Stock code: 1445

UNIVERSAL TEXTILE Co., Ltd

PARENT COMPANY ONLY FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT ACCOUNTANTS

FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

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Independent Auditors' Report Translated from Chinese

To UNIVERSAL TEXTILE Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of UNIVERSAL TEXTILE Co., Ltd. (the "Company") as of 31 December 2022 and the related parent company only statements of comprehensive income, changes in equity and cash flows for the year ended 31 December 2022 and notes to the parent company only financial statements, including the summary of significant accounting policies (together "the parent company only financial statements").

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of 31 December 2022 , and its financial performance and cash flows for the year ended 31 December 2022 , in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards in the Republic of China; Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits, 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 2022 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Rcognition

The company mainly sales textured yarns and synthetic fabrics, the industry are greatly affected by market supply and demand. The operating revenues amounted to NT$1,511,208 thousand for the year ended 31 December 2022 compared with NT$1,254,148 thousand for the year ended 31 December 2021 increased about 20.50%, among which the sales revenue from specific customers increased significantly, The operating revenue was NT $413,846 thousand for the year ended 31 December 2022, accounting for about 27.39% of the overall operating revenue,therefore,the accountant in this year's review, the authenticity of operating revenue recognition is listed as a key audit matter.

The audit procedures of the accountants included (but not limited to), understanding and evaluating the accounting policies for revenue recognition; understanding and testing the effectiveness of relevant internal control design and implementation; selecting samples for operating revenue details, and performing transaction detail tests, Review the major clauses in the contract and test the five steps of revenue recognition and check the relevant transaction certificates to evaluate and judge the correctness of the performance obligation and the timing of its satisfaction and verify the authenticity of the transaction; for before and after the balance sheet date for transactions over a period of time, analyze whether the changes are reasonable, and select samples to perform the cut-off point test; analyze the sales situation by customer, products,and region to understand the rationality of changes in operating revenue. Please refer to the consolidated financial statement Notes 4 and 6 indicate the appropriateness of the disclosure of operating income.

Other Matter– Making Reference to the Audits of Component Auditors

The parent company only financial report for the year ended 31 December 2021 was audited by other accountants, and issued an unqualified audit report for reference on 16 March 2022.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the financial reporting process of the Company.

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.

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 ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the 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 2022 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor's 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.

Huang, Tzu Ping

Liu, Jung Chin

Ernst & Young, Taiwan

14 March 2023

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
UNIVERSAL TEXTILE Co., Ltd.
PARENT COMPANY ONLY BALANCE SHEETS
31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	As of 31 December 2022	As of 31 December 2021
Current assets			
Cash and cash equivalents	4,6(1),12	$263,839	$141,781
Financial assets at fair value through profit or loss, current	4,6(2),12	-	2,661
Current financial assets at amortised cost	4,6(4),12	46,065	-
Notes receivable, net	4,5,6(5),12	19,407	40,818
Accounts receivable, net	4,5,6(5),12	172,671	192,807
Accounts receivable-related parties, net	4,5,6(5),12	3,316	-
Other receivables		6,727	2,456
Current tax assets		47	21
Inventories	4,5,6(6)	402,594	384,468
Other current assets		22,074	54,020
Total current assets		936,740	819,032
Non-current assets			
Financial assets at fair value through other comprehensive income, noncurrent	4,6(3),12	234,855	267,836
Investments accounted for under the equity method	4,6(7)	62,904	35,723
Property, plant and equipment	4,6(8)	803,323	814,333
Right-of-use assets	4,6(15)	1,045	920
Deferred tax assets	4,6(18)	88,482	70,335
Other non-current assets		2,150	1,824
Total non-current assets		1,192,759	1,190,971
Total assets		$2,129,499	$2,010,003

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English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
UNIVERSAL TEXTILE Co., Ltd.
PARENT COMPANY ONLY BALANCE SHEETS
31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

		As of 31 December	
Liabilities and Equity	Notes	2022	2021
Current liabilities			
Short-term loans	4,6(9),12	$80,000	$ -
Contract liabilities, current	4,6(13)	60,013	35,390
Notes payable	12	50,542	47,650
Accounts payable	12	71,414	38,864
Other payables	6(8),12	82,384	78,900
Lease liabilities, current	4,6(15),12	580	366
Other current liabilities		287	363
Total current liabilities		345,220	201,533
Non-current liabilities			
Deferred tax liabilities	4,6(18)	120,369	117,489
Lease liabilities, noncurrent	4,6(15),12	469	555
Net defined benefit obligation, noncurrent	4,6(11)	29,784	43,408
Guarantee deposit received	12	620	620
Total non-current liabilities		151,242	162,072
Total liabilities		496,462	363,605
Equity			
Capital			
Common stock	4,6(12)	1,306,660	1,306,660
Additional Paid-in Capital		1,294	23,698
Retained earnings			
Special reserve		201,716	201,716
Accumulated deficit		15,202	(25,879)
Subtotal		216,918	175,837
Other components of equity			
Unrealized gains or losses measured at fair value through other comprehensive income		108,165	140,203
Total equity		1,633,037	1,646,398
Total liabilities and equity		$2,129,499	$2,010,003

(The accompanying notes are an integral part of the parent company only financial statements)

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
UNIVERSAL TEXTILE Co., Ltd.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
For the years ended 31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

		For the years ended 31 December	
	Notes	2022	2021
Operating revenues	4,6(13),7	$1,511,208	$1,254,148
Operating costs	6(6)	(1,392,090)	(1,170,066)
Gross profit-net		119,118	84,082
Operating expenses	6(16)		
Sales and marketing expenses		(113,107)	(94,636)
General and administrative expenses		(33,076)	(25,930)
Research and development expenses		(9,383)	(9,314)
Expected credit gain (loss)	6(14)	2,795	(1,803)
Subtotal		(152,771)	(131,683)
Operating loss		(33,653)	(47,601)
Non-operating income and expenses	4,6(17)		
Finance costs		(947)	(38)
Share of profit or loss of subsidiaries, associates and joint ventures		1,179	5,381
Other income		12,876	21,973
Other gains and losses		14,400	(1,726)
Subtotal		27,508	25,590
Income from continuing operations before income tax		(6,145)	(22,011)
Income tax income (expense)	4,6(18)	17,133	(3,182)
Net income (loss)		10,988	(25,193)
Other comprehensive income (loss)			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of defined benefit plans		9,326	(857)
Income tax related to items that will not be reclassified subsequently		(1,866)	171
Unrealized gains on equity instruments measured at fair value through other comprehensive income		(32,038)	105,372
Total other comprehensive income, net of tax		(24,578)	104,686
Total comprehensive income		($13,590)	$79,493
Earnings per share (NTD)			
Earnings per share-basic	6(19)	$0.08	$(0.19)
Earnings per share-diluted		$0.08	$(0.19)

(The accompanying notes are an integral part of the parent company only financial statements)

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
UNIVERSAL TEXTILE Co., Ltd.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
For the years ended 31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

		Equity, attributable to owners of parent					
				Retained earnings		Other components of equity	
	Notes	Capital	Additional Paid-in Capital	Special Reserve	Aaccumulated deficit	(Losses) on Equity Instruments Measured at Fair Value Through Other Comprehensive Income	Total Equity
Balance as of 1 January 2021	6(12)	$1,306,660	$110,460	$201,716	$(60,771)	$34,831	$1,592,896
Other changes in additional paid-in capital :							
Capital surplus transferred from unclaimed dividends			142				142
Capital surplus used to offset accumulated deficits			(60,771)		60,771		
Capital surplus used to distribute cash dividends			(26,133)				(26,133)
Net loss in 2021					(25,193)		(25,193)
Other comprehensive income in 2021					(686)	105,372	104,686
Total comprehensive income		-	-	-	(25,879)	105,372	79,493
Balance as of 31 December 2021	6(12)	$1,306,660	$23,698	$201,716	($25,879)	$140,203	$1,646,398
Balance as of 1 January 2022		$1,306,660	$23,698	$201,716	$(25,879)	$140,203	$1,646,398
Other changes in additional paid-in capital :							
Capital surplus transferred from unclaimed dividends			229				229
Capital surplus used to offset accumulated deficits			(22,633)		22,633		
Net income in 2022					10,988		10,988
Other comprehensive income in 2022					7,460	(32,038)	(24,578)
Total comprehensive income		-	-	-	18,448	(32,038)	(13,590)
Balance as of 31 December 2022	6(12)	$1,306,660	$1,294	$201,716	$15,202	$108,165	$1,633,037

(The accompanying notes are an integral part of the parent company only financial statements)

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
UNIVERSAL TEXTILE Co., Ltd.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the years ended 31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended 31 December	
	2022	2021
Cash flows from operating activities:		
Net loss before tax	$(6,145)	$(22,011)
Income and expense adjustments:		
Depreciation	33,297	33,051
Amortization	519	364
Expected credit (gain) loss	(2,795)	1,803
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	280	(1,262)
Finance costs	947	38
Interest income	(676)	(517)
Dividend income	(8,881)	(3,787)
Share of profit of subsidiaries,associates and joint ventures	(1,179)	(5,381)
(Gain) loss on disposal of property, plant and equipment	(2,642)	324
Unrealized foreign currency exchange gain	-	(57)
Inventory valuation losses (gain)	63,469	(11,149)
Changes in operating assets and liabilities:		
Decrease in financial assets at fair value through profit or loss	2,381	562
Decrease (increase) in notes receivable	21,411	(24,252)
Decrease (increase) in accounts receivables (including related parties)	19,615	(116,991)
Increase in other receivables	(4,030)	(1,973)
(Increase) decrease in inventories, net	(81,595)	2,325
Decrease (increase) in other current assets	31,946	(40,788)
Increase (decrease) in contract liability	24,623	(10,716)
Increase in notes payable	2,892	18,838
Increase in accounts payable	32,550	18,502
Increase in other payables	2,338	10,713
Decrease in other current liabilities	(76)	(31)
Decrease in net defined benefit obligation, noncurrent	(4,298)	(4,492)
Cash generated from (used in) operations	123,951	(156,887)
Interest received	435	519
Interest paid	(905)	(44)
Income tax (paid) received	(26)	57
Net cash provided by (used in) operating activities	123,455	(156,355)

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English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

UNIVERSAL TEXTILE Co., Ltd.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS(Continued)

For the years ended 31 December 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended 31 December	
	2022	2021
Cash flows from investing activities:		
Acquisition of current financial assets at amortised cost	(46,065)	-
Acquisition of investments accounted for under the equity method	(30,000)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	98	491
Acquisition of property, plant and equipment	(20,778)	(10,335)
Proceeds from disposal of property, plant and equipment	2,746	-
Refundable deposits	768	(768)
Increase in other noncurrent assets	(1,613)	(811)
Dividends received	13,724	6,575
Net cash used in investing activities	(81,120)	(4,848)
Cash flows from financing activities:		
Increase (decrease) in short-term loans	80,000	(50,000)
Cash payments for the principal portion of lease liability	(506)	(401)
Cash dividends	-	(26,133)
Capital surplus transferred from unclaimed dividends	229	142
Net cash provided by (used in) financing activities	79,723	(76,392)
Increase (decrease) in cash and cash equivalents	122,058	(237,595)
Cash and cash equivalents at beginning of period	141,781	379,376
Cash and cash equivalents at end of period	$263,839	$141,781

(The accompanying notes are an integral part of the parent company only financial statements)

UNIVERSAL TEXTILE CO., LTD.
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
For the Years Ended 31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. History and organization

Universal Textile Co., Ltd. (the Company) was incorporated in Republic of China (R.O.C) in 12 September 1969. The main activities of the Company include the production and sales of various processed yarns and synthetic fiber fabrics. The shares of the Company were listed on the Taiwan Stock Exchange in 5 February 1991.

2. Date and procedures of authorization of financial statements for issue

The parent company only financial statements of the Company for the years ended 31 December 2022 and 2021 were authorized for issue in accordance with a resolution of the Board of Directors' meeting on 14 March 2023.

3. Newly issued or revised standards and interpretations

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after 1 January 2022. The adoption of these new standards and amendments had no material impact on the Company.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, but not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	1 January 2023
b	Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
c	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(a) Disclosure Initiative - Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

(b) Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and include other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

(c) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after 1 January 2023. The standards and interpretations have no material impact on the Company.

(3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 “Insurance Contracts”	1 January 2023
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024
d	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
e	Non-current Liabilities with Covenants – Amendments to IAS 1	1 January 2024

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company's financial statements were authorized for issue, the local effective dates are to be determined by FSC. All the new or amended standards and interpretations have no material impact on the Company.

4. Summary of significant accounting policies

(1) Statement of Compliance

The parent company only financial statements of the Company for the years ended 31 December 2022 and 2021 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the International Financial Reporting Interpretations Committee, which are endorsed and became effective by the FSC.

(2) Basis of Preparation

The parent company only financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The parent company only financial statements are expressed in thousands of New Taiwan Dollars (NT$) unless otherwise stated.

(3) Foreign currency transactions

The parent company only financial statements are presented in New Taiwan Dollars (NT$), which is also the Company's functional currency. Each entity in the Company determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Company's entities at their respective functional currency rates prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rates of exchange at the reporting date. Non-monetary items measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

(a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

(b) Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.

(c) Exchange differences arising on a monetary item that forms part of a reporting entity’s net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(4) Current and non-current distinction

An asset is classified as current when:

(a) The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
(b) The Company holds the asset primarily for the purpose of trading
(c) The Company expects to realize the asset within twelve months after the reporting period
(d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(a) The Company expects to settle the liability in its normal operating cycle
(b) The Company holds the liability primarily for the purpose of trading
(c) The liability is due to be settled within twelve months after the reporting period
(d) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. 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.

All other liabilities are classified as non-current.

(5) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within 3 months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(6) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial instruments: Recognition and Measurement

The Company accounts for regular way purchase or sales of financial assets on the trade date.

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

(a) the Company’s business model for managing the financial assets
(b) the contractual cash flow characteristics of the financial asset

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

(a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

(a) purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition
(b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods

<u>Financial asset measured at fair value through other comprehensive income</u>

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

(a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

(a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.

(b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

(c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

(i) Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

(ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial asset measured at amortized cost.

The Company measures expected credit losses of a financial instrument in a way that reflects:

(a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

(b) the time value of money; and

(c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measured as follows:

(a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.

(b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.

(c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

(d) For lease receivables arising from transactions within the scope of IFRS 16, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

(a) The rights to receive cash flows from the asset have expired.
(b) The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
(c) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

D. Financial liabilities and equity

Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss. A financial liability is classified as held for trading if:

(a) it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term
(b) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking
(c) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

(a) it eliminates or significantly reduces a measurement or recognition inconsistency; or
(b) a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(7) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

A. In the principal market for the asset or liability, or
B. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(8) Inventories

The inventory value includes costs incurred in bringing the inventory to its present location and condition. Inventory accounted for purchase cost on a weighted average cost basis with the perpetual inventory system. Ending inventories are valued at lower of cost and net realizable value item by item.

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

(9) Construction accounting

The Company invests in the construction of houses and calculates the costs separately for each project. The purchase price of the land paid before acquiring ownership is recognized as "Prepaid for land purchase", and the costs invested in construction land and building of each project are recorded as "Construction in progress". After completion of the project, it will be transferred to "Properties and land held for sale". The Company adopts the completed contract method in its construction accounting. In the year of completion and delivery, the "Properties and land held for sale" is transferred to the profit or loss of current period according to the portion sold.

The determination of the year for all revenue and expense recognition of the completion of a contract is based on the date when the construction is completed and the property is ready for delivery and has actually been delivered.

The allocation of costs between sold and unsold properties is based on the "current value of a house".

The "construction-in-progress" and "properties and land held for sale" are evaluated at lower of cost and net realizable value item by item

(10) Investments accounted for under the equity method

According to Article 21 of the Regulation, the Company’s investment in subsidiaries was presented as “Investments accounted for using equity method” and made necessary adjustments. The profit or loss during the period and other comprehensive income presented in the parent company only financial statements shall be the same as the allocations of profit or loss during the period and of other comprehensive income attributable to shareholders of the parent presented in the financial statements prepared on a consolidated basis, and the shareholders’ equity presented in the parent company only financial statements shall be the same as the equity attributable to shareholders of the parent presented in the financial statements prepared on a consolidated basis. The adjustment was considered the difference between investment in subsidiaries in consolidated financial statements according to IFRS 10 “Consolidated financial statements” and application of IFRS to different reporting entities, debit/credit “Investment accounted for using equity method”, “Share of profit or loss of subsidiaries, associates and joint ventures” or “Share of other comprehensive profit or loss of subsidiaries, associates and joint ventures” etc.

The Company's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity olver which the Company has significant influence. Joint venture means the Company has rights to the net assets of the joint agreement (with joint controller).

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the Company's related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affects the Company's percentage of ownership interests in the associate or joint venture, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a pro-rata basis.

When the associate or joint venture issues new stock, and the Company's interest in an associate or a joint venture is reduced or increased as the Company fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in additional paid-in capital and investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Company disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 Investments in Associates and Joint Ventures. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 Impairment of Assets. In determining the value in use of the investment, the Company estimates:

(a) Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or

(b) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 Impairment of Assets.

Upon loss of significant influence over the associate or joint venture, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

(11) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. 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 is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 *Property, plant and equipment*. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Items	Useful Lives
Mold equipment	3～60 years
Office equipment	3～15 years
Lease Improvement	5～10 years
Other equipment	5～35 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets’ residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate, and are treated as changes in accounting estimates.

(12) Leases

The Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, has both of the following:

A. the right to obtain substantially all of the economic benefits from use of the identified asset; and
B. the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximizing the use of observable information.

Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
C. amounts expected to be payable by the lessee under residual value guarantees;
D. the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortized cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

A. the amount of the initial measurement of the lease liability;
B. any lease payments made at or before the commencement date, less any lease incentives received;
C. any initial direct costs incurred by the lessee; and
D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

For the rent concession arising as a direct consequence of the Covid-19 pandemic, the Company elected not to assess whether it is a lease modification but accounted it as a variable lease payment. The Company have applied the practical expedient to all rent concessions that meet the conditions for it.

(13) Revenue recognition

The Company's revenue arising from contracts with customers are primarily related to sale of goods. The accounting policies are explained as follows:

Sale of goods

The Company manufactures and sells goods. Revenues are recognized when the commitment goods are delivered to the customers and control of which is transferred to the customers. (Control of an asset is defined as the customers have ability to direct the use of and obtain substantially all of the remaining benefits from the goods.). The main products of the Company are various processed yarns and synthetic fiber fabrics and revenues are recognized based on the consideration stated in the contract.

The credit period of the Company's sale of goods is from 30 to 120 day. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Company usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. For some of the contracts, the Company has transferred the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Company measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

(14) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

(15) Post-employment benefits

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore, fund assets are not included in the Company's consolidated financial statements.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

A. the date of the plan amendment or curtailment, and
B. the date that the Company recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(16) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

B. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

B. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5. Significant accounting judgments, estimates and assumptions

The preparation of the Company’s parent company only financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(1) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

A. Accounts receivables–estimation of impairment loss

The Company estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 (14) for more details.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Inventories

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 (6) for more details.

6. Contents of significant accounts

(1) Cash and cash equivalents

	As of 31 December	
	2022	2021
Cash on hand	$200	$200
Deposits in banks	263,639	141,581
Total	$263,839	$141,781

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

	As of 31 December	
	2022	2021
Financial assets mandatorily at fair value through profit or loss:		
Stocks	$-	$2,661

Financial assets at fair value through profit or loss were not pledged.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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

	As of 31 December	
	2022	2021
Equity instrument investments measured at fair value through other comprehensive income – Non-current:		
Listed companies stocks		
TAIWAN TAFFETA FABRIC CO., LTD		
Ordinary share	$234,462	$264,544
Unlisted companies stocks		
TAIWAN FILAMENT WEAVING DEVELOPMENT CO., LTD.		
Ordinary share	-	3,195
TAIWAN FILAMENT WEAVING DEVELOPMENT CO., LTD.		
Preference share	393	97
Total	$234,855	$267,836

The Company made investments in TAIWAN TAFFETA FABRIC CO., LTD’s common stocks and TAIWAN FILAMENT WEAVING DEVELOPMENT CO., LTD.’s common stocks and preferred stocks. According to its medium-to-long-term strategic objectives, and expected to gain profits through long-term investments, the management of the Group believed that it would be inconsistent with the aforementioned long-term investment plan if they determined the investment as the short-term fair value fluctuations. Therefore, the Group determined to designate these investments as financial assets at fair value through other comprehensive income.

Financial assets at fair value through other comprehensive income were not pledged.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(4) Financial assets measured at amortized cost - Current

	As of 31 December	
	2022	2021
Financial assets measured at amortized cost - Current	$46,065	$-

(5) Notes and accounts receivable, including related parties

	As of 31 December	
	2022	2021
Notes receivable	$19,407	$40,818
Less: allowance for doubtful debts	-	-
Subtotal	19,407	40,818
Accounts receivable (total carrying amount)	172,672	195,603
Less: allowance for doubtful debts	(1)	(2,796)
Subtotal	172,671	192,807
Accounts receivable from related parties	3,316	-
Total	$195,394	$233,625

Notes and accounts receivable were not pledged.

Accounts receivable are generally on 30-120 day terms. The total carrying amount as of 31 December 2022 and 2021 are NT$195,395 thousand and NT$ 236,421 thousand, respectively. Please refer to Note 6 (14) for more details on loss allowance of accounts receivable for the years ended 2022 and 2021 and Note 12 for more details on credit risk.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(6) Inventories

	As of 31 December	
	2022	2021
Finished goods	$190,835	$182,691
Work in progress	56,501	59,719
Raw materials	128,348	113,975
Supplies & parts	26,910	28,083
Subtotal	402,594	384,468
Properties and land held for sale — DF CHATEAU (Note)	-	-
Total	$402,594	$384,468

Note: In February of 2012, the Company signed a joint development agreement in land with Taiwan TAFFETA Fabric Co., Ltd. (Taiwan TAFFETA) for the construction and sale of the "DF CHATEAU" project. The two parties agreed that Taiwan TAFFETA would be responsible for the planning of the development project, and that the development costs would be shared equally by both parties according to the contract. The sales revenue of the properties would be recognized with 1% of the actual sales amount allocated as a reward to Taiwan TAFFETA, and the remainder recognized as revenue according to the contract. The cost of goods sold resulted from the sale of the "DF CHATEAU " project are shown as follows:

	As of 31 December	
	2022	2021
Cost of goods sold	$-	$18,892

The "DF CHATEAU " project had been sold out during the first half of 2021.

The cost of goods sold for the years ended 31 December 2022 and 2021 are as follows, including the price reduction (gain from price recovery) of inventories:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	As of 31 December	
	2022	2021
Cost of goods sold	$1,392,090	$1,170,066
The price reduction (gain from price recovery) of inventories	$63,469	$(11,149)

The Company recognized gain from price recovery of inventories as of 31 December 2021 as the slow-moving inventory had been gradually consumed and the obsolete inventory of the Company had decreased, resulting in the reversal gains of the write-down of inventories.

No inventories were pledged.

(7) Investments accounted for using the equity method

Investing subsidiaries was expressed as “Investments accounted for under the equity method” in the parent company only financial statements, and was made the adjustment which was necessary, details are as follows:

	As of 31 December			
	2022		2021	
Investees	Amount	%	Amount	%
Investments in associates：				
CHANG FU INVESTMENT CO., LTD.	$32,916	100%	$35,723	100%
HUNG YU TECHNOLOGY CO., LTD.	29,988	100%	-	100%
Total	$62,904		$35,723	

A. The company is engaged in long-term and short-term investment for flexible capital utilization. On 24 June 2015, the board of directors approved the establishment of CHANG FU INVESTMENT CO., LTD. The investment amount is NT$ 30,000 thousand. The company is engaged in domestic general long-term and short-term investment cause.

B. In order to diversify the business, develop the green semiconductor business, and cut into the semiconductor supply chain, the company established HUNG YU TECHNOLOGY CO., LTD. on 20 May 2022 with an investment of NT $30,000 thousand .The company is engaged in Domestic chemical material wholesale business.

C. As of 31 December 2022 and 2021 Share of profit or loss of subsidiaries, associates and joint ventures，It is recognized based on the financial report of the subsidiary audited by an accountant for the same period.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(8) Property, plant and equipment

	As of 31 December	
	2022	2021
Owner occupied property, plant and equipment	$803,323	$814,333

	Land	Buildings	Machinery and equipment	Office equipment	Other equipment	Construction in progress and equipment pending examination	Total
Cost:							
As of 1 January 2022	$227,736	$498,681	$1,519,357	$143,419	$75,738	$717	$2,465,648
Additions	-	1,697	3,759	4,397	2,609	9,420	21,882
Disposals	-	(1,614)	(152,637)	(16,797)	(679)	-	(171,727)
As of 31 December 2022	$227,736	$498,764	$1,370,479	$131,019	$77,668	$10,137	$2,315,803
Revaluation increment as of 1 January and 31 December 2022	$360,943	$3,747	$-	$-	$-	$-	$364,690
As of 1 January 2021	$227,736	$498,549	$1,517,407	$141,594	$75,811	$39	$2,461,136
Additions	-	574	1,393	4,570	183	4,344	11,064
Disposals	-	(481)	(843)	(4,972)	(256)	-	(6,552)
Transfers	-	39	1,400	2,227	-	(3,666)	-
As of 31 December 2021	$227,736	$498,681	$1,519,357	$143,419	$75,738	$717	$2,465,648
Revaluation increment as of 1 January and 31 December 2021	$360,943	$3,747	$-	$-	$-	$-	$364,690
Depreciation and impairment:							
As of 1 January 2022	$ -	$350,080	$1,466,809	$127,161	$71,955	$ -	$2,016,005
Depreciation	-	12,126	14,513	4,544	1,605	-	32,788
Disposals	-	(1,593)	(152,635)	(16,787)	(608)	-	(171,623)
As of 31 December 2022	$ -	$360,613	$1,328,687	$114,918	$72,952	$ -	$1,877,170

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Land	Buildings	Machinery and equipment	Office equipment	Other equipment	Construction in progress and equipment pending examination	Total
As of 1 January 2021	$ -	$337,841	$1,453,158	$127,998	$70,586	$ -	$1,989,583
Depreciation	-	12,440	14,495	4,104	1,611	-	32,650
Disposals	-	(201)	(844)	(4,941)	(242)	-	(6,228)
As of 31 December 2021	$ -	$350,080	$1,466,809	$127,161	$71,955	$ -	$2,016,005
Net carrying amount as at:							
31 December 2022	$588,679	$141,898	$41,792	$16,101	$4,716	$10,137	$803,323
31 December 2021	$588,679	$152,348	$52,548	$16,258	$3,783	$717	$814,333

A. Please refer to Note 8 for more details on property, plant and equipment under pledge.

B. There is no capitalization of interest due to purchase of property, plant and equipment.

(9) Other payables

	As of 31 December	
	2022	2021
Salaries and bonuses payable	$41,386	$38,258
Commissions payable	9,751	6,139
Accrued utilities	7,510	8,525
Accrued labor and health insurance expenses	3,640	3,891
Accrued freight expenses	3,370	5,506
Payable on machinery and equipment	1,869	765
Others	14,858	15,816
Total	$82,384	$78,900

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(10) Short-term loans

	For the years ended 31 December	
	2022	2021
Unsecured bank loans	$80,000	$-
Interest Rates (%)	0.80%~1.90%	-

The Company's unused short-term lines of credits amounted to NT$320,000 thousand and NT$400,000 thousand as of 31 December 2022 and 2021, respectively.

(11) Post-employment benefits

Defined contribution plan

The Company adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Pension expenses under the defined contribution plan for the years ended 31 December 2022 and 2021 were NT$6,830 thousand and NT$7,036 thousand, respectively.

Defined benefits plan

The Company adopts a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contributes an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company assesses the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company will make up the difference in one appropriation before the end of March the following year.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under discretionary accounts, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Comapny expects to contribute NT$5,800 thousand to its defined benefit plan during the 12 months beginning after 31 December 2022.

The weighted average duration of the defined benefits obligation as of 31 December 2022 and 2021 were both 12 years.

Pension costs recognized in profit or loss are as follows:

	For the years ended 31 December	
	2022	2021
Current service costs	$844	$1,052
Net interest on the net defined benefit assets	304	153
Total	$1,148	$1,205

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Reconciliations in the defined benefit obligation and fair value of plan assets are as follows:

	As of		
	31 Dec. 2022	31 Dec. 2021	1 Jan. 2021
Present value of defined benefit obligation	$125,093	$143,152	$145,711
Plan assets at fair value	(95,309)	(99,744)	(98,668)
Net defined benefit liabilities (assets)	$29,784	$43,408	$47,043

Reconciliation of liability (asset) of the defined benefit plan is as follows:

	As of		
	Defined benefit obligation	Plan assets at fair value	Net defined benefit liabilities (assets)
As of 1 January 2022	$143,152	$(99,744)	$43,408
Current service cost	844	-	844
Interest expense (income)	1,051	(747)	304
Subtotal	$145,047	$(100,491)	$44,556
Remeasurements of the defined benefit liabilities /assets:			
Actuarial gains and losses arising from changes in financial assumptions	(5,121)	-	(5,121)
Experience adjustments	3,386	-	3,386
Remeasurements of the defined benefit assets	-	(7,592)	(7,592)
Subtotal	(1,735)	(7,592)	(9,327)
Payments of benefit obligation	(18,219)	18,219	-
Contributions by employer	-	(5,445)	(5,445)
As of 31 December 2022	$125,093	$(95,309)	$29,784
As of 31 December 2021	$145,711	$(98,668)	$47,043
Current period service costs	1,052	-	1,052
Interest expense (income)	496	(343)	153
Subtotal	$147,259	$(99,011)	$48,248

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	As of		
	Defined benefit obligation	Plan assets at fair value	Net defined benefit liabilities (assets)
Remeasurements of the defined benefit liabilities /assets:			
Actuarial gains and losses arising from changes in demographic assumptions	7,432	-	7,432
Actuarial gains and losses arising from changes in financial assumptions	(5,871)	-	(5,871)
Experience adjustments	698	-	698
Remeasurements of the defined benefit assets	-	(1,402)	(1,402)
Subtotal	$2,259	$(1,402)	$857
Payments of benefit obligation	(6,366)	6,366	-
Contributions by employer	-	(5,697)	(5,697)
As of 31 December 2021	$143,152	$(99,744)	$43,408

The following significant actuarial assumptions are used in determining the Company's defined benefit plan:

	As of 31 December	
	2022	2021
Discount rate	1.40%	0.75%
Expected rate of salary increases	2.50%	2.50%

Sensitivity analysis for significant assumption is shown below:

	For the years ended 31 December			
	2022		2021	
	Defined benefit obligation increase	Defined benefit obligation decrease	Defined benefit obligation increase	Defined benefit obligation decrease
Discount rate increase by 0.25%	$-	$(2,073)	$-	$(2,379)
Discount rate decrease by 0.25%	2,016	-	2,450	-
Future salary increase by 0.25%	1,926	-	2,316	-
Future salary decrease by 0.25%	-	(1,971)	-	(2,260)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The sensitivity analyses above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

(12) Equities

A. Common stock

As of 1 January 2021, the Company's authorized capital was NT$2,200,000 thousand, issued capital was NT$ 1,306,660 thousand, and issued shares was 130,666 thousand shares, each at a par value of NT$10. There have been no changes as of 31 December 2022. Each share has one voting right and a right to receive dividends.

B. Capital surplus

	As of 31 December	
	2022	2021
Allowed to be used in covering the deficit, distribution of cash or dividend shares		
Additional paid-in capital	$-	$6,089
Treasury share transactions	-	16,544
Subotal	-	22,633
Only allowed for covering the deficit		
Unpaid dividends due to overdue	1,294	1,065
Total	$1,294	$23,698

According to the Company Act, the additional paid-in capital shall not be used except for covering the deficit of the company. When a company incurs no loss, it may distribute the additional paid-in capital arising from the issuance of new shares at a premium and donations. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

C. Retained earnings and dividend policies

The Company's policy of dividend distribution is in line with current and future development plans, considering the investment environment, capital requirements, and domestic and international competitive conditions, as well as the interests of shareholders. Earnings distribution is based on the principle of sustainable and stable operation of the company.

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order: payment of all taxes and dues; offset operation losses in previous years (including adjustments to unappropriated earnings); set aside 10% of the remaining amount as legal reserve; set aside or reverse special reserve in accordance with law and regulations. After deducting the items above from the current year's earnings, the distribution of the remaining portion with the undistributed earnings at the beginning of period (including adjustments to unappropriated earnings), if any, will be proposed by the board of directors and resolved in the shareholders' meeting.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

When the Company distributing distributable earnings, it shall set aside to special reserve, an amount equal to "other net deductions from shareholders" equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed from the special reserve.

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Due to the inadequate amount of retained earnings increase arising from the first-time adoption of IFRS, only the retained earnings increase of NT$201,716 thousand resulting from the conversion to IFRS was set aside as special reserve.

The FSC on 31 March 2021 issued Order No. Financial-Supervisory-Securities-Corporate-1090150022, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the Company can reverse the special reserve by the proportion of the special reserve first appropriated and distribute it. As the Company's retained earnings was negative (accumulated deficit) as of 1 January 2012, the standard had no impact on the Company.

Details of the 2022 earnings distribution and dividends per share as approved by the Board of Directors' meeting on 14 March 2023, are as follows:

	Appropriation of earnings	Dividend per share (NT$)
	2022	2022
Legal reserve	$1,520	
Common stock -cash dividend	13,066	$0.1

In addition, the cash distribution of NT$26,133 thousand and dividends per share of NT$0.2 from additional paid-in capital of trading of treasury stock was resolved by the shareholders' meeting held on 18 August 2021.

Please refer to Note 6(16) for details on employees' compensation and remuneration to directors and supervisors.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(13) Operating revenue

	For the years ended 31 December	
	2022	2021
Revenue from contracts with customers		
Sale of goods	$1,511,208	$1,228,935
Other revenue		
Sale of real estate	-	25,213
Total	$1,511,208	$1,254,148

Analysis of revenue from contracts with customers for the years ended 31 December 2022 and 2021 are as follows:

(1) Contract balances

A. Contract liabilities – current

	As of		
	31 Dec. 2022	31 Dec. 2021	1 Jan. 2021
Sales of goods	$60,013	$35,390	$46,106

(14) Expected credit losses

	For the years ended 31 December	
	2022	2021
Operation expense- Expected credit profit (losses)		
Trade receivables	$2,795	$(1,803)

Please refer to Note 12 for more details on credit risk.

The Company measures the loss allowance of its trade receivables (including note receivables and trade receivables) at an amount equal to lifetime expected credit losses. The assessment of the Company's loss allowance as at 31 December 2022 and 2021 are as follows:

31 December 2022

		Past due days				
	Not yet due	1-60 days	61-90 days	91-120 days	>120 days	Total
Gross carrying amount	$161,260	$30,651	$3,480	$-	$4	$195,395
Lifetime expected credit losses	-	-	(1)	-	-	(1)
Carrying amount	$161,260	$30,651	$3,479	$-	$4	$195,394

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

31 December 2021

		Past due days				
	Not yet due	1-60 days	61-90 days	91-120 days	>120 days	Total
Gross carrying amount	$209,318	$27,103	$-	$-	$-	$236,421
Lifetime expected credit losses	(2,154)	(642)	-	-	-	(2,796)
Carrying amount	$207,164	$26,461	$-	$-	$-	$233,625

Note: The Company's note receivables are not overdue.

The movement in the provision for impairment of note receivables and trade receivables during the 31 December 2022 and 2021 are as follows:

	Note receivables	Trade receivables	Total
As of 1 January 2022	$-	$2,796	$2,796
Reversal	-	(2,795)	(2,795)
As of 31 December 2022	$-	$1	$1
As of 1 January 2021	$-	$9,623	$9,623
Addition	-	1,869	1,869
Write off for the current period	-	(8,696)	(8,696)
As of 31 December 2021	$-	$2,796	$2,796

(15) Leases

The Company is a lessee

The Company leases transportation equipment .The lease terms range from 1 to 6 years.

The Company's leases effect on the financial position, financial performance and cash flows are as follow:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

A. Amounts recognized in the balance sheet

(a) Right-of-use asset

The carrying amount of right-of-use assets

	As of 31 December	
	2022	2021
Transportation equipment	$1,045	$920

(b) Lease liabilities

	As of 31 December	
	2022	2021
Lease liabilities		
Current	$580	$366
Non-Current	469	555
Total	$1,049	$921

Please refer to Note 6(17)(3) for the interest on lease liabilities recognized during the years ended 31 December 2022 and 2021. Refer to Note 12 (5) liquidity risk management for the maturity analysis for lease liabilities.

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended 31 December	
	2022	2021
Transportation equipment	$509	$401

C. Income and costs relating to leasing activities

	For the years ended 31 December	
	2022	2021
The expenses relating to short-term leases	$93	$-

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

D. Cash outflow related to lessee and lease activity

During the years ended 31 December 2022 and 2021, the Company's total cash outflows for leases amounting to NT$515 thousand and NT$406 thousand.

(16) Summary statement of employee benefits, depreciation and amortization expenses by function for the years ended 31 December 2022 and 2021:

	For the years ended 31 December					
	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	$142,500	$46,696	$189,196	$144,891	$39,446	$184,337
Labor and health insurance	15,054	3,340	18,394	15,606	3,484	19,090
Pension	6,259	1,719	7,978	6,458	1,783	8,241
Remuneration to directors and supervisors	-	5,758	5,758	-	4,628	4,628
Other employee benefits expense	6,253	1,595	7,848	5,221	1,502	6,723
Depreciation	31,712	1,585	33,297	31,609	1,442	33,051
Amortization	519	-	519	364	-	364

As of 31 December 2022 and 2021, the number of employees of the Company were 333 and 332; the number of directors who were not concurrently employees were 10 and 9.

For the years ended 31 December 2022 and 2021, the average of employees benefits expense of the Company were NT$714 thousand and NT$676 thousand, respectively ; the average of employees salaries of the Company were NT$604 thousand and NT$571 thousand, respectively, the Company's average salary expense adjustment for the year ended 31 December 2022 increased by 2.96%.

According to the Articles of Incorporation, should not be less than 2% and no higher than 3% of profit of the current year is distributable as employees' compensation and remuneration to directors and supervisors. However, the company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

The company from 1 January 2022 to 31 December 2022, and 2021 there were still accumulated losses to be made up, so they were not estimated pay employees' compensation payable and remuneration to directors and supervisors payable.

(17) Non-operating income and expenses

(a) Other income

	For the years ended 31 December	
	2022	2021
Dividend income	$8,881	$3,786
Interest income	675	518
Government grants income (Notes)	-	16,258
Others	3,320	1,411
Total	$12,876	$21,973

Notes：In 31 December 2021, due to the impact of the new coronavirus pneumonia epidemic on the operation of the company, the application for subsidies was approved by the Ministry of Economic Affairs in accordance with the "Measures of the Ministry of Economic Affairs for the Relief and Revitalization of Industries with Operational Difficulties Affected by Severe Special Infectious Pneumonia". from 1 January 2021 to 30 September 2021, a total of $16,258 thousand in salary subsidies was allocated, which was recognized as other income.

(b)Other gains and losses

	For the years ended 31 December	
	2022	2021
Losses on disposal of property, plant and equipment	$2,642	$(324)
Foreign exchange gain (losses), net	11,478	(2,664)
Gains of financial asset at fair value through profit or loss	280	1,262
Total	$14,400	$(1,726)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(c)Finance costs

	For the years ended 31 December	
	2022	2021
Interest on loans from bank	$938	$38
Interest on lease liabilities	9	-
Total	$947	$38

(18) Income tax

(a) Deferred tax assets (liabilities) relate to the following:

Income tax expense recognized in loss

	For the years ended 31 December	
	2022	2021
Current income tax expense:		
Current income tax charge	$-	$348
Deferred tax (income) expense:		
Deferred tax expense relating to origination and reversal of temporary differences	(17,133)	3,182
Total income tax (income) expense	$(17,133)	$3,530

Income tax relating to components of other comprehensive income

	For the years ended 31 December	
	2022	2021
Deferred tax expense :		
Remeasurements of defined benefit plans	$1,866	$(171)
Income tax relating to components of other comprehensive income	$1,866	$(171)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b) A reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the years ended 31 December	
	2022	2021
Accounting loss before tax from continuing operations	$(6,145)	$(21,663)
At statutory income tax rate	$(1,229)	$(4,332)
Expenses not deductible for tax purposes	(236)	1,078
Income exempt from taxation	(1,832)	(8,491)
Basic tax payable difference	-	348
Unrecognized tax losses/Deductible temporary difference	(13,836)	14,927
Total income tax income recognized in profit or loss	$(17,133)	$3,530

(c) Deferred tax assets (liabilities) relate to the following:

For the year ended 31 December 2022

	Balance as of 1 January	Recognized in profit or loss	Recognized in other comprehensive income	Balance as of 31 December
Temporary differences				
Allowance loss from price reduction of inventories	$9,725	$12,695	$-	$22,420
Allowance doubtful debts	1,951	(1,951)	-	-
Unrealized intraCompany profits	429	(585)	-	(155)
Leave payable	1,837	141	-	1,978
Accumulated losses	56,393	7,692	-	64,085
Land Gain Tax Preparation	(114,667)	-	-	(114,667)
Defined Benefit Retirement Plan	(2,822)	(860)	(1,866)	(5,548)
Deferred tax income /(expense)		$17,133	$(1,866)	
Net deferred tax assets (liabilities)	$(47,154)			$(31,887)
Reflected in balance sheet as follows:				
Deferred tax assets	$70,335			$88,482
Deferred tax liabilities	$(117,489)			$(120,369)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For the year ended 31 December 2021

	Balance as of 1 January	Recognized in profit or loss	Recognized in other comprehensive income	Balance as of 31 December
Temporary differences				
Allowance loss from price reduction of inventories	$11,955	$(2,230)	$-	$9,725
Allowance doubtful debts	1,856	95	-	1,951
Unrealized intraCompany profits	729	(300)	-	429
Leave payable	1,686	151	-	1,837
Accumulated losses	56,393	-	-	56,393
Land Gain Tax Preparation	(114,667)	-	-	(114,667)
Defined Benefit Retirement Plan	(2,095)	(898)	171	(2,822)
Deferred tax income /(expense)		$(3,182)	$171	
Net deferred tax assets (liabilities)	$(44,143)			$(47,154)
Reflected in balance sheet as follows:				
Deferred tax assets	$72,619			$70,335
Deferred tax liabilities	$(116,762)			$(117,489)

(c) Information on unused tax losses of individuals within the company is summarized as follows:

Yeae of occurrence	Deficit amount	Unused balance 31 December 2022	Unused balance 31 December 2021	Last deductible year
2016	$14,383	$-	$5,435	2026
2017	47,012	8,931	41,579	2027
2018	62,648	58,992	58,992	2028
2019	61,147	59,271	59,271	2029
2020	139,010	134,320	134,320	2030
2021	78,695	58,906	70,851	2031
Total	$402,895	$320,420	$370,448	

(e) Unrecognised deferred tax assets

As of 31 December 2022 and 2021, the company did not recognize the total amount of deferred income tax assets is 0 thousand and 17,697 thousand respectively.

(f) The assessment of income tax returns

As of 31 December 2022, the Company's income tax returns through 2020 have been assessed and approved by the tax authority.

(19) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit (loss) attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the years ended 31 December	
	2022	2021
(a) Basic earnings per share		
Profit (loss) attributable to ordinary equity holders of the Company(thousand)	$10,988	$(25,193)
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	130,666	130,666
Basic earnings per share (NT$)	$0.08	$(0.19)

	For the years ended 31 December	
	2022	2021
(b) Diluted earnings per share		
Profit (loss) attributable to ordinary equity holders of the Company(thousand)	$10,988	$(25,193)
Weighted average number of ordinary shares outstanding after dilution (in thousands)	130,666	130,666
Diluted earnings per share (NT$)	$0.08	$(0.19)

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date of completion of the financial statements.

7. Related party transactions

Information of the related parties that had transactions with the Company during the financial reporting period is as follows:

Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
LIANG-WOEI FIBRE CO., LTD.	Substantive related party (President is the natural person representative of the company's legal person directors)
HONG JEN TEXTILE CO., LTD.	Substantive related party (Directors are natural person representatives of the company's legal person directors)
TAIWAN TAFFETA FABRIC CO., LTD.	Substantive related party(Note)

Note：The resignation of the chairman of the company as the chairman of the company took effect on 18 February 2022, so TAIWAN TAFFETA FABRIC CO., LTD. is no longer a related person of the company.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Significant transactions with related parties

(a) Sales

	For the years ended 31 December	
	2022	2021
TAIWAN TAFFETA FABRIC CO., LTD.	$-	$4,923
HONG JEN TEXTILE CO., LTD.	97,310	-
Total	$97,310	$4,923

The sales price to the above related parties was determined through mutual agreement based on the market rates. The outstanding balance as of 31 December 2022 and 2021 was unsecured, non-interest bearing and must be settled in cash. The receivables from the related parties were not guaranteed.

(b) Purchases

	For the years ended 31 December	
	2022	2021
TAIWAN TAFFETA FABRIC CO., LTD.	$-	$983
LIANG-WOEI FIBRE CO., LTD.	7,570	-
Total	$7,570	$983

The purchase price from the above related parties was determined through mutual agreement based on the market rates. The payment terms from the related party suppliers are comparable with third party suppliers.

(c) Accounts Receivable

	As of 31 December	
	2022	2021
HONG JEN TEXTILE CO., LTD.	$3,316	$-

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(d) Key management personnel compensation

	For the years ended 31 December	
	2022	2021
Short-term employee benefits	$9,821	$9,625

8. Assets pledged as security

The Company has the following assets as collateral:

	For the years ended 31 December		Guarantee purpose
	2022	2021	
Land	$239,087	$239,087	Bank loan
Buildings	6,907	7,055	Bank loan
Total	$245,994	$246,142	

9. Commitments and contingencies

None.

10. Losses due to major disasters

None.

11. Significant subsequent events

None.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

12. Financial instruments

(1) Categories of financial instruments

Financial assets

	As of 31 December	
	2022	2021
Financial assets at fair value through profit or loss:		
Mandatorily measured at Fair value through profit or loss	$-	$2,661
Financial assets measured at amortized cost	46,065	-
Cash and cash equivalents	263,389	141,781
Notes and trade receivables (including related parties)	195,394	233,625
Other receivables (excluding income tax refund receivables)	926	727
Refundable deposits	23	791
Financial assets at fair value through other comprehensive income		
Equity instrument investment	234,855	267,836
Total	$740,652	$647,421

Financial liabilities

	As of 31 December	
	2022	2021
Financial liabilities at amortized cost:		
Short-term loans	$80,000	$-
Notes and accounts payable	121,956	86,514
Others payables	82,384	78,900
Deposits received	620	620
Total	$284,960	$166,034

(2) Financial risk management objectives and policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activates. The Company identifies measures and manages the aforementioned risks based on the Company's policy and risk appetite.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency).

The Company has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. Hedge accounting is not applied as they did not qualify for hedge accounting criteria.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Company's foreign currency risk is mainly related to the volatility in the exchange rates for USD and RMB. The sensitivity analysis information is as follows:

When the NT dollar appreciates/depreciates by 5% against the U.S. dollar, it will affect the Company for the years ended 31 December 2022 and 2021.The annual pre-tax profit and loss will decrease/increase by NT$10,582 thousand and NT$7,901 thousand respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt instrument investments at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit. The profit and loss of the Company for the years ended 31 December 2022 and 2021 will be reduced/increased NT$80 thousand and NT$0 thousand respectively.

(4) Credit risk management

Credit risk is the risk that a counterparty default obligations under a contract, leading to a financial loss to the company.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The credit risk of the Company is assessed on contracts whose fair value is a positive number on the balance sheet date. The Company only transacts with counterparties, which are financial institutions, companies with good credit rating. Consequently, there is no significant credit risk for these counter parties.

(5) Liquidity risk management

Our Company has constructed satisfied liquidity risk management construction. Our group manage liquidity risk by maintain enough loan limit, and monitor cash flows continuously. The unused bank loan limit on 31 December 2022 shows as below.

Non-derivative financial liabilities

	Less than 1 year	1 to 3 years	3 to 5 years	> 5 years	Total
As of 31 December 2022					
Lease liabilities	$586	$471	$-	$ -	$1,057
Short-term debt	80,042	-	-	-	80,042
As of 31 December 2021					
Lease liabilities	$372	$559	$-	$-	$931

Derivative financial liabilities

None

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(6) Reconciliation of liabilities from financing activities

Reconciliation of liabilities for the year ended 31 December 2022:

	Short-term loans	Lease liabilities	Total liabilities from financing activities
As of 1 January 2022			
Cash flow	$-	$921	$921
Currency change	80,000	(506)	79,494
Non-cash change	-	634	634
As of 31 December 2022	$80,000	$1,049	$81,049

Reconciliation of liabilities for the year ended 31 December 2021:

	Short-term loans	Lease liabilities	Total liabilities from financing activities
As of 1 January 2021			
Cash flow	$50,000	$219	$50,219
Currency change	(50,000)	(401)	(50,401)
Non-cash change	-	1,103	1,103
As of 31 December 2021	$-	$921	$921

(7) Fair values of financial instruments

(a) The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

a. The carrying amount of cash and cash equivalents, accounts receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.

b. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.

c. Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

(b) Fair value of financial instruments measured at amortized cost

The carrying amount of the Company’s financial assets and liabilities measured at amortized cost approximate their fair value.

(c) Please refer to Note 12(8)(2) for fair value measurement hierarchy for financial instruments of the Company.

(8) Fair value measurement hierarchy

(a) Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(b) Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Company's assets and liabilities measured at fair value on a recurring basis is as follows:

As of 31 December 2022

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at fair value through other comprehensive income				
Equity instrument investment				
Domestic listed stocks	$234,462	$-	$-	$234,462
Domestic unlisted (counter) ordinary share	-	-	-	-
Domestic unlisted (counter) preference share	-	-	393	393
Total	$234,462	$-	$393	$234,855

As at 31 December 2021

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Domestic listed stocks	$2,661	$-	$-	$2,661
Financial assets measured at fair value through other comprehensive income				
Equity instrument investment				
Domestic listed stocks	$264,544	$-	$-	$264,544
Domestic unlisted (counter) ordinary share	-	-	3,195	3,195
Domestic unlisted (counter) preference share	-	-	97	97
Total	$264,544	$-	$3,292	$267,836

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Transfers between Level 1 and Level 2 during the period

During the years ended 31 December 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value measurements.

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	At fair value through other comprehensive income
	Stocks
Beginning balances as of 1 January 2022	$3,292
Amount recognized in OCI	(2,801)
Disposal	(98)
Ending balances as of 31 December 2022	$393
Beginning balances as of 1 January 2021	$4,760
Amount recognized in OCI	(977)
Disposal	(491)
Ending balances as of 31 December 2021	$3,292

(9) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	As of 31 December 2022			As of 31 December 2021		
	Foreign currencies	Foreign exchange rate	NTD	Foreign currencies	Foreign exchange rate	NTD
Financial assets						
Monetary items:						
USD	$8,726	30.71	$267,975	$5,922	27.68	$163,933
EUR	78	32.72	2,567	82	31.32	2,572
Financial liabilities						
Monetary items:						
USD	$318	30.71	$9,766	$209	27.68	$5,797

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

The Company has a number of different functional currencies; therefore, we are unable to disclose the exchange loss and gain of monetary financial assets and financial liabilities under each foreign currency that has significant impact. The Company recognized NT$11,477 thousand foreign exchange profit and NT$ 2,664 thousand foreign exchange loss for the years ended 31 December 2022 and 2021, respectively.

(10) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payments to shareholders, return capital to shareholders or issue new shares.

(11) On 9 January 2020, the Taipei District Prosecutors Office concluded the investigation of Runyin Group's alleged loan fraud. One of the Company's employee was alleged to be involved in the case, so was prosecuted. The verdict of the second instance trial was delivered on 23 September 2021, the employee was sentenced to three years and ten months in prison. The case is currently under appeal.

Additionally, Yuanta Commercial Bank Co., Ltd. (Yuanta Commercial Bank) filed a supplementary civil action against the Company in October 2020, claiming that the Company shall be jointly and severally liable with the employee and the other nine individuals for the damages suffered by Yuanta Commercial Bank in the amount of NT$55,977 thousand. The Company has retained a lawyer to defend the case in accordance with the law. For the case mentioned above, the Taiwan Taipei District Court has rejected the action filed by Yuanta Commercial Bank on 29 July 2022.
The Company was notified of the final judgment on 7 December 2022 by Taiwan Taipei District Court Civic Division.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

13. Other disclosure

(1) Information at significant transactions

(a) Financing provided to others for the year ended 31 December 2022: None

(b) Endorsement/Guarantee provided to others for the year ended 31 December 2022: None

(c) Securities held as of 31 December 2022 (excluding investment in a subsidiaries, affiliated enterprises and joint venture control):
For the year ended 31 December 2022:

Holding company	Types of Securities	Relationship with Securities Issuers	Account	Shares/Units	Carrying amount	Share holding ratio	Fair value	Note
UNIVERSALTEX TILE CO., LTD.	TAIWAN TAFFETA FABRIC CO., LTD	-	Financial assets measured at fair value through other comprehensive income-non current	17,695,218	$234,462	13.63%	$234,462	-
	TAIWAN FILAMENT WEAVING DEVELOPMENT CO., LTD.-ordinary share	-	Financial assets measured at fair value through other comprehensive income-non current	1,613,844	-	3%	-	Note
	TAIWAN FILAMENT WEAVING DEVELOPMENT CO., LTD.-preference share	-	Financial assets measured at fair value through other comprehensive income-non current	39,340	393	-%	393	-

Note：The Company held financial assets measured at fair value through other comprehensive income-non current－Taiwan Filament Weaving Development CO., LTD.- ordinary share, due to the loss according to its latest report, the loss was fully withdrawn in June 2022.

(d) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended 31 December 2022: None

(e) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended 31 December 2022: None.

(f) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended 31 December 2022: None.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(g) Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20 percent of the capital stock for the year ended 31 December 2022: None.

(h) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of the capital stock as of 31 December 2022: None.

(i) Financial instruments and derivative transactions: None.

(j) The business relationship, significant transactions and amounts between parent company and subsidiaries: None.

(2) Information on investees:

(a) Invested companies with significant influence or control:

Names, locations, main businesses and products, original investment amount, investment as of 31 December 2022, net income (loss) of investee company and investment income (loss) recognized as of 31 December 2022:

Investor	Investee company	Address	Main businesses and products	Initial Investment		Investment as of 31 December 2022			Net income (loss) of investee company (Note1)	Investment income (loss) recognized (Note1)	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership (%)	Book value			
UNIVERSAL TEXTILE CO., LTD.	CHANG FU INVESTMENT CO., LTD.	7th Floor, No. 62-5, Xining North Road, Datong District, Taipei City	Wholesale of chemical raw materials	$30,000	$30,000	3,000,000	100%	$32,916	$1,191	$1,191	Subsidiary
UNIVERSAL TEXTILE CO., LTD.	HUNG YU TECHNOLOGY CO., LTD	7th Floor, No. 62-5, Xining North Road, Datong District, Taipei City	Holding company	$30,000	$-	3,000,000	100%	29,988	(12)	(12)	Subsidiary

Note1：Consolidation

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(3) Information on investments in mainland China

None

(4) Information of major shareholders：The name, shareholding amount and proportion of the shareholders whose equity ratio is more than 5%

Share / Main shareholder name	Number of shares held	Shareholding ratio
GU INTERNATIONAL CO., LTD.	16,250,000	12.43%
LIANG HAW TECHNOLOGY CO., LTD.	15,000,000	11.47%
EVERWIN CAPITAL LIMITED	10,000,000	7.65%
DAR YU ASSET MANAGEMENT CO., LTD.	9,250,000	7.07%
SHINE LEE INVESTMENT CO., LTD	7,500,000	5.73%

14. Operating Segment information

(1) For management purposes, the Company is organized into business units based on their products and services and has two reportable operating segments as follows:

(a) Textile segment：The main products of this department include polyester filament fabrics, T/R mixed weave fabrics, elastic fabrics, etc. The woven fabrics can be used as filament suit fabrics, women's thin fabrics and various finishing fabrics.

(b) Textured yarn segment：The main construction is Changbin Factory, produced polyester processed yarn, the specifications including 75D-600D，including CD100%、CD50%、Fur、linene and various composite yarns.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and measured in a manner consistent with operating profit and loss in the consolidated financial statements. However, income taxes are managed on a Company basis and are not allocated to operating segments.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Transfer prices between operating segment are on an arm's length basis in a manner similar to transactions with third parties.

(1)Information on profit or loss, assets and liabilities of the reportable segment for the year ended 31 December 2022 and 2021 were as of :

For the year ended 31 December 2022

	Textile segment	False Twist segment	Reportable segment Subtotal	Other	Reconciliation and Eliminated	Total
Revenue						
External customer	$793,430	$717,778	$1,511,208	$ -	$ -	$1,511,208
Inter-segment	-	93,401	93,401	-	(93,401)	-
Total revenue	$793,430	$811,179	$1,604,609	$ -	$(93,401)	$1,511,208
Segment profit	$49,908	$(43,763)	$6,145	$5,691	$(5,691)	$6,145

For the year ended 31 December 2021

	Textile segment	False Twist segment	Reportable segment Subtotal	Other	Reconciliation and Eliminated	Total
Revenue						
External customer	$468,729	$760,206	$1,228,935	$25,213	$ -	$1,254,148
Inter-segment	-	64,667	64,667	-	(64,667)	-
Total revenue	$468,729	$824,873	$1,293,602	$25,213	$(64,667)	$1,254,148
Segment profit	$(52,794)	$31,131	$(21,633)	$6,433	$(6,433)	$(21,663)

Information on assets and liabilities of the Company's operating segments as of 31 December 2022 and 2021:

Segment assets:

	Textile segment	False Twist segment	Reportable segment Subtotal	Other	Reconciliation and Eliminated	Total
31 December 2022	$900,414	$857,376	$1,757,790	$434,613	$(62,904)	$2,129,499
31 December 2021	$680,290	$700,886	$1,381,176	$664,550	$(35,723)	$2,010,003

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Segment liabilities:

	Textile segment	False Twist segment	Reportable segment Subtotal	Other	Reconciliation and Eliminated	Total
31 December 2022	$99,701	$24,123	$123,824	$372,638	$-	$496,462
31 December 2021	$56,059	$31,220	$87,279	$276,326	$-	$363,605

(2) Reportable reconciliation of departmental income, profit and loss, assets, liabilities and other major items

As of 31 December 2022 and 2021 the Company did not have information on departmental income, profit and loss, capital, assets, liabilities and other major items need to be adjusted.

(3) Geographical information

i. Revenue from external customers:

	For the years ended 31 December	
District	2022	2021
Taiwan	$779,853	$823,784
Asia	300,534	171,146
Europe	287,031	173,349
America	118,812	65,161
Other countries	24,978	20,708
Total	$1,511,208	$1,254,148

The revenue information above is based on the location of the customers.

(4) Information about major customers

There’s no sales revenue from a single customer accounting for over 10% of revenue on income statement for the years ended 31 December 2022 and 2021.