(2).

The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(4) Notes and accounts receivable

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Notes receivable | $ 242,728 | $ 190,484 |
| Accounts receivable | $ 1,201,742 | $ 1,659,590 |
| Less: Allowance for uncollectible accounts | - | ( 9,305) |
| | $ 1,201,742 | $ 1,650,285 |

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

| | December 31, 2022 | | December 31, 2021 | |
|---|---|---|---|---|
| | Notes receivable | Accounts receivable | Notes receivable | Accounts receivable |
| Not past due | $ 242,728 | $ 1,201,742 | $ 190,484 | $ 1,650,285 |
| Over 180 days | - | - | - | 9,305 |
| | $ 242,728 | $ 1,201,742 | $ 190,484 | $ 1,659,590 |

The above ageing analysis was based on past due date.

B. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amounts that best represents the Group's notes and accounts receivable was their book values.

C. As of December 31, 2022 and 2021, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2021, the balance of receivables from contracts with customers amounted to $1,713,198.

D. The Group does not hold any collateral pledged for notes and accounts receivable as of December 31, 2022 and 2021.

E. Information relating to credit risk of notes receivable and accounts receivable is provided in Note 12(2).

F. As of December 31, 2022 and 2021, the Group had accounts receivable classified as financial assets at fair value through profit or loss in the amount of $22,598 and $27,243, respectively.

(5) Transfer of financial assets

Transferred financial assets that are derecognized in their entirety

A. As of December 31, 2022 and 2021, the Group has entered into a factoring agreement with several banks to sell its accounts receivable. Under the agreement, the Group is not obligated to bear the default risk of the transferred accounts receivable but is liable for the losses incurred on any business dispute. The Group does not have any continuing involvement in the transferred accounts receivable. Thus, the Group derecognized the transferred accounts receivable, and the related information is as follows:

| For the year ended December 31, 2022 | | | | |
|---|---|---|---|---|
| Purchaser of accounts receivable | Accounts receivable transferred | Amount derecognized | Amount advanced | Interest rate of amount advanced |
| HSBC | $ 445,401 | $ 445,401 | $ 445,401 | 0.66%～6.05% |
| E. Sun Bank | 197,544 | 197,544 | 197,544 | 4.20%～6.06% |
| CTBC Bank | 154,728 | 154,728 | 154,728 | 0.69%～3.90% |
| | $ 797,673 | $ 797,673 | $ 797,673 | |

| For the year ended December 31, 2021 | | | | |
|---|---|---|---|---|
| Purchaser of accounts receivable | Accounts receivable transferred | Amount derecognized | Amount advanced | Interest rate of amount advanced |
| E. Sun Bank | $ 467,451 | $ 467,451 | $ 467,451 | 0.61%～0.99% |
| HSBC | 222,506 | 222,506 | 222,506 | 0.66%～1.51% |
| CTBC Bank | 52,068 | 52,068 | 52,068 | 0.71%～1.08% |
| KGI Bank | 11,911 | 11,911 | 11,911 | 0.99%～1.00% |
| Bank SinoPac | 6,020 | 6,020 | 6,020 | 0.80% |
| | $ 759,956 | $ 759,956 | $ 759,956 | |

B. The Group recognized finance expense (shown as "finance costs") arising from transferred accounts receivable amounting to $6,123 and $1,451 as of December 31, 2022 and 2021, respectively.

(6) Inventories

| | December 31, 2022 | | |
|---|---|---|---|
| | Cost | Allowance for valuation loss | Book value |
| Merchandise | $ 39,187 | $ - | $ 39,187 |
| Raw materials | 2,310,490 | ( 65,086) | 2,245,404 |
| Raw materials in transit | 301,822 | - | 301,822 |
| Supplies | 553,521 | - | 553,521 |
| Work in progress | 466,361 | - | 466,361 |
| Finished goods | 2,394,668 | ( 204,881) | 2,189,787 |
| Land held for construction | 129,598 | - | 129,598 |
| Building and land held for sale | 2,451 | ( 1,366) | 1,085 |
| | $ 6,198,098 | ($ 271,333) | $ 5,926,765 |

| | December 31, 2021 | | |
|---|---|---|---|
| | Cost | Allowance for valuation loss | Book value |
| Merchandise | $ 28,952 | $ - | $ 28,952 |
| Raw materials | 2,939,389 | ( 8,378) | 2,931,011 |
| Raw materials in transit | 298,169 | - | 298,169 |
| Supplies | 521,204 | - | 521,204 |
| Work in progress | 413,665 | ( 29) | 413,636 |
| Finished goods | 1,358,005 | ( 29,700) | 1,328,305 |
| Land held for construction | 129,598 | - | 129,598 |
| Building and land held for sale | 2,451 | ( 1,366) | 1,085 |
| | $ 5,691,433 | ($ 39,473) | $ 5,651,960 |

The cost of inventories recognized as expense for the year:

| | For the years ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Cost of goods sold | $ 18,703,931 | $ 16,286,620 |
| Provision for inventory market price decline (gain from price recovery) (Note 1) | 226,150 | ( 3,156) |
| Revenue from sale of scraps | ( 37,406) | ( 47,352) |
| Loss on physical inventory | 759 | 753 |
| Underapplied overhead (Note 2) | 223,566 | 251,268 |
| | $ 19,117,000 | $ 16,488,133 |

Note 1: As the Group used inventories for which a valuation loss was recognized in the prior year, the fluctuation of international raw material prices has slowed down and the prices had gradually reversed, a reduction in cost of sales was recognized.

Note 2: For the years ended December 31, 2022 and 2021, due to the slowdown of inventory clearance in the downstream cloth factory caused by increasing inflation and the impact of global economic downturn, industry competition, and COVID-19, the Group's actual production capacity did not reach its normal level. As a result, the amount was recognized as expenses.

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

| Items | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Equity instruments | | |
| Listed stocks | $ 1,392,097 | $ 1,392,097 |
| Unlisted stocks | 2,537,084 | 2,503,882 |
| Beneficiary certificates | 545 | 491 |
| | 3,929,726 | 3,896,470 |
| Valuation adjustment | 354,648 | 975,707 |
| | $ 4,284,374 | $ 4,872,177 |

A. The Group has elected to classify equity investments that are considered to be strategic investments or steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments all were their book values.

B. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was the book value.

C. Amounts recognized in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

| | For the years ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Equity instruments at fair value through other comprehensive income | | |
| Fair value change recognized in other comprehensive income | ($ 621,378) | $ 415,335 |
| Cumulative losses reclassified to retained earnings due to derecognition | $ 319 | $ 775 |
| Dividend income recognized in profit or loss held at end of year | $ 290,216 | $ 227,292 |

D. The Group had an investment in President Energy (Cayman Islands) Ltd., which was recognized as equity instruments at fair value through other comprehensive income. President Energy (Cayman Islands) Ltd. reduced its capital amounting to $9,561 on March 30, 2021, and accordingly, the Group reduced its investment cost proportionately. Additionally, that company was liquidated in March 2022. The distribution of liquidation of $33 has been collected. This resulted in cumulative loss on disposal amounting to $319 which was reclassified from other equity to retained earnings.

E. The Group disposed financial assets at fair value through other comprehensive income－equity instruments in the amount of $20,937 for the year ended December 31, 2021. This resulted in cumulative loss on disposal amounting to $775 which was reclassified from other equity to retained earnings.

F. The Group has no financial assets at fair value through other comprehensive income pledged to others as of December 31, 2022 and 2021.

G. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(8) Investments accounted for under equity method

| | For the years ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| At January 1 | $ 4,591,235 | $ 3,199,134 |
| Share of profit or loss of investments accounted for under equity method | 341,081 | 1,973,501 |
| Earnings distribution of investments accounted for under equity method | ( 930,383) | ( 540,523) |
| Changes in capital surplus | 7,810 | 130 |
| Change in other equity | 119,620 | ( 11,191) |
| Addition of investments accounted for under equity method | 85,262 | - |
| Disposal of investments accounted for under equity method | - | ( 29,816) |
| At December 31 | $ 4,214,625 | $ 4,591,235 |

A. All investments accounted for under the equity method are associates of the Group. For the years ended December 31, 2022 and 2021, the share of profit (loss) of associates and joint ventures accounted for under the equity method was $341,081 and $1,973,501, respectively, including the share of profit (loss) of associates, Howard Beach Resort Kenting Co., Ltd., which amounted to $16,252 and ($9,304), respectively, and was recognized based on the financial statements audited by other auditors. As of December 31, 2022 and 2021, the balance of these investments accounted for under the equity method was $209,878 and $193,395, respectively.

B. The basic information of the associate that is material to the Group is as follows:

| | | Shareholding ratio | | | |
|---|---|---|---|---|---|
| Company name | Principal place of business | December 31, 2022 | December 31, 2021 | Nature of relationship | Method of measurement |
| Nantex Industry Co., Ltd. | R.O.C | 26.99% | 26.99% | Cross-industry investment | Equity method |

C. The summarized financial information of the associate that is material to the Group is as follows:

Consolidated balance sheet

| | Nantex Industry Co., Ltd. and its subsidiaries | |
|---|---|---|
| | December 31, 2022 | December 31, 2021 |
| Current assets | $ 13,180,916 | $ 16,812,183 |
| Non-current assets | 4,214,990 | 3,939,387 |
| Current liabilities | ( 1,609,210) | ( 3,591,082) |
| Non-current liabilities | ( 467,731) | ( 407,755) |
| Non-controlling interest | ( 895,399) | ( 545,534) |
| Total net assets | $ 14,423,566 | $ 16,207,199 |
| Share in associate's net assets | $ 3,892,920 | $ 4,374,323 |
| Difference between investment cost and equity | 20,060 | 20,039 |
| Carrying amount of the associate | $ 3,912,980 | $ 4,394,362 |

Consolidated statement of comprehensive income

| | Nantex Industry Co., Ltd and its subsidiaries | |
|---|---|---|
| | For the years ended December 31, | |
| | 2022 | 2021 |
| Revenue | $ 11,668,543 | $ 23,517,740 |
| Profit for the year from continuing operations | $ 1,376,368 | $ 7,494,807 |
| Other comprehensive income (loss), net of tax | 442,427 | ( 40,925) |
| Total comprehensive income | $ 1,818,795 | $ 7,453,882 |
| Dividends from the associate | $ 930,383 | $ 531,648 |

D. The carrying amount of the Group’s interest in all individually immaterial associates and the Group’s share of the operating results are summarized below:

As of December 31, 2022 and 2021, the carrying amount of the Group’s individually immaterial associates amounted to $301,645 and $196,873, respectively.

| | For the years ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Profit or loss for the year from continuing operations | $ 19,283 | ($ 9,319) |
| Other comprehensive income, net of tax | 237 | 395 |
| Total comprehensive income (loss) | $ 19,520 | ($ 8,924) |
| Dividends received from the associates | $ - | $ 8,875 |

E. The Group’ s investment, Nantex Industry Co., Ltd., has quoted market prices. As of December 31, 2022 and 2021, the fair value was $4,924,387 and $11,324,097, respectively.

F. The Group is the single largest shareholder of Nantex Industry Co., Ltd. with a 26.99% equity interest. As the Group does not hold more than half of the voting rights in substance, does not have substantial control or control through potential voting rights, and has not obtained control through a combination of contractual agreements, voting rights and potential voting rights, which indicates that the Group does not have the actual ability to direct the relevant activities, therefore, the Group does not have control, but only has significant influence, over the investee.

G. As of December 31, 2022 and 2021, information about the Group's investments accounted for under equity method that were pledged to others as collateral is provided in Note 8.

H. The Group's investee, T. G. I. Co., Ltd., was dissolved in July 2020 by a resolution of the shareholders during their meeting, and was liquidated in March 2021. The Group received $23,887 as return of capital, which is exclusively collected in April 2021, and accordingly, recognized gain on disposal amounting to $17 (shown as "Other gains and losses").

I. The Group's investee, Mean Time Enterprise Co., Ltd., was dissolved in March 2020 as resolved by the shareholders during their meeting, and was liquidated in August 2021. The distribution of liquidation of $3,500 has been collected in September 2021 and the Group recognized loss on disposal amounting to $2,446 (shown as "Other gains and losses").

(9) Property, plant and equipment

| | Land | Buildings and structures | Machinery | Facility | Office equipment | Miscellaneous equipment | Construction in progress and equipment under acceptance | Total |
|---|---|---|---|---|---|---|---|---|
| At January 1, 2022 | | | | | | | | |
| Cost | $ 9,188,695 | $ 10,335,193 | $ 15,426,999 | $ 4,797,197 | $ 257,555 | $ 2,436,217 | $ 49,775 | $ 42,491,631 |
| Accumulated depreciation | - | ( 2,856,175) | ( 13,215,126) | ( 2,460,049) | ( 222,889) | ( 1,991,998) | - | ( 20,746,237) |
| Accumulated impairment | - | ( 493,600) | ( 65,558) | ( 15,766) | ( 4,536) | ( 57,603) | - | ( 637,063) |
| | $ 9,188,695 | $ 6,985,418 | $ 2,146,315 | $ 2,321,382 | $ 30,130 | $ 386,616 | $ 49,775 | $ 21,108,331 |
| For the year ended December 31, 2022 | | | | | | | | |
| At January 1 | $ 9,188,695 | $ 6,985,418 | $ 2,146,315 | $ 2,321,382 | $ 30,130 | $ 386,616 | $ 49,775 | $ 21,108,331 |
| Additions | - | 6,773 | 71,105 | 13,033 | 12,451 | 91,392 | 590 | 195,344 |
| Transferred from prepayment for equipment | - | - | 15,112 | 40,251 | 68 | 1,505 | - | 56,936 |
| Depreciation | - | ( 229,527) | ( 432,066) | ( 207,680) | ( 14,397) | ( 88,585) | - | ( 972,255) |
| Disposals-cost | - | ( 9,271) | ( 1,166,411) | ( 47,303) | ( 4,582) | ( 425,208) | - | ( 1,652,775) |
| Disposals-accumulated depreciation | - | 4,716 | 1,132,973 | 46,809 | 3,871 | 387,230 | - | 1,575,599 |
| Disposals-accumulated impairment | - | 4,555 | 30,123 | 494 | 672 | 26,021 | - | 61,865 |
| Net exchange differences | - | 62,864 | 106,446 | 16,518 | 467 | 18,552 | - | 204,847 |
| At December 31 | $ 9,188,695 | $ 6,825,528 | $ 1,903,597 | $ 2,183,504 | $ 28,680 | $ 397,523 | $ 50,365 | $ 20,577,892 |
| At December 31, 2022 | | | | | | | | |
| Cost | $ 9,188,695 | $ 10,438,635 | $ 14,741,334 | $ 4,839,348 | $ 271,564 | $ 2,158,611 | $ 50,365 | $ 41,688,552 |
| Accumulated depreciation | - | ( 3,124,062) | ( 12,802,302) | ( 2,640,572) | ( 239,020) | ( 1,729,507) | - | ( 20,535,463) |
| Accumulated impairment | - | ( 489,045) | ( 35,435) | ( 15,272) | ( 3,864) | ( 31,581) | - | ( 575,197) |
| | $ 9,188,695 | $ 6,825,528 | $ 1,903,597 | $ 2,183,504 | $ 28,680 | $ 397,523 | $ 50,365 | $ 20,577,892 |

| | Land | Buildings and structures | Machinery | Facility | Office equipment | Miscellaneous equipment | Construction in progress and equipment under acceptance | Total |
|---|---|---|---|---|---|---|---|---|
| At January 1, 2021 | | | | | | | | |
| Cost | $ 8,352,322 | $ 7,861,938 | $ 15,506,118 | $ 3,853,713 | $ 244,670 | $ 2,465,768 | $ 2,794,942 | $ 41,079,471 |
| Accumulated depreciation | - | ( 2,626,608) | ( 13,634,373) | ( 2,241,997) | ( 216,121) | ( 2,006,237) | - | ( 20,725,336) |
| Accumulated impairment | - | ( 348,120) | ( 78,158) | ( 15,767) | ( 4,685) | ( 63,211) | - | ( 509,941) |
| | $ 8,352,322 | $ 4,887,210 | $ 1,793,587 | $ 1,595,949 | $ 23,864 | $ 396,320 | $ 2,794,942 | $ 19,844,194 |
| For the year ended December 31, 2021 | | | | | | | | |
| At January 1 | $ 8,352,322 | $ 4,887,210 | $ 1,793,587 | $ 1,595,949 | $ 23,864 | $ 396,320 | $ 2,794,942 | $ 19,844,194 |
| Additions | - | 325,074 | 16,724 | 200,345 | 16,977 | 23,646 | 116,556 | 699,322 |
| Transferred from investment property | 836,373 | - | - | - | - | - | - | 836,373 |
| Transferred from prepayment for equipment | - | 22,491 | 849,782 | 71,932 | 3,083 | 63,046 | - | 1,010,334 |
| Transferred after acceptance | - | 2,147,645 | - | 714,078 | - | - | ( 2,861,723) | - |
| Reclassifications-accumulated depreciation | - | - | ( 207) | - | 207 | - | - | - |
| Depreciation | - | ( 237,803) | ( 487,878) | ( 257,195) | ( 13,822) | ( 88,633) | - | ( 1,085,331) |
| Disposals-cost | - | - | ( 868,136) | ( 35,699) | ( 6,906) | ( 105,574) | - | ( 1,016,315) |
| Disposals-accumulated depreciation | - | - | 851,159 | 35,692 | 6,708 | 96,079 | - | 989,638 |
| Reversal of impairment loss (impairment loss) | - | ( 145,480) | 12,600 | 1 | 149 | 5,608 | - | ( 127,122) |
| Net exchange differences | - | ( 13,719) | ( 21,316) | ( 3,721) | ( 130) | ( 3,876) | - | ( 42,762) |
| At December 31 | $ 9,188,695 | $ 6,985,418 | $ 2,146,315 | $ 2,321,382 | $ 30,130 | $ 386,616 | $ 49,775 | $ 21,108,331 |
| At December 31, 2021 | | | | | | | | |
| Cost | $ 9,188,695 | $ 10,335,193 | $ 15,426,999 | $ 4,797,197 | $ 257,555 | $ 2,436,217 | $ 49,775 | $ 42,491,631 |
| Accumulated depreciation | - | ( 2,856,175) | ( 13,215,126) | ( 2,460,049) | ( 222,889) | ( 1,991,998) | - | ( 20,746,237) |
| Accumulated impairment | - | ( 493,600) | ( 65,558) | ( 15,766) | ( 4,536) | ( 57,603) | - | ( 637,063) |
| | $ 9,188,695 | $ 6,985,418 | $ 2,146,315 | $ 2,321,382 | $ 30,130 | $ 386,616 | $ 49,775 | $ 21,108,331 |

A. The Group's property, plant and equipment are all occupied by the owner for operating purpose as of December 31, 2022 and 2021.

B. Amount of borrowing costs capitalized as part of property, plant and equipment and the range of the interest rates for such capitalization are as follows:

| | For the years ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Amount capitalized | $ 1,294 | $ 223 |
| Range of the interest rates for capitalization | 0.95%～1.65% | 0.96%～0.98% |

C. As of December 31, 2022 and 2021, information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

D. Information relating to accumulated impairment is provided in Note 6(13).

(10) Leasing arrangements—lessee

A. The Group's leases pertain to land. Rental contracts are typically made for periods of 30 to 35 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. Short-term leases with a lease term of 12 months or less comprise rental cars. Low-value assets comprise electricity meter and servers.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| | Carrying amount | Carrying amount |
| Land | $ 456,029 | $ 448,534 |

| | For the year ended December 31, 2022 | For the year ended December 31, 2021 |
|---|---|---|
| | Depreciation charge | Depreciation charge |
| Land | $ 23,731 | $ 22,763 |

D. The information on profit and loss accounts relating to lease contracts is as follows:

| | For the years ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Items affecting profit or loss | | |
| Interest expense on lease liabilities | $ 12,022 | $ 11,999 |
| Expense on short-term lease contracts | 5,047 | 3,329 |
| Expense on leases of low-value assets | 261 | 300 |

E. For the years ended December 31, 2022 and 2021, the Group's total cash outflow for leases was $31,705 and $40,947, respectively.

(11) Leasing arrangements – lessor

A. The Group leases various assets including land, buildings and structures (shown as "Investment property - net"). Rental contracts are typically made for periods of 1 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes, or a residual value guarantee was required.

B. Gain arising from operating lease agreements for the years ended December 31, 2022 and 2021 are as follows (shown as "Operating revenue"):

| | For the years ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Rental income | $ 216,954 | $ 203,179 |

C. The maturity analysis of the lease payments under the operating leases is as follows:

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Within 1 year | $ 209,510 | $ 197,711 |
| 1~5 years | 237,730 | 337,438 |
| Over 5 years | 407,857 | 408,396 |
| | $ 855,097 | $ 943,545 |

(12) Investment property - net

| | Land | Buildings | Total |
|---|---|---|---|
| At January 1, 2022 | | | |
| Cost | $ 3,943,168 | $ 1,606,520 | $ 5,549,688 |
| Accumulated depreciation | - | ( 463,377) | ( 463,377) |
| Accumulated impairment | - | ( 92,095) | ( 92,095) |
| | $ 3,943,168 | $ 1,051,048 | $ 4,994,216 |
| For the year ended December 31, 2022 | | | |
| At January 1 | $ 3,943,168 | $ 1,051,048 | $ 4,994,216 |
| Depreciation | - | ( 28,607) | ( 28,607) |
| At December 31 | $ 3,943,168 | $ 1,022,441 | $ 4,965,609 |
| At December 31, 2022 | | | |
| Cost | $ 3,943,168 | $ 1,606,520 | $ 5,549,688 |
| Accumulated depreciation | - | ( 491,984) | ( 491,984) |
| Accumulated impairment | - | ( 92,095) | ( 92,095) |
| | $ 3,943,168 | $ 1,022,441 | $ 4,965,609 |

| | Land | Buildings | Total |
|---|---|---|---|
| At January 1, 2021 | | | |
| Cost | $ 4,779,541 | $ 1,606,520 | $ 6,386,061 |
| Accumulated depreciation | - | ( 434,770) | ( 434,770) |
| Accumulated impairment | - | ( 92,095) | ( 92,095) |
| | $ 4,779,541 | $ 1,079,655 | $ 5,859,196 |
| For the year ended December 31, 2021 | | | |
| At January 1 | $ 4,779,541 | $ 1,079,655 | $ 5,859,196 |
| Transferred to property, plant and equipment | ( 836,373) | - | ( 836,373) |
| Depreciation | - | ( 28,607) | ( 28,607) |
| At December 31 | $ 3,943,168 | $ 1,051,048 | $ 4,994,216 |
| At December 31, 2021 | | | |
| Cost | $ 3,943,168 | $ 1,606,520 | $ 5,549,688 |
| Accumulated depreciation | - | ( 463,377) | ( 463,377) |
| Accumulated impairment | - | ( 92,095) | ( 92,095) |
| | $ 3,943,168 | $ 1,051,048 | $ 4,994,216 |

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

| | For the years ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Rental income from investment property | $ 216,954 | $ 203,179 |
| Direct operating expenses arising from the investment property that generated rental income during the year | $ 68,052 | $ 66,287 |
| Direct operating expenses arising from the investment property that did not generate rental income during the year | $ - | $ - |

B. The fair value of the investment property held by the Group as at December 31, 2022 and 2021 was $11,461,328 and $11,067,244, respectively, which was valued by independent valuers. Valuations were based on most recent transaction prices of similar and comparable properties and official price, which is categorized within Level 3 in the fair value hierarchy.

C. As of December 31, 2022 and 2021, information about the investment property that was pledged to others as collateral is provided in Note 8.

D. Information relating to accumulated impairment is provided in Note 6(13).

(13) Impairment of non-financial assets

A. The Group recognized impairment loss (shown as "Other gains and losses") for the years ended December 31, 2022 and 2021 amounting to $— and $127,122, respectively. Details of such loss are as follows:

| | For the years ended December 31, | | | |
|---|---|---|---|---|
| | 2022 | | 2021 | |
| | Recognized in profit or loss | Recognized in other comprehensive income | Recognized in profit or loss | Recognized in other comprehensive income |
| Impairment loss-buildings and structures | $ - | $ - | ($ 145,480) | $ - |
| Reversal of impairment loss - machinery | - | - | 12,600 | - |
| Reversal of impairment loss - facility | - | - | 1 | - |
| Reversal of impairment loss - office equipment | - | - | 149 | - |
| Reversal of impairment loss - miscellaneous equipment | - | - | 5,608 | - |
| | $ - | $ - | ($ 127,122) | $ - |

B. The impairment loss reported by operating segments is as follows:

| | For the years ended December 31, | | | |
|---|---|---|---|---|
| | 2022 | | 2021 | |
| | Recognized in profit or loss | Recognized in other comprehensive income | Recognized in profit or loss | Recognized in other comprehensive income |
| The Company | $ - | $ - | ($ 127,122) | $ - |

C. The accumulated impairment which the Group recognized on non-financial assets as at December 31, 2022 and 2021 was $667,292 and $729,158, respectively.

D. The impairment losses recognized for the year ended December 31, 2021 pertain to the impairment of non-financial assets, measured as the difference between the recoverable amount and carrying amount, resulting from the Group's capacity planning, the state of the economy and the impact of COVID-19. The recoverable amount was calculated by independent appraisers based on replacement costs and the usage of assets. For the year ended December 31, 2022: None.

(14) Short-term borrowings

| Type of borrowings | December 31, 2022 | Interest rate range | Collateral |
| --- | --- | --- | --- |
| Bank borrowings | | | |
| Unsecured bank borrowings | $ 5,776,122 | 0.87%～8.40% | None |

| Type of borrowings | December 31, 2021 | Interest rate range | Collateral |
| --- | --- | --- | --- |
| Bank borrowings | | | |
| Unsecured bank borrowings | $ 5,140,895 | 0.73%～1.75% | None |
| Secured bank borrowings | 10,000 | 0.99% | Refer to Note 8, 'Pledged assets' |
| | $ 5,150,895 | | |

For interest expense recognized in profit or loss for the years ended December 31, 2022 and 2021, refer to Note 6(27).

(15) Short-term notes and bills payable

| Type of borrowings | December 31, 2022 | Interest rate range | Collateral |
| --- | --- | --- | --- |
| Commercial paper payable | $ 350,000 | 1.89%～1.94% | None |

| Type of borrowings | December 31, 2021 | Interest rate range | Collateral |
| --- | --- | --- | --- |
| Commercial paper payable | $ 340,000 | 0.81% | None |

A. The above commercial papers were issued and secured by Mega Bills Finance Co., Ltd. etc.

B. For interest expense recognized in profit or loss for the years ended December 31, 2022 and 2021, refer to Note 6(27).

(16) Other payables

| | For the years ended December 31, | |
| --- | --- | --- |
| | 2022 | 2021 |
| Salaries and bonuses payable | $ 299,015 | $ 255,804 |
| Employee and director compensation payable | 123,056 | 200,477 |
| Payable on machinery and equipment | 119,897 | 273,833 |
| Annual maintenance payable | 99,514 | 66,649 |
| Utilities expense payable | 61,787 | 42,414 |
| Other payables (Less than 5%) | 334,834 | 345,064 |
| | $ 1,038,103 | $ 1,184,241 |

(17) Long-term borrowings

| Type of borrowings | Maturity period | Interest rate range | Collateral | December 31, 2022 |
|---|---|---|---|---|
| Long-term bank borrowings | | | | |
| Secured borrowings | 04.30.2024～12.21.2025 | 1.68%～1.81% | Refer to Note 8, 'Pledged assets' | $ 2,691,667 |
| Unsecured borrowings | 1.9.2024～9.16.2027 | 1.33%～2.09% | None | 5,336,492 |
| | | | | 8,028,159 |
| Less: Current portion | | | | ( 943,651) |
| | | | | $ 7,084,508 |

| Type of borrowings | Maturity period | Interest rate range | Collateral | December 31, 2021 |
|---|---|---|---|---|
| Long-term bank borrowings | | | | |
| Secured borrowings | 4.17.2022～8.27.2025 | 0.95%～1.05% | Refer to Note 8, 'Pledged assets' | $ 2,466,666 |
| Unsecured borrowings | 3.21.2023～10.29.2025 | 0.90%～1.25% | None | 5,784,286 |
| Revolviing credit facility | 6.9.2022 | 0.86% | None | 200,000 |
| | | | | 8,450,952 |
| Less: Current portion | | | | ( 961,905) |
| | | | | $ 7,489,047 |

For interest expense recognized in profit or loss for the years ended December 31, 2022 and 2021, refer to Note 6(27).

(18) Pensions

A. The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 15% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March. The information on the Company's defined benefit pension plan is as follows:

(a) The amounts recognized in the balance sheet are as follows:

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Present value of defined benefit obligations | ($ 579,579) | ($ 662,466) |
| Fair value of plan assets | 741,675 | 728,648 |
| Net defined benefit assets | $ 162,096 | $ 66,182 |

(b) Movements in net defined benefit assets are as follows:

| | Present value of defined benefit obligations | Fair value of plan assets | Net defined benefit asset |
|---|---|---|---|
| For the year ended December 31, 2022 | | | |
| Balance at January 1 | ($ 662,466) | $ 728,648 | $ 66,182 |
| Current service cost | ( 7,371) | - | ( 7,371) |
| Interest (expense) income | ( 4,549) | 5,104 | 555 |
| | ( 674,386) | 733,752 | 59,366 |
| Remeasurements: | | | |
| Return on plan assets | - | 59,096 | 59,096 |
| Change in financial assumptions | 28,899 | - | 28,899 |
| Experience adjustments | ( 3,791) | - | ( 3,791) |
| | 25,108 | 59,096 | 84,204 |
| Pension fund contribution | - | 17,649 | 17,649 |
| Paid pension | 69,699 | ( 68,822) | 877 |
| Balance at December 31 | ($ 579,579) | $ 741,675 | $ 162,096 |

| | Present value of defined benefit obligations | Fair value of plan assets | Net defined benefit asset |
|---|---|---|---|
| For the year ended December 31, 2021 | | | |
| Balance at January 1 | ($ 754,646) | $ 781,518 | $ 26,872 |
| Current service cost | ( 8,769) | - | ( 8,769) |
| Interest (expense) income | ( 2,225) | 2,349 | 124 |
| | ( 765,640) | 783,867 | 18,227 |
| Remeasurements: | | | |
| Return on plan assets | - | 13,067 | 13,067 |
| Change in demographic assumptions | ( 856) | - | ( 856) |
| Change in financial assumptions | 24,633 | - | 24,633 |
| Experience adjustments | ( 14,042) | - | ( 14,042) |
| | 9,735 | 13,067 | 22,802 |
| Pension fund contribution | - | 25,153 | 25,153 |
| Paid pension | 93,439 | ( 93,439) | - |
| Balance at December 31 | ($ 662,466) | $ 728,648 | $ 66,182 |

(c) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

(d) The principal actuarial assumptions used were as follows:

| | For the years ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Discount rate | 1.25% | 0.70% |
| Future salary increases | 2.00% | 2.00% |

For the years ended December 31, 2022 and 2021, assumptions regarding future mortality experience are set based on actuarial advice in accordance with Taiwan Life Insurance Industry 6th Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

| | Discount rate | | Future salary increases | |
|---|---|---|---|---|
| | Increase 0.25% | Decrease 0.25% | Increase 0.25% | Decrease 0.25% |
| December 31, 2022 | | | | |
| Effect on present value of defined benefit obligation | ($ 12,520) | $ 12,899 | $ 12,711 | ($ 12,460) |
| December 31, 2021 | | | | |
| Effect on present value of defined benefit obligation | ($ 14,963) | $ 15,438 | $ 15,201 | ($ 14,811) |

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(e) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2023 amount to $24,054.

(f) As of December 31, 2022, the weighted average duration of the retirement plan is 8 years. The analysis of timing of the future pension payment was as follows:

| | |
|---|---|
| Within 1 year | $ 21,248 |
| 1-2 years | 18,525 |
| 2-5 years | 55,001 |
| Over 5 years | 553,078 |
| | $ 647,852 |

B. Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor

Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plan of the Group for the years ended December 31, 2022 and 2021 were $23,906 and $23,197, respectively.

(19) Share capital

A. Movements in the number of the Company's ordinary shares outstanding are as follows:

(Units: in thousand shares)

| | For the years ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Beginnng and ending balance | 1,656,816 | 1,656,816 |

B. As of December 31, 2022, the Company's authorized capital was $20,000,000, and the paid-in capital was $16,568,159 with a par value of $10 (in dollars) per share. The 1,656,816 thousand shares were issued over several installments. All proceeds from shares issued have been collected.

(20) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(21) Retained earnings

A. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

B. In accordance with the Company's Articles of Incorporation, as the Company operates in a mature industry with intense competition, the Board of Directors must determine earnings appropriation based on the Company's future capital expenditures and demand for capital, as well as the necessity of using retained earnings to meet capital needs, and set the amount of dividends to be distributed to stockholders and the portion of dividends to be paid in cash. The Company's current year earnings shall first be used to pay all taxes and offset prior years' operating losses, and then 10% of the remaining earnings shall be set aside as legal reserve, and a special reserve is set aside or reversed in accordance with relevant laws and regulations. The remaining balance along with the unappropriated earnings at the beginning of the period constitute the accumulated distributable earnings. Total dividends shall account for at least 20% of the distributable earnings of the current year. Cash dividends must account for at least 30% of total dividends distributed.

Dividend payments are proposed by the Board of Directors and resolved by the stockholders. The Board of Directors is authorized by the Company to distribute whole or a part of the dividends and bonuses in the form of cash through special resolution, and such distribution shall be submitted to the shareholders during their meeting. The requirement for approval by the shareholders is not applicable for the above distribution.

C. Special reserve

(a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land. As of December 31, 2022, the balance of special reserve that was set aside on initial application of IFRSs was $1,971,155.

D. For the years ended December 31, 2022 and 2021, the Company recognized cash dividends distributed to owners amounting to $1,325,453 ($0.8 (in dollars) per share) and $579,886 ($0.35 (in dollars) per share), respectively. On March 7, 2023, the Board of Directors proposed the distribution of cash dividends from 2022 earnings in the amount of $579,886 (NT$0.35 (in dollars) per share).

(22) Other equity items

| | For the year ended December 31, 2022 | | |
|---|---|---|---|
| | Currency translation | Unrealized gains (losses) on valuation | Total |
| At January 1 | ($ 1,185,712) | $ 990,415 | ($ 195,297) |
| Revaluation - gross | | | |
| – Group | - | ( 621,369) | ( 621,369) |
| – Associates | - | 13,427 | 13,427 |
| Transferred to retained earnings | | | |
| – Group | - | 319 | 319 |
| Currency translation differences | | | |
| – Group | 474,079 | - | 474,079 |
| – Associates | 84,501 | - | 84,501 |
| At December 31 | ($ 627,132) | $ 382,792 | ($ 244,340) |

| | For the year ended December 31, 2021 | | |
|---|---|---|---|
| | Currency translation | Unrealized gains (losses) on valuation | Total |
| At January 1 | ($ 1,053,983) | $ 571,072 | ($ 482,911) |
| Revaluation - gross | | | |
| – Group | - | 418,568 | 418,568 |
| Transferred to retained earnings | | | |
| – Group | - | 775 | 775 |
| Currency translation differences | | | |
| – Group | ( 111,163) | - | ( 111,163) |
| – Associates | ( 20,566) | - | ( 20,566) |
| At December 31 | ($ 1,185,712) | $ 990,415 | ($ 195,297) |

(23) Operating revenue

| | For the years ended December 31, 2022 | For the years ended December 31, 2021 |
|---|---|---|
| Revenue from contracts with customers | $ 21, 751, 278 | $ 19, 990, 331 |
| Rental income from commercial building | 216, 954 | 203, 179 |
| | $ 21, 968, 232 | $ 20, 193, 510 |

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines:

| For the year ended December 31, 2022 | Sales revenue from textile products | Counters rental income | Department stores revenue | Management income of public area | Others | Total |
|---|---|---|---|---|---|---|
| Revenue from contracts with customers | $ 20, 510, 494 | $ 721, 162 | $ 403, 083 | $ 106, 763 | $ 9, 776 | $ 21, 751, 278 |
| Timing of revenue recognition | | | | | | |
| At a point in time | $ 20, 510, 494 | $ - | $ 403, 083 | $ 40, 055 | $ 9, 776 | $ 20, 963, 408 |
| Over time | - | 721, 162 | - | 66, 708 | - | 787, 870 |
| | $ 20, 510, 494 | $ 721, 162 | $ 403, 083 | $ 106, 763 | $ 9, 776 | $ 21, 751, 278 |

| For the year ended December 31, 2021 | Sales revenue from textile products | Counters rental income | Department stores revenue | Management income of public area | Others | Total |
|---|---|---|---|---|---|---|
| Revenue from contracts with customers | $ 18, 904, 080 | $ 603, 790 | $ 372, 755 | $ 99, 886 | $ 9, 820 | $ 19, 990, 331 |
| Timing of revenue recognition | | | | | | |
| At a point in time | $ 18, 904, 080 | $ - | $ 372, 755 | $ 35, 556 | $ 9, 820 | $ 19, 322, 211 |
| Over time | - | 603, 790 | - | 64, 330 | - | 668, 120 |
| | $ 18, 904, 080 | $ 603, 790 | $ 372, 755 | $ 99, 886 | $ 9, 820 | $ 19, 990, 331 |

B. The Group has recognized the following revenue-related contract liabilities:

| | December 31, 2022 | December 31, 2021 | January 1, 2021 |
|---|---|---|---|
| Contract liabilities: | | | |
| Receipts in advance | $ 302,702 | $ 619,424 | $ 464,836 |

Revenue recognized that was included in the contract liability balance at the beginning of the year:

| | For the years ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Receipts in advance | $ 585,352 | $ 449,742 |

(24) Interest income

| | For the years ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Interest income from bank deposits | $ 46,670 | $ 7,182 |
| Interest income from financial assets at amortized cost | 2,333 | 1,845 |
| | $ 49,003 | $ 9,027 |

(25) Other income

| | For the years ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Dividend income | $ 290,216 | $ 227,292 |
| Rental income | 5,680 | 12,556 |
| Directors' remuneration and transportation allowance income | 142,335 | 70,222 |
| Others | 153,914 | 141,369 |
| | $ 592,145 | $ 451,439 |

(26) Other gains and losses

| | For the years ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Net gains (losses) on foreign exchange | $ 350,553 | ($ 65,305) |
| Net (losses) gains on financial assets at fair value through profit or loss | ( 87,609) | 57,433 |
| Gains on disposals of property, plant and equipment | 22,854 | 494 |
| Impairment loss on non-financial assets | - | ( 127,122) |
| Loss on disposals of investments accounted for under equity method | - | ( 2,429) |
| Others | ( 2,092) | 8,558 |
| | $ 283,706 | ($ 128,371) |

(27) Finance costs

| | For the years ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Interest expense | $ 196,028 | $ 144,239 |
| Interest expense on lease liabilities | 12,022 | 11,999 |
| Other financial expenses | 7,087 | 2,492 |
| Less: Capitalization of qualifying assets | ( 1,294) | ( 223) |
| | $ 213,843 | $ 158,507 |

(28) Expenses by nature

| | For the year ended December 31, 2022 | | |
|---|---|---|---|
| | Operating cost | Operating expenses | Total |
| Employee benefit expenses | $ 1,687,480 | $ 611,331 | $ 2,298,811 |
| Depreciation | 949,230 | 75,363 | 1,024,593 |
| Amortisation | 354 | 249 | 603 |
| | $ 2,637,064 | $ 686,943 | $ 3,324,007 |

| | For the year ended December 31, 2021 | | |
|---|---|---|---|
| | Operating cost | Operating expenses | Total |
| Employee benefit expenses | $ 1,608,899 | $ 650,823 | $ 2,259,722 |
| Depreciation | 1,008,769 | 127,932 | 1,136,701 |
| Amortisation | 678 | 663 | 1,341 |
| | $ 2,618,346 | $ 779,418 | $ 3,397,764 |

(29) Employee benefit expense

| | For the year ended December 31, 2022 | | |
|---|---|---|---|
| | Operating cost | Operating expenses | Total |
| Wages and salaries | $ 1,436,942 | $ 524,829 | $ 1,961,771 |
| Labour and health insurance expenses | 143,017 | 45,145 | 188,162 |
| Pension costs | 16,862 | 13,860 | 30,722 |
| Other personnel expenses | 90,659 | 27,497 | 118,156 |
| | $ 1,687,480 | $ 611,331 | $ 2,298,811 |

| | For the year ended December 31, 2021 | | |
|---|---|---|---|
| | Operating cost | Operating expenses | Total |
| Wages and salaries | $ 1,363,261 | $ 566,299 | $ 1,929,560 |
| Labour and health insurance expenses | 130,437 | 40,508 | 170,945 |
| Pension costs | 17,558 | 14,284 | 31,842 |
| Other personnel expenses | 97,643 | 29,732 | 127,375 |
| | $ 1,608,899 | $ 650,823 | $ 2,259,722 |

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be 2% for employees' compensation and shall not be higher than 3% for directors' and supervisors' remnneration.

B. For the years ended December 31, 2022 and 2021, employees' compensation was accrued at $28,086 and $65,741, respectively; while directors' and supervisors' remuneration was accrued at $42,129 and $98,612, respectively. The aforementioned amounts were recognized in salary expenses. The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 2% and 3% of distributable profit of current year, respectively. For 2021, the employees' compensation and directors' remuneration resolved by the Board of Directors amounted to $65,666 and $98,498, respectively, which were different from the estimated amounts recognized in the 2021 financial statements of $65,741 and $98,612, by $189. Such difference was recognized in profit or loss for the year ended December 31, 2022. The employees' compensation and directors' remuneration as resolved by the Board of Directors for 2022 were $28,096 and $42,143, respectively, and the employees' compensation will be distributed in cash.

Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(30) Income tax

A. Income tax expense

(a) Components of income tax expense

| | For the years ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Current tax: | | |
| Current tax on profits for the year | $ 159,422 | $ 105,311 |
| Tax on undistributed surplus earnings | 66,462 | 22,260 |
| Prior year income tax overestimation | ( 5,142) | ( 16,251) |
| Total current tax | 220,742 | 111,320 |
| Deferred tax: | | |
| Origination and reversal of temporary differences | 3,305 | 195,111 |
| Tax effect of loss carryforward | - | 88,064 |
| Total deferred tax | 3,305 | 283,175 |
| Income tax expense | $ 224,047 | $ 394,495 |

(b) The income tax charge relating to components of other comprehensive income is as follows:

| | For the years ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Remeasurement on defined benefit obligations | $ 16,842 | $ 4,560 |

(c) Reconciliation between income tax expense and accounting profit:

| | For the years ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Tax calculated based on profit before tax and statutory tax rate | $ 314,301 | $ 729,967 |
| Effect from items disallowed by tax regulation | ( 151,574) | ( 429,545) |
| Tax on undistributed earnings | 66,462 | 22,260 |
| Prior year income tax overestimation | ( 5,142) | ( 16,251) |
| Tax effect of loss carryforward | - | 88,064 |
| Income tax expense | $ 224,047 | $ 394,495 |

B. Amounts of deferred tax assets or liabilities as a result of temporary differences and loss carryforward are as follows:

| | For the year ended December 31, 2022 | | | |
|---|---|---|---|---|
| | January 1 | Recognized in profit or loss | Recognized in other comprehensive income | December 31 |
| Deferred tax assets | | | | |
| Temporary differences: | | | | |
| Unrealized loss on inventory market price decline | $ 4,718 | $ 2,044 | $ - | $ 6,762 |
| Unrealized expense | 51,722 | (13,749) | - | 37,973 |
| Unrealized exchange loss | 2,132 | (1,235) | - | 897 |
| | $ 58,572 | ($ 12,940) | $ - | $ 45,632 |
| Deferred tax liabilities | | | | |
| Temporary differences: | | | | |
| Investment income | ($ 769,945) | $ 7,919 | $ - | ($ 762,026) |
| Depreciation expense | ( 38,705) | 1,111 | - | ( 37,594) |
| Advance rent receipts | 1,125 | 2,770 | - | 3,895 |
| Pension | ( 14,584) | ( 2,165) | ( 16,842) | ( 33,591) |
| Incremental tax on land revaluation | ( 3,348,448) | - | - | ( 3,348,448) |
| | ($ 4,170,557) | $ 9,635 | ($ 16,842) | ($ 4,177,764) |
| | ($ 4,111,985) | ($ 3,305) | ($ 16,842) | ($ 4,132,132) |

| | For the year ended December 31, 2021 | | | |
|---|---|---|---|---|
| | January 1 | Recognized in profit or loss | Recognized in other comprehensive income | December 31 |
| Deferred tax assets | | | | |
| Temporary differences: | | | | |
| Allowance for doubtful accounts | $ 1,487 | ($ 1,487) | $ - | $ - |
| Unrealized loss on inventory market price decline | 3,225 | 1,493 | - | 4,718 |
| Unrealized expense | 41,319 | 10,403 | - | 51,722 |
| Unrealized exchange loss | 6,484 | ( 4,352) | - | 2,132 |
| Loss carryforward | 88,064 | ( 88,064) | - | - |
| | $ 140,579 | ($ 82,007) | $ - | $ 58,572 |
| Deferred tax liabilities | | | | |
| Temporary differences: | | | | |
| Investment income | ($ 568,368) | ($ 201,577) | $ - | ($ 769,945) |
| Depreciation expense | ( 39,816) | 1,111 | - | ( 38,705) |
| Advance rent receipts | ( 1,476) | 2,601 | - | 1,125 |
| Pension | ( 6,721) | ( 3,303) | ( 4,560) | ( 14,584) |
| Incremental tax on land revaluation | ( 3,348,448) | - | - | ( 3,348,448) |
| | ($ 3,964,829) | ($ 201,168) | ($ 4,560) | ($ 4,170,557) |
| | ($ 3,824,250) | ($ 283,175) | ($ 4,560) | ($ 4,111,985) |

C. Expiration dates of unused loss carryforward and amounts of unrecognized deferred tax assets are as follows:

| | December 31, 2022 | | |
|---|---|---|---|
| Legal basis | Unused amount | Unrecognized deferred tax assets | Expiry year |
| Income Tax Act of Taiwan | $ 712,577 | $ 712,577 | 2029 |

| | December 31, 2021 | | |
|---|---|---|---|
| Legal basis | Unused amount | Unrecognized deferred tax assets | Expiry year |
| Income Tax Act of Taiwan | $ 830,004 | $ 830,004 | 2029 |

D. The Company’s income tax returns through 2020 have been assessed and approved by the Tax Authority. There were no disputes existing between the Company and the Tax Authority as of March 7, 2023.

(31) Earnings per share

| | For the year ended December 31, 2022 | | |
|---|---|---|---|
| | Amount after tax | Weighted average number of ordinary shares outstanding (shares in thousands) | Earnings per share (in dollars) |
| Basic earnings per share | | | |
| Profit attributable to ordinary shareholders of the parent | $ 1,157,904 | 1,656,816 | $ 0.70 |
| Diluted earnings per share | | | |
| Profit attributable to ordinary shareholders of the parent | $ 1,157,904 | 1,656,816 | |
| Assumed conversion of all dilutive potential ordinary shares | | | |
| Employees' compensation | - | 2,300 | |
| Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares | $ 1,157,904 | 1,659,116 | $ 0.70 |

| | For the year ended December 31, 2021 | | |
|---|---|---|---|
| | Amount after tax | Weighted average number of ordinary shares outstanding (shares in thousands) | Earnings per share (in dollars) |
| Basic earnings per share | | | |
| Profit attributable to ordinary shareholders of the parent | $ 2,926,072 | 1,656,816 | $ 1.77 |
| Diluted earnings per share | | | |
| Profit attributable to ordinary shareholders of the parent | $ 2,926,072 | 1,656,816 | |
| Assumed conversion of all dilutive potential ordinary shares | | | |
| Employees' compensation | - | 2,882 | |
| Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares | $ 2,926,072 | 1,659,698 | $ 1.76 |

(32) Supplemental cash flow information

A. Investing activities with partial cash payments

| | For the years ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Purchase of property, plant and equipment | $ 195, 344 | $ 699, 322 |
| Add: Opening balance of payable for equipment | 273, 833 | 202, 314 |
| Less: Ending balance of payable for equipment | ( 119, 897) | ( 273, 833) |
| Capitalized interest | ( 1, 294) | ( 223) |
| Cash paid for acquisition of property, plant and equipment | $ 347, 986 | $ 627, 580 |

B. Investing activities with no cash flow effects

| | For the years ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| (a) Write-offs of allowance for doubtful accounts | $ 9, 305 | $ - |
| (a) Inventories transferred to prepayments for equipment | $ 19, 574 | $ 35, 033 |
| (b) Investment property transferred to property, plant and equipment | $ - | $ 836, 373 |
| (c) Prepayments for equipment transferred to property, plant and equipment | $ 56, 936 | $ 1, 010, 334 |

(33) Changes in liabilities from financing activities

| | For the year ended December 31, 2022 | | | | | |
|---|---|---|---|---|---|---|
| | Short-term borrowings | Short-term notes and bills payable | Lease liabilities | Long-term borrowings | Guarantee deposits received | Liabilities from financing activities-gross |
| At January 1 | $5,150,895 | $ 340,000 | $ 336,365 | $ 8,450,952 | $ 70,430 | $ 14,348,642 |
| Changes in cash flow from financing activities | 464,519 | 10,000 | ( 14,375) | ( 422,793) | 5,967 | 43,318 |
| Impact of changes in foreign exchange rate | 150,708 | – | 23,492 | – | – | 174,200 |
| At December 31 | $5,766,122 | $ 350,000 | $ 345,482 | $ 8,028,159 | $ 76,397 | $ 14,566,160 |

| | For the year ended December 31, 2021 | | | | | |
|---|---|---|---|---|---|---|
| | Short-term borrowings | Short-term notes and bills payable | Lease liabilities | Long-term borrowings | Guarantee deposits received | Liabilities from financing activities-gross |
| At January 1 | $5,205,829 | $ 460,000 | $ 354,790 | $ 8,332,637 | $ 65,956 | $ 14,419,212 |
| Changes in cash flow from financing activities | ( 17,961) | ( 120,000) | ( 25,319) | 118,315 | 4,474 | ( 40,491) |
| Impact of changes in foreign exchange rate | ( 36,973) | – | 6,894 | – | – | ( 30,079) |
| At December 31 | $5,150,895 | $ 340,000 | $ 336,365 | $ 8,450,952 | $ 70,430 | $ 14,348,642 |

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

| Names of related parties | Relationship with the Group |
|---|---|
| Nantex Industry Co., Ltd. | Associate |
| T. G. I. Co., Ltd. (Note 1) | Associate |
| Mean Time Enterprise Co., Ltd. (Note 2) | Associate |

(Note 1) The company was liquidated in March, 2021.

(Note 2) The company was liquidated in August, 2021.

(2) Significant related party transactions

A. Operating revenue: rental income from commercial building and counters

| | For the years ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Associates | $ 4,093 | $ 4,093 |

The Company leased office space to the related party at the following address: Certain floor at 398, Section 1, Zhonghua East Road, East District, Tainan City. The lease agreement is effective from January 1, 2015 to February 28, 2035. The lease payments as specified in the agreement are collected at the beginning of every month.

B. Directors' remuneration (shown as "other income")

| | For the years ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Nantex Industry Co., Ltd. | $ 136,846 | $ 65,089 |

(3) Key management compensation

| | For the years ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Salaries and other short-term employee benefits | $ 82,301 | $ 136,074 |

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

| | Book value | | |
|---|---|---|---|
| Pledged asset | December 31, 2022 | December 31, 2021 | Purpose |
| Time deposit (Note 1) | $ 1,500 | $ 1,500 | Performance bond |
| Listed company stock (Note 2) | 150,263 | 168,373 | Guarantee for short-term borrowings |
| Land (Note 3) | 4,034,213 | 4,034,213 | Guarantee for long-term borrowings |
| Buildings and structures, net (Note 4) | 22,276 | 24,315 | Guarantees for long-term borrowings |
| | $ 4,208,252 | $ 4,228,401 | |

Note 1: Shown as "Financial assets at amortized cost – current".

Note 2: Shown as “Investments accounted for under equity method”.

Note 3: Shown as “Property, plant and equipment” and “Investment property – net”.

Note 4: Shown as “Property, plant, and equipment”.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) As of December 31, 2022 and 2021, the unused letters of credit amounted to $ 447,964 and $ 529,662, respectively.

(2) As of December 31, 2022 and 2021, the remaining balance due for construction in progress and prepayments for equipment was $563,420 and $356,682, respectively.

(3) As of December 31, 2022 and 2021, the amount of the endorsements and guarantees provided by the Group is as follows:

| Guarantor | Guaranteed party | December 31, 2022 | December 31, 2021 | Purpose |
|---|---|---|---|---|
| Tainan Spinning Holding (Cayman Islands) Ltd. | Bao Minh Textile Joint Stock Company | $ 98,200 | $ 88,511 | Guarantee for finance |

As of December 31, 2022 and 2021, the actual amounts of the endorsements and guarantees provided by the Group that were used by related parties were $71,785 and $64,702, respectively.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Group’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

The information on financial instruments by category are provided in Notes 6 and 12(3).

B. Financial risk management policies

(a)The Group’s activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

(b)Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group’s operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a)Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and VND. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.

ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. However, the foreign currency assets and liabilities positions held by the Group were equal to the collection period. The Group adopted natural hedging to hedge foreign exchange risk.

iii. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

iv. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD and VND). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

| | December 31, 2022 | | |
|---|---|---|---|
| | Foreign currency amount (In thousands) | Exchange rate | Book value |
| (Foreign currency: functional currency) | | | |
| Financial assets | | | |
| Monetary items | | | |
| USD:NTD | $ 57,418 | 30.71 | $ 1,763,296 |
| USD:VND | 30,238 | 23,600 | 928,609 |
| EUR:NTD | 120 | 32.72 | 3,930 |
| Financial liabilities | | | |
| Monetary items | | | |
| USD:VND | 69,757 | 23,600 | 2,142,238 |

| | December 31, 2021 | | | |
|---|---|---|---|---|
| | Foreign currency amount (In thousands) | Exchange rate | | Book value |
| (Foreign currency: functional currency) | | | | |
| Financial assets | | | | |
| Monetary items | | | | |
| USD:NTD | $ 103,347 | 27.68 | $ | 2,860,654 |
| USD:VND | 46,824 | 22,780 | | 1,296,088 |
| EUR:NTD | 190 | 31.32 | | 5,914 |
| Financial liabilities | | | | |
| Monetary items | | | | |
| USD:VND | 94,960 | 22,780 | | 2,628,493 |

Sensitivity analysis of foreign exchange risk mainly focuses on the foreign currency monetary items at the end of the financial reporting period. If the exchange rate of NTD to all foreign currencies had appreciated/depreciated by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by $7,105 and $11,630, respectively.

v. The total exchange benefits (losses), including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2022 and 2021, amounted to $350,553 and ($65,305), respectively.

Price risk

i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group meticulously assesses its investment activities and sets stop-loss points accordingly. As a result, the Group does not expect to incur significant losses from price fluctuations in the market.

ii. The Group's investments in equity securities comprise shares and open-end funds issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by $3,047 and $2,985, as a result of gains/losses on equity securities classified as at fair value through profit or loss, respectively. Other components of equity would have increased/decreased by $44,260 and $126,314, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

i. The Group's borrowings are financial instruments at floating rates. Thus, future cash flows will fluctuate due to changes in market interest rates and further changes in effective rates of debt instruments. However, partial interest rate risk is offset by cash and cash equivalents held at variable rates.

ii. As at December 31, 2022 and 2021, if the borrowing interest rate had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2022 and 2021 would have decreased / increased by $2,299 and $1,132, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortized cost.

ii. The Group manages its credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iii. The Group adopts the assumption under IFRS 9, that is, if the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

iv. The Group adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.

v. The Group considers the characteristics of customer types and applies the simplified approach using the loss rate methodology to estimate expected credit loss under the provision matrix basis. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable, and the expected loss rate is 0.3% ~ 100% to estimate allowance loss of accounts receivable. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable are as follows:

| | For the years ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| At January 1 | $ 9,305 | $ 9,443 |
| Write-offs | ( 9,305) | - |
| Impact of changes in foreign exchange rate | - | ( 138) |
| At December 31 | $ - | $ 9,305 |

(c) Liquidity risk

i. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group has sufficient financial flexibility.

ii. Group treasury invests surplus cash in interest bearing current accounts, time deposits, notes sold under repurchase agreements and beneficiary certificates, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts, and they are expected to readily generate cash inflows for managing liquidity risk.

iii. The Group has the following undrawn borrowing facilities:

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Floating rate: | | |
| Expiring within one year | $ 16,694,392 | $ 16,269,750 |
| Expiring beyond one year | 4,502,491 | 3,449,048 |
| | $ 21,196,883 | $ 19,718,798 |

Note: The facilities expiring within one year are annual facilities subject to review at various dates during 2023. The other facilities have been arranged to help finance the proposed operating activities and plant buildings of the Group.

iv. The table below analyzes the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

| December 31, 2022 | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years |
|---|---|---|---|---|
| Non-derivative financial liabilities | | | | |
| Short-term borrowings | $ 5,779,015 | $ – | $ – | $ – |
| Short-term notes and bills payable | 350,000 | – | – | – |
| Notes payable | 60,508 | – | – | – |
| Accounts payable | 1,921,832 | – | – | – |
| Other payables | 1,038,103 | – | – | – |
| Lease liabilities | 16,073 | 14,617 | 46,135 | 268,651 |
| Long-term borrowings | 1,015,927 | 3,471,493 | 3,662,256 | – |
| Guarantee deposits received | 47,545 | 9,253 | 1,106 | 18,493 |

| December 31, 2021 | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years |
|---|---|---|---|---|
| Non-derivative financial liabilities | | | | |
| Short-term borrowings | $ 5,156,818 | $ – | $ – | $ – |
| Short-term notes and bills payable | 340,000 | – | – | – |
| Notes payable | 79,597 | – | – | – |
| Accounts payable | 1,780,840 | – | – | – |
| Other payables | 1,184,241 | – | – | – |
| Lease liabilities | 19,443 | 16,139 | 48,383 | 280,338 |
| Long-term borrowings | 817,443 | 2,000,311 | 5,567,908 | – |
| Guarantee deposits received | 25,472 | 488 | 27,670 | 16,800 |

v. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with enough frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in emerging stocks, listed stocks and beneficiary certificates are included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in privately offered fund, factoring of accouns receivable and investment in stocks of unlisted bills finance companies are included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

B. Fair value information of investment property at cost is provided in Note 6(12).

C. Financial instruments not measured at fair value

The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, financial assets at amortized cost, notes receivable, accounts receivable, other receivables, guarantee deposits paid, short-term borrowings, short-term notes and bills payable, notes payable, accounts payable, other payables, long-term borrowings (including current portion) and guarantee deposits received) are approximate to their fair values.

D. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

| December 31, 2022 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Assets | | | | |
| Recurring fair value measurements | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Equity securities | $ 40,076 | $ - | $ - | $ 40,076 |
| Beneficiary certificates | 35,262 | 289,546 | - | 324,808 |
| Factoring of accounts receivable | - | 22,598 | - | 22,598 |
| Financial assets at fair value through other comprehensive income | | | | |
| Equity securities | 2,018,372 | 470,686 | 1,795,316 | 4,284,374 |
| | $ 2,093,710 | $ 782,830 | $ 1,795,316 | $ 4,671,856 |

| December 31, 2021 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Assets | | | | |
| Recurring fair value measurements | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Equity securities | $ 34,984 | $ - | $ - | $ 34,984 |
| Beneficiary certificates | 35,297 | 293,167 | - | 328,464 |
| Factoring of accounts receivable | - | 27,243 | - | 27,243 |
| Financial assets at fair value through other comprehensive income | | | | |
| Equity securities | 2,289,697 | 720,945 | 1,861,535 | 4,872,177 |
| | $ 2,359,978 | $ 1,041,355 | $ 1,861,535 | $ 5,262,868 |

E. The methods and assumptions the Group used to measure fair value are as follows:

(a) The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

| | Emerging stocks | Listed shares | Closed-end fund | Open-end fund |
|---|---|---|---|---|
| Market quoted price | Average trading price at the balance sheet date | Closing price | Closing price | Net asset value |

(b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.

(c) When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

(d) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group’s financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group’s management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

(e) The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

F. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.

G. The following chart is the movement of Level 3 for the years ended December 31, 2022 and 2021:

| | Equity instruments | |
|---|---|---|
| | For the years ended December 31, | |
| | 2022 | 2021 |
| Balance at January 1 | $ 1,861,535 | $ 1,781,251 |
| Acquired during the year | 22,456 | 15,000 |
| Recognized in other comprehensive income | 147,370 | 77,766 |
| Transferred out to level 3 | ( 246,792) | - |
| Valuation adjustment transferred to retained earnings because of disposal | ( 319) | - |
| Proceeds from capital reduction of investee | - | ( 9,561) |
| Proceeds from liquidation of investee | ( 33) | - |
| Effect of exchange rate changes | 11,099 | ( 2,921) |
| Balance at December 31 | $ 1,795,316 | $ 1,861,535 |

H. Because the financial assets at fair value through other comprehensive income - Jardine International Co., Ltd. was listed in the Taipei Exchange starting from March 2022, and has steady and certain degree of transaction amounts, and thus the Group has transferred the fair value from Level 3 into Level 1 in the month when the event occurred.

I. Accounting segment is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

J. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

| | Fair value at December 31, 2022 | Valuation technique | Significant unobservable input | Range (weighted average) | Relationship of inputs to fair value |
|---|---|---|---|---|---|
| Non-derivative equity | | | | | |
| Unlisted stocks | $ 259,199 | Discounted cash flow | The weighted average cost of capital | 8.88%～26.08% | The higher the weighted average cost of capital, the lower the fair value |
| | | | Discount for lack of marketability | 30% | The higher the discount for lack of marketability, the lower the fair value |
| Unlisted stocks | $ 1,536,117 | Net asset value | Not applicable | _ | Not applicable |

| | Fair value at December 31, 2021 | Valuation technique | Significant unobservable input | Range (weighted average) | Relationship of inputs to fair value |
|---|---|---|---|---|---|
| Non-derivative equity | | | | | |
| Unlisted stocks | $ 295,995 | Discounted cash flow | The weighted average cost of capital | 5.66%～12.57% | The higher the weighted average cost of capital, the lower the fair value |
| | | | Discount for lack of marketability | 30% | The higher the discount for lack of marketability, the lower the fair value |
| Unlisted stocks | $ 1,565,540 | Net asset value | Not applicable | _ | Not applicable |

K. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets and liabilities categorized within Level 3 if the inputs used to valuation models have changed:

| | | | December 31, 2022 | | | |
|---|---|---|---|---|---|---|
| | | | Recognized in profit or loss | | Recognized in other comprehensive income | |
| | Input | Change | Favourable change | Unfavourable change | Favourable change | Unfavourable change |
| Financial assets | | | | | | |
| Equity instrument | The weighted average cost of capital | ±10% | $ - | $ - | $ 13,890 | ($ 10,372) |
| | Discount for lack of marketability | ±10% | - | - | 206,597 | ($ 205,207) |
| | | | $ - | $ - | $220,487 | ($ 215,579) |

| | | | December 31, 2021 | | | |
|---|---|---|---|---|---|---|
| | | | Recognized in profit or loss | | Recognized in other comprehensive income | |
| | Input | Change | Favourable change | Unfavourable change | Favourable change | Unfavourable change |
| Financial assets | | | | | | |
| Equity instrument | The weighted average cost of capital | ±10% | $ - | $ - | $ 15,297 | ($ 12,175) |
| | Discount for lack of marketability | ±10% | - | - | 197,502 | ($ 195,608) |
| | | | $ - | $ - | $212,799 | ($ 207,783) |

(4) Other information

Due to the impact of COVID-19 pandemic and preventive measures imposed by the government, the Group has implemented workplace hygiene management and continued managing relevant matters, in compliance with the "Guidelines for Enterprise Planning of Business Continuity in Response to the Coronavirus Disease 2019 (COVID-19)" and the policy responses to the COVID-19 pandemic in Vietnam. Other than the effect of local epidemic prevention regulations on the operating capacity of subsidiaries in Vietnam, the Group has maintained normal operations, and the pandemic has no significant impact on the Group's operations. As the pandemic situation in major consumer markets such as Europe and the United States has stabilized, the gradual recovery of consumption has led to the growth of sales performance. However, the Group will continue to pay close attention to the pandemic and market changes, and respond in a timely manner.

13. SUPPLEMENTARY DISCLOSURES

(According to the regulatory requirement, the Group is only required to disclose the information for the year ended December 31, 2022.)

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: Refer to table 1.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 2.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: Refer to table 3.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Refer to table 4.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Refer to table 5.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 7.

(3) Information on investments in Mainland China

As of December 31, 2022, the Group did not invest in Mainland China through any investment method.

(4) Major shareholders information

Major shareholders information: Refer to table 8.

14. SEGMENT INFORMATION

(1) General information

The management of the Group has identified the reportable operating segments based on information provided to the Group's chief operating decision-maker in order to make strategic decisions. The Group's chief operating decision-maker manages the business from an entity's perspective, and reviews the results of its operations and evaluates the performance of the operating segments.

(2) Measurement of segment information

The chief operating decision-maker, evaluates the performance of the operating segments based on a measure of income before tax. The accounting policies of the operating segment are the same as the summary of the significant accounting policies described in Note 4.

(3) Information about segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

| | For the year ended December 31, 2022 | | | | | |
|---|---|---|---|---|---|---|
| | Tainan Spinning Co., Ltd. | Tainan Spinning Co., Ltd. (Vietnam) | Nan Fan Housing Development Co., Ltd. | Tainan Spinning Retail and Distribution Co., Ltd. | Others | Total |
| Total segment revenue | $ 11,187,405 | $ 10,958,429 | $ 3,000 | $ 1,231,007 | $ - | $ 23,379,841 |
| Inter-segment revenue | 1,326,951 | 81,658 | 3,000 | - | - | 1,411,609 |
| Revenue from external customers | 9,860,454 | 10,876,771 | - | 1,231,007 | - | 21,968,232 |
| Interest income | 27,999 | 448 | 1,730 | 3,750 | 15,076 | 49,003 |
| Depreciation and amortisation | 497,450 | 500,005 | 274 | 27,467 | - | 1,025,196 |
| Interest expense | 146,744 | 67,056 | 43 | - | - | 213,843 |
| Share of profit of associates and joint ventures accounted for under equity method | 271,833 | - | 69,248 | - | - | 341,081 |
| Segment income (loss) before tax | 1,102,402 | 138,167 | 53,372 | 135,958 | ( 74,041) | 1,355,858 |
| Investments accounted for under equity method | 3,300,532 | - | 914,093 | - | - | 4,214,625 |
| Segment assets | 34,362,961 | 9,550,173 | 2,441,586 | 1,483,404 | 3,178,895 | 51,017,019 |
| Capital expenditure for non-current assets | 342,979 | 246,133 | 57 | 59,318 | - | 648,487 |
| Segment liabilities | 18,267,047 | 3,156,868 | 7,358 | 1,218,330 | 214 | 22,649,817 |

| | For the year ended December 31, 2021 | | | | | |
|---|---|---|---|---|---|---|
| | Tainan Spinning Co., Ltd. | Tainan Spinning Co., Ltd. (Vietnam) | Nan Fan Housing Development Co., Ltd. | Tainan Spinning Retail and Distribution Co., Ltd. | Others | Total |
| Total segment revenue | $ 10,326,831 | $ 10,132,162 | $ 2,595 | $ 1,076,432 | $ - | $ 21,538,020 |
| Inter-segment revenue | 1,234,776 | 107,139 | 2,595 | - | - | 1,344,510 |
| Revenue from external customers | 9,092,055 | 10,025,023 | - | 1,076,432 | - | 20,193,510 |
| Interest income | 6,218 | 263 | 269 | 1,185 | 1,092 | 9,027 |
| Depreciation and amortisation | 593,547 | 474,703 | 256 | 69,536 | - | 1,138,042 |
| Interest expense | 111,871 | 46,635 | 1 | - | - | 158,507 |
| Share of profit of associates and joint ventures accounted for under equity method | 1,565,051 | - | 408,450 | - | - | 1,973,501 |
| Segment income (loss) before tax | 1,612,393 | 1,246,205 | 429,068 | 33,705 | 56,981 | 3,378,352 |
| Investments accounted for under equity method | 3,666,321 | - | 924,914 | - | - | 4,591,235 |
| Segment assets | 35,807,830 | 9,705,983 | 2,413,458 | 1,228,266 | 1,854,153 | 51,009,690 |
| Capital expenditure for non-current assets | 773,677 | 95,268 | 138 | 25,058 | - | 894,141 |
| Segment liabilities | 17,660,464 | 3,822,008 | 34,099 | 1,078,752 | 144 | 22,595,467 |

(4) Reconciliation for segment income (loss), assets and liabilities

A. Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income. A reconciliation of reportable segment income or loss to the income/(loss) before tax from continuing operations for the years ended December 31, 2022 and 2021 is provided as follows:

| | For the years ended December 31, 2022 | For the years ended December 31, 2021 |
|---|---|---|
| Reportable segments income before tax | $ 1,429,899 | $ 3,321,371 |
| Other segments (loss) income before tax | ( 74,041) | 56,981 |
| Write-offs of inter-segment income | 59,947 | ( 14,560) |
| Profit before income tax | $ 1,415,805 | $ 3,363,792 |

B. The amounts provided to the chief operating decision-maker with respect to total assets are measured in a manner consistent with that of the financial statements. A reconciliation of assets of reportable segment and total assets is as follows:

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Assets of reportable segments | $ 47,838,124 | $ 49,155,537 |
| Assets of other operating segments | 3,178,895 | 1,854,153 |
| Write-offs of inter-segment transactions | ( 849,809) | ( 813,132) |
| Total assets | $ 50,167,210 | $ 50,196,558 |

C. The amounts provided to the chief operating decision-maker with respect to total liabilities are measured in a manner consistent with that of the financial statements. A reconciliation of liabilities of reportable segment and total liabilities is as follows:

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Liabilities of reportable segments | $ 22,649,603 | $ 22,595,323 |
| Liabilities of other operating segments | 214 | 144 |
| Write-offs of inter-segment transactions | ( 389,582) | ( 374,240) |
| | $ 22,260,235 | $ 22,221,227 |

(5) Information on products and services

Revenue from external customers is mainly from the manufacture and sales of various textile and synthetic fiber materials. For details of revenue, refer to Note 6(23) for the related information.

(6) Geographical information

Geographical information for the years ended December 31, 2022 and 2021 is as follows:

| | For the years ended December 31, | | | |
|---|---|---|---|---|
| | 2022 | | 2021 | |
| | Revenue (Note) | Non-current assets | Revenue (Note) | Non-current assets |
| Taiwan | $ 6,893,870 | $ 23,175,719 | $ 6,029,754 | $ 23,295,107 |
| Mainland China | 1,427,169 | - | 2,117,747 | - |
| Vietnam | 1,606,966 | 3,643,075 | 1,686,286 | 3,660,514 |
| Others | 12,040,227 | - | 10,359,723 | - |
| | $ 21,968,232 | $ 26,818,794 | $ 20,193,510 | $ 26,955,621 |

Note: Revenue is categorized based on the location of the customers.

(7) Major customer information

For the years ended December 31, 2022 and 2021, the Group's revenue from each customer did not reach more than 10% of the revenue amount on the consolidated statements of income.

TAINAN SPINNING CO., LTD. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

For the year ended December 31, 2022

Table 1 Expressed in thousands of NTD

| Number | Endorser/ guarantor | Party being endorsed/guaranteed: Company name | Party being endorsed/guaranteed: Relationship (Note 1) | Limit on endorsements/ guarantees provided for a single party (Note 2) | Maximum outstanding endorsement/ guarantee | Outstanding endorsement/ guarantee | Actual amount drawn down | Amount of endorsements/ guarantees secured with collateral | Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company | Ceiling on total amount of endorsements/ guarantees provided (Note 2) | Provision of endorsements/ guarantees by parent company to subsidiary | Provision of endorsements/ guarantees by subsidiary to parent company | Provision of endorsements/ guarantees to the party in Mainland China | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Tainan Spinning Holding (Cayman Islands) Ltd. | Bao Minh Textile Joint Stock Company | 6 | $ 130,127 | $ 103,028 | $ 98,200 | $ 71,785 | $ - | 75% | $ 130,127 | N | N | N | — |

Note 1: The following code represents the relationship with Company :

1. Trading partner.
2. Majority owned subsidiary .
3. The Company and subsidiary owns over 50% ownership of the investee company.
4. A subsidiary jointly owned over 50% by the Company and the Company's directly-owned subsidiary.
5. Guaranteed by the Company according to the construction contract.
6. An investee company. The guarantees were provided based on the Company's proportionate share in the investee company.

Note 2: The total amount of transactions of endorsement equals to 100% of the net worth of Tainan Spinning Holding (Cayman Islands) Ltd., the limit of endorsement for any single entity is 100% of the net worth of Tainan Spinning Holding (Cayman Islands) Ltd., and all of the related transactions are to be submitted to the stockholders' meeting for reference.

Note 3: Foreign currencies are translated into New Taiwan Dollars. Exchange rates of foreign currencies indicated as of report date were as follows: USD:NTD 1:30.71.

TAINAN SPINNING CO., LTD. AND SUBSIDIARIES

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2022

Table 2

Expressed in thousands of NTD

| Securities held by | Type and name of securities | Relationship with the securities issuer | General ledger account | As of December 31, 2022 Number of shares | Book value | Ownership (%) | Fair value | Note |
|---|---|---|---|---|---|---|---|---|
| Tainan Spinning Co., Ltd. | Fine Point Finance Ltd. | — | Financial assets at fair value through other comprehensive income- non-current | - | $ 41,239 | 11.76% | $ 41,239 | — |
| | T.Y. President Corp. | The Company is the juristic director | Financial assets at fair value through other comprehensive income- non-current | - | 13,746 | 11.76% | 13,746 | — |
| | President International Development Corp. | The Company is the juristic director | Financial assets at fair value through other comprehensive income- non-current | 119,070 | 1,118,638 | 9.00% | 1,118,638 | — |
| | Grand Bills Finance Corp. | The Company is the juristic director | Financial assets at fair value through other comprehensive income- non-current | 43,999 | 470,686 | 8.14% | 470,686 | — |
| | Universal Venture Capital Investment Corporation | The Company is the juristic director | Financial assets at fair value through other comprehensive income- non-current | 4,300 | 44,600 | 3.57% | 44,600 | — |
| | Uni-President Asset Management Corp. | — | Financial assets at fair value through other comprehensive income- non-current | 1,171 | 10,010 | 3.34% | 10,010 | — |
| | ScinoPharm Taiwan Ltd. | The Company is the juristic director | Financial assets at fair value through other comprehensive income- non-current | 23,606 | 600,771 | 2.99% | 600,771 | — |
| | President Securities Corp. | — | Financial assets at fair value through other comprehensive income- non-current | 34,096 | 533,604 | 2.34% | 533,604 | — |
| | ChinaTrust Investment Co. Ltd. | — | Financial assets at fair value through other comprehensive income- non-current | 2,088 | 927 | 0.66% | 927 | — |
| | Q-ware Systems & Services Corp. | The Company is the juristic director | Financial assets at fair value through other comprehensive income- non-current | 172 | 1,724 | 0.61% | 1,724 | — |
| | Taian Insurance Co., Ltd. | — | Financial assets at fair value through other comprehensive income- non-current | 686 | - | 0.23% | - | — |

| | | | | As of December 31, 2022 | | | | |
|---|---|---|---|---|---|---|---|---|
| Securities held by | Type and name of securities | Relationship with the securities issuer | General ledger account | Number of shares | Book value | Ownership (%) | Fair value | Note |
| Tainan Spinning Holding (Cayman Islands) Ltd. | Bao Minh Textile Joint Stock Company | — | Financial assets at fair value through other comprehensive income- non-current | - | $ 128,677 | 8.50% | $ 128,677 | — |
| Nan Fan International Investment (Cayman Islands) Co., Ltd. | Uni-President China Holdings Ltd. | — | Financial assets at fair value through profit and loss- current | 1,304 | 40,076 | - | 40,076 | — |
| | Goldman Sachs (Asia) L.L.C.Liberty Harbor Spv II Ltd 100% Of Funds Assets In Illiquid Investments | — | Financial assets at fair value through other comprehensive income- non-current | - | - | - | - | — |
| Tainan Spinning (Singapore) Pte. Ltd. | All-Stars Investment Private Partners Fund L.P. | — | Financial assets at fair value through profit and loss- current | - | 125,129 | - | 125,129 | — |
| | Ally Bridge Group-WTT Global Life Science Capital Partners Growth-Capital Life Science Fund | — | Financial assets at fair value through profit and loss- current | - | 135,967 | - | 135,967 | — |
| Nan Fan Housing Development Co., Ltd. | Millerful No.1 Real Estate Invest Trust | — | Financial assets at fair value through profit and loss- current | 3,407 | 35,262 | - | 35,262 | — |
| | TGVest Capital II, Ltd. | — | Financial assets at fair value through profit and loss- current | - | 28,450 | - | 28,450 | — |
| | Eten Technologies Inc. | Subsidiary of the Company is the juristic director | Financial assets at fair value through other comprehensive income- non-current | 3,159 | 5,885 | 19.29% | 5,885 | — |
| | Renaissance Capital Limited Partnership | Subsidiary of the Company is the limited partner | Financial assets at fair value through other comprehensive income- non-current | - | 50,000 | 6.41% | 50,000 | — |
| | Jardine International Co., Ltd. | — | Financial assets at fair value through other comprehensive income- non-current | 6,633 | 152,561 | 7.50% | 152,561 | — |
| | Prince Housing & Development Corp. | The chairman of the Company is the juristic director | Financial assets at fair value through other comprehensive income- non-current | 57,735 | 606,222 | 3.56% | 606,222 | — |

| Securities held by | Type and name of securities | Relationship with the securities issuer | General ledger account | As of December 31, 2022 Number of shares | Book value | Ownership (%) | Fair value | Note |
|---|---|---|---|---|---|---|---|---|
| Nan Fan Housing Development Co., Ltd. | President International Development Corp. | The Company is the juristic director | Financial assets at fair value through other comprehensive income- non-current | 39,690 | $ 372,879 | 3.00% | $ 372,879 | － |
| | Q-ware Systems & Services Corp. | The Company is the juristic director | Financial assets at fair value through other comprehensive income- non-current | 699 | 6,991 | 2.49% | 6,991 | － |
| | ScinoPharm Taiwan Ltd. | The Company is the juristic director | Financial assets at fair value through other comprehensive income- non-current | 539 | 13,714 | 0.07% | 13,714 | － |
| | BIOTEQUE CORPORATION | － | Financial assets at fair value through other comprehensive income- non-current | 1,000 | 111,500 | 1.44% | 111,500 | － |

Note: Foreign currencies are translated into New Taiwan Dollars. Exchange rates of foreign currencies indicated as of report date were as follows: USD:NTD 1：30.71；HKD:NTD 1：3.938.

TAINAN SPINNING CO., LTD. AND SUBSIDIARIES

Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital

For the year ended December 31, 2022

Table 3

Expressed in thousands of NTD
(except as otherwise indicated)

| Investor | Type and name of securities | General ledger account | Name of the counterm party | Relationship | Beginning balance | | Addition | | Disposal | | | | Other increase (decrease) | | Ending balance | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Number of shares (in thousands) | Amount | Number of shares (in thousands) | Amount | Number of shares (in thousands) | Sale Price | Book value | Gain (loss) on disposal | Number of shares (in thousands) | Amount | Number of shares (in thousands) | Amount (Note) |
| Tainan Spinning Co., Ltd. | Tainan Spinning (Singapore) Pte. Ltd. | Investment accounted for under equity method | Cash capital increase | — | 47,000 | $ 1,345,560 | 47,000 | $ 1,510,409 | - | $ - | $ - | $ - | - | ($15,243) | 94,000 | $ 2,840,726 |

TAINAN SPINNING CO., LTD. AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

For the year ended December 31, 2022

Table 4 Expressed in thousands of NTD

| | | | Transaction | | | | Differences in transaction terms compared to third party transactions | | Notes/accounts receivable (payable) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Purchaser/seller | Counterparty | Relationship with the counterparty | Purchases (sales) | Amount | Percentage of total purchases (sales) | Credit term | Unit price | Credit term | Balance | Percentage of total notes/accounts receivable (payable) | Note |
| Tainan Spinning Co., Ltd. | Tainan Spinning Co., Ltd. (Vietnam) | Subsidiary | (Sales) | ($ 641,423) | (6%) | 180 days after shipment, L/C. | $ - | Notes due in 1~5 months | $ 168,431 | 19% | - |
| | Tainan Textile Co., Ltd. | Subsidiary | (Sales) | ( 188,131) | (2%) | 180 days after shipment, L/C. | - | Notes due in 1~5 months | 112,485 | 13% | - |
| Tainan Spinning Co., Ltd. (Vietnam) | Tainan Spinning Co., Ltd. | The Company | Purchases | 641,423 | 13% | 180 days after shipment, L/C. | - | 180 days after shipment, L/C. | ( 168,431) | (58%) | - |
| Tainan Textile Co., Ltd. | Tainan Spinning Co., Ltd. | The Company | Purchases | 188,131 | 7% | 180 days after shipment, L/C. | - | 180 days after shipment, L/C. | ( 112,485) | (42%) | - |

TAINAN SPINNING CO., LTD. AND SUBSIDIARIES

Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more

December 31, 2022

Table 5

Expressed in thousands of NTD

| The name of the Company | Name of the counterparty | Relationship | Balance as at December 31, 2022 | Turnover rate | Overdue receivables | | Amount collected subsequent to the balance sheet date | Allowance for doubtful accounts |
|---|---|---|---|---|---|---|---|---|
| | | | | | Amount | Action taken | | |
| Tainan Spinning Co., Ltd. | Tainan Spinning Co., Ltd. (Vietnam) | Subsidiary | $ 168,431 | 3.22 | $ - | — | $ 79,132 | $ - |
| | Tainan Textile Co., Ltd. | Subsidiary | 112,485 | 2.39 | - | — | 20,970 | - |

TAINAN SPINNING CO., LTD. AND SUBSIDIARIES

Significant inter-company transactions during the reporting period

For the year ended December 31, 2022

Table 6

Expressed in thousands of NTD

| Number (Note 1) | Company name | Counterparty | Relationship (Note 2) | Transaction: General ledger account | Transaction: Amount | Transaction: Transaction terms | Transaction: Percentage of consolidated total operating revenues or total assets (Note 3) |
|---|---|---|---|---|---|---|---|
| 0 | Tainan Spinning Co., Ltd. | Tainan Spinning Co., Ltd. (Vietnam) | 1 | Sales | $ 641,423 | 180 days after shipment, L/C | 3% |
| | | | 1 | Accounts receivable | 168,431 | — | — |
| | | | 1 | Administrative service income | 22,714 | According to contract | — |
| | | Tainan Textile Co., Ltd. | 1 | Sales | 188,131 | 180 days after shipment, L/C | 1% |
| | | | 1 | Accounts receivable | 112,485 | — | 1% |
| | | Tainan Spinning Retail and Distribution Co., Ltd. | 1 | Rental income | 497,045 | According to contract | 2% |
| | | | 1 | Accounts receivable | 50,225 | — | — |
| 1 | Tainan Spinning Co., Ltd. (Vietnam) | Namtex Co., Ltd. | 3 | Sales | 70,743 | 60 days after shipment, T/T | — |
| 2 | Tainan Textile Co., Ltd. | Namtex Co., Ltd. | 3 | Sales | 10,915 | 60 days after shipment, T/T | — |

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:
(1) Parent company is ‘0’.
(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: The relationships among the transaction parties are as follows:
(1) Parent company to subsidiary.
(2) Subsidiary to parent company.
(3) Subsidiary to subsidiary.

Note 3: The percentage of transaction amount over consolidated total revenues or total assets is as follows: Assets and liabilities are calculated using the ending balance over the consolidated total assets at period end; Profit or loss itesms are calculated using the amount of the period over the consolidated total revenue of the period.

Note 4: Transactions among the company and subsidiaries with amount $10,000 thousand and one side of the transaction is disclosed.

TAINAN SPINNING CO., LTD. AND SUBSIDIARIES

Information on investees

For the year ended December 31, 2022

Table 7

Expressed in thousands of NTD

| Investor | Investee | Location | Main business activities | Initial investment amount: Balance as at December 31, 2022 | Initial investment amount: Balance as at December 31, 2021 | Shares held as at December 31, 2022: Number of shares | Shares held as at December 31, 2022: Ownership (%) | Shares held as at December 31, 2022: Book value | Net profit (loss) of the investee for the year | Investment income (loss) recognized by the Company | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Tainan Spinning Co., Ltd. | Tainan Spinning Co., Ltd. (Vietnam) | Vietnam | Manufacturing and sales of cotton yarn | $ 2,910,166 | $ 2,910,166 | 145,000,000 | 100.00 | $ 5,350,615 | $ 22,645 | $ 33,742 | Subsidiary |
| | Nan Fan Development Co., Ltd. | Taiwan | Land development | 130,000 | 130,000 | 13,000,000 | 100.00 | 127,851 | ( 248) | ( 248) | Subsidiary |
| | Tainan Spinning Holding (Cayman Islands) Ltd. | Cayman Islands | Professional investments | 104,447 | 104,447 | 3,337,380 | 100.00 | 129,127 | ( 249) | ( 249) | Subsidiary |
| | Nan Fan International Investment (Cayman Islands) Co., Ltd. | Cayman Islands | Professional investments | 29,113 | 243,632 | 950,000 | 100.00 | 78,526 | 3,592 | 3,592 | Subsidiary |
| | Tainan Spinning (Singapore) Pte. Ltd. | Singapore | Professional investments | 2,964,523 | 1,454,114 | 94,000,002 | 100.00 | 2,840,726 | ( 76,679) | ( 76,679) | Subsidiary |
| | Tainan Spinning Retail and Distribution Co., Ltd. | Taiwan | Operating department stores | 702,628 | 702,628 | 50,000,000 | 100.00 | 265,074 | 115,560 | 115,560 | Subsidiary |
| | Nan Fan Housing Development Co., Ltd. | Taiwan | Commissioned to build public housing and the rental and sale of commercial property | 189,793 | 189,793 | 172,971,071 | 99.99 | 2,727,017 | 156,458 | 156,442 | Subsidiary |
| | Nantex Industry Co., Ltd. | Taiwan | Manufacturing, processing and trading of lotions and rubber | 156,000 | 156,000 | 105,549,052 | 21.43 | 3,090,654 | 1,192,632 | 255,581 | — |
| | Howard Beach Resort Kenting Co., Ltd. | Taiwan | Hotels and catering | 80,000 | 80,000 | 12,000,000 | 20.00 | 209,878 | 81,260 | 16,252 | — |
| Tainan Spinning Co., Ltd. (Vietnam) | Tainan Textile Co., Ltd. | Vietnam | Manufacturing and sales of cotton, yarn etc. | 2,610,350 | 2,610,350 | 85,000,000 | 85.00 | 2,587,466 | 3,339 | - | Subsidiary (Note 1) |
| Tainan Spinning (Singapore) Pte. Ltd. | Tainan Textile Co., Ltd. | Vietnam | Manufacturing and sales of cotton, yarn etc. | 433,820 | 433,820 | 15,000,000 | 15.00 | 456,676 | 3,339 | - | Subsidiary (Note 1) |
| Nan Fan Housing Development Co., Ltd. | Federal Holding Limited | Samoa | Professional investments | 211,841 | 211,841 | 6,650,000 | 100.00 | 303,248 | 31,167 | - | Subsidiary (Note 1) |
| | Nantex Industry Co., Ltd. | Taiwan | Manufacturing, processing and trading of lotions and rubber | 195,102 | 195,102 | 27,326,884 | 5.56 | 822,326 | 1,192,632 | - | (Note 1) |
| | Nantai Royal Co., Ltd. | Taiwan | Hotels and catering | 5,000 | 5,000 | 500,000 | 50.00 | 3,479 | 2 | - | (Note 1) |
| | Nanmat Technology Co., Ltd. | Taiwan | Development, production and sales of chemical materials, products, production process and services. | 85,262 | - | 1,705,234 | 3.60 | 88,288 | 327,724 | - | (Note 1) |
| Federal Holding Limited | United investment Pte. Ltd. | Singapore | Professional investments | 201,151 | 201,151 | 6,550,000 | 100.00 | 300,701 | 31,217 | - | Subsidiary (Note 1) |
| United Investment Pte. Ltd. | Namtex Co., Ltd. | Vietnam | Businesses related to wearing, dyeing and sorting of yarns | 182,509 | 182,509 | 10,121,316 | 50.00 | 293,010 | 67,676 | - | Subsidiary (Note 1) |

Note 1: According to the related regulations, it is not required to disclose income (loss) recognized by the Company.

Note 4: Foreign currencies are translated into New Taiwan Dollars. Exchange rates of foreign currencies indicated as of report date were as follows: USD:NTD1：30.71；VND:NTD 1：0.001301.
Investment gains or losses were translated using the average rates for the year ended December 31, 2022 as follows: USD:NTD 1：29.80; VND:NTD 1：0.001273.

TAINAN SPINNING CO., LTD. AND SUBSIDIARIES

Major stockholders information

December 31, 2022

Table 8 Unit:shares

| Name of the major stockholders | Number of shares | Ownership (%) |
|---|---|---|
| HOU BO YU | 103,636,652 | 6.25% |
| HOU BO MING | 103,110,310 | 6.22% |
| HOU BO YI | 102,000,691 | 6.15% |

Notes:The information on major stockholders presented in the above table lists the major stockholders whose combined shareholdings of ordinary and preference shares are at least 5% of the Company's total shares, as calculated by the Taiwan Depository & Cleaning Corporation based on the number of dematerialized shares (including treasury shares) which have been registered and delivered on the last working day of the current quarter. The number of shares recorded in the Company's financial statements may be different from the number of dematerialized shares which have completed registration and delivery due to differences in the basis of preparation and calculation.