Stock Code: 1454

Taiwan TAFFETA Fabric Co., Ltd.
and subsidiaries

Consolidated Financial Statements
and Independent Auditor’s Report

For the Years Ended December 31, 2022 and 2021

Address: 8F., No. 70-1, Xining N. Rd., Datong Dist., Taipei City, Taiwan (R.O.C.)

TEL: (02)2556-8282

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Representation Letter

We hereby declare that we have confirmed the companies which shall be included in the consolidated financial statements of the affiliates and the ones which shall be included in the consolidated financial statements in accordance with IFRS 10 are identical; the related information has been disclosed in consolidated financial statements and will hence not be included in consolidated financial statements of the affiliates for the year ended in 2022, (January 1-December 31, 2022) in accordance with "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises."

Declared by

Company Name: Taiwan TAFFETA Fabric Co., Ltd. and subsidiaries

Person in charge: Chuang Yao-Ming

March 7, 2023

Independent Auditors' Report

To Taiwan TAFFETA Fabric Co., Ltd.,

Audit opinions

We have audited the accompanying consolidated financial statements of Taiwan TAFFETA Fabric Co., Ltd. and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies, as of from January 1 to December 31, 2022 and 2021.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Taiwan TAFFETA Fabric Co., Ltd. as of from January 1 to December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers of the Republic of China and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), interpretations (IFRS), and SIC interpretations endorsed and issued by the Financial Supervisory Commission (FSC).

Basis for Opinion

We conducted our audits in accordance with the Regulation Governing Auditing and Certification of Financial Statements by Certified Public Accountants and auditing standards accepted in the R.O.C.. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. The auditors of the firm, subject to the independence regulations, have maintained independence from Taiwan TAFFETA Fabric Co., Ltd. and subsidiaries in accordance with the

Code of Ethics and perform other obligations of such Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of Taiwan TAFFETA Fabric Co., Ltd. and subsidiaries for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The following is a summary of the key audit matters of 2022 financial statements of Taiwan TAFFETA Fabric Co., Ltd. and its subsidiaries:

<u>Key audit matter: authenticity of sales for specific customers</u>

The operating revenue of Taiwan TAFFETA Fabric Co., Ltd and its subsidiaries for 2022 was NT$1,796,280 thousand. Based on the consideration of the materiality of the financial statements and the recognition of revenue as a significant risk in the Statement on Auditing Standards, the certified public accountants identified the revenue from specific customers with high sales growth as a key audit matter. Please refer to Notes 4 and 24 to the consolidated financial statements.

The certified public accountants have performed the following key audit procedures with respect to the above important matters:

1. Understand, evaluate and test the effectiveness of the design and implementation of the internal control system related to revenue recognition.
2. Obtain the details of sales revenue from specific customers in 2022, verify the original orders, shipping orders, invoices and other related documents of the relevant transactions, and reconcile them with the recorded amounts to confirm the authenticity of the revenue.
3. We obtain the details of post-period sales returns from specific customers, verify the documents related to their sales returns and examine the reasonableness of the returns.

Other Matters

Taiwan TAFFETA Fabric Co., Ltd. has prepared the unconsolidated financial statements for 2022 and 2021, to which we have also issued an independent auditor's report with unqualified opinion along with the section on other matters and provided for reference.

Responsibilities of Management Level and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is also responsible for assessing the ability of Taiwan TAFFETA Fabric Co., Ltd. and its subsidiaries to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Taiwan TAFFETA Fabric Co., Ltd.and its subsidiaries 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 Taiwan TAFFETA Fabric Co., Ltd. and its subsidiaries.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the R.O.C. will always detect a material misstatement when it exists in the consolidated financial statements. Misstatements can arise from fraud or error. Misstatements 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 the consolidated financial statements.

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

1. Identify and assess the risk of material misstatement of the consolidated financial statements due to fraud or error, design and adopt appropriate countermeasures for the risks assessed, and obtain sufficient and appropriate audit evidence in order to be used as the basis for the 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 Taiwan TAFFETA Fabric Co., Ltd. and its subsidiaries.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management level.
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 of Taiwan TAFFETA Fabric Co., Ltd. and its subsidiaries to continue as a going concern. 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause Taiwan TAFFETA Fabric Co., Ltd. and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including relevant notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence for the financial information of individual entities of the Group and provide opinion on the consolidated financial statements. We handle the guidance, supervision and execution of the audit on the Group and are responsible for preparing the opinion for the Group.

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 the governance units with statements that we have complied with relevant matters that may reasonably be thought to bear on our independence, and we have also communicated with the governance units on all relationships and other matters (including relevant protective measures) that may be considered to affect the independence of auditors.

From the matters communicated with those charged with governance, we determine those matters that were of most significant in the audit of 2022 unconsolidated financial statements of Taiwan TAFFETA Fabric Co., Ltd. and its subsidiaries 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.

Deloitte Taiwan

Certified Public Accountant Yu Su-Huan	Certified Public Accountant Chih Jui-Chuan
Securities and Futures Commission Approval Document No. Tai-Tsai-Zheng-(6)-Zi No. 0920123784	Financial Supervisory Commission Approval Document No. Jin-Guan-Zheng-Shen-Zi No. 1060023872

March 7, 2023

Taiwan TAFFETA Fabric Co., Ltd. and subsidiaries

Consolidated balance sheet

December 31, 2022 and 2021

Unit: Amounts expressed in thousands of New Taiwan Dollars

		December 31, 2022		December 31, 2021	
Code	ASSETS	Amount	%	Amount	%
	Current Assets				
1100	Cash and cash equivalents (Note 6 and 30)	$ 197,895	10	$ 386,047	19
1110	Financial assets at fair value through profit or loss - current (Note 7 and 30)	69,608	3	65,160	3
1120	Financial assets at fair value through other comprehensive profit or loss - current (Note 8 and 30)	54,081	3	55,514	3
1140	Financial assets at amortized cost - current (Note 9 and 30)	124,434	6	-	-
1150	Notes receivable (Notes 10 and 30)	2,992	-	20,788	1
1170	Accounts receivable (Notes 10, 24 and 30)	141,461	7	130,578	6
1200	Other receivables (Note 30)	10,990	1	2,528	-
130X	Inventories (Notes 11)	493,229	24	491,498	24
1410	Prepayments	40,619	2	59,207	3
1476	Other financial assets - current (Notes 16, 30 and 32)	-	-	4,016	-
1479	Other current assets (Note 17)	1,193	-	455	-
11XX	Total current assets	1,136,502	56	1,215,791	59
	Non-current assets				
1600	Property, plant and equipment (Note 13)	796,175	39	726,964	36
1755	Right-of-use assets (Notes 14)	881	-	1,760	-
1780	Intangible assets (Note 15)	14,158	1	19,084	1
1840	Deferred tax assets (Notes 26)	74,557	3	85,150	4
1915	Prepayments for business facilities (Note 33)	18,498	1	3,858	-
1990	Other non-current assets (Note 10, 17 and 30)	1,367	-	1,346	-
15XX	Total non-current assets	905,636	44	838,162	41
1XXX	Total assets	$ 2,042,138	100	$ 2,053,953	100
Code	Liabilities and Equity				
	Current Liabilities				
2100	Short-term borrowings (Note 18 and 30)	$ 170,000	8	$ 145,000	7
2110	Short-term bills payable (Note 18 and 30)	50,000	3	50,000	2
2130	Contract liabilities - Current (Note 24)	22,081	1	32,912	2
2150	Notes payable (Notes 19 and 30)	44,214	2	47,153	2
2170	Accounts payable (Notes 19 and 30)	32,458	2	31,598	2
2219	Other payables (Notes 20 and 30)	65,131	3	54,534	3
2230	Deferred tax liabilities (Notes 26)	7,960	-	2,351	-
2280	Lease liabilities - Current (Notes 14)	658	-	880	-
2250	Provisions - Current (Note 21)	8,703	1	9,480	-
2399	Other current liabilities (Note 20 and 30)	1,839	-	1,639	-
21XX	Total current liabilities	403,044	20	375,547	18
	Non-current liabilities				
2580	Lease liabilities - non-current (Notes 14)	235	-	893	-
2630	Long-term deferred revenue (Notes 20 and 28)	7,851	-	11,321	1
2640	Net defined benefit liabilities - non-current (Notes 22)	32,652	2	50,949	2
25XX	Total non-current liabilities	40,738	2	63,163	3
2XXX	Total Liabilities	443,782	22	438,710	21
	Equity attributable to owners of the company (Note 23)				
	Share capital				
3110	Ordinary share	1,298,338	64	1,298,338	63
3200	Capital surplus	64,753	3	60,896	3
	Retained earnings				
3310	Legal reserve	47,749	2	22,859	1
3320	Special reserve	37,213	2	37,213	2
3350	Unappropriated earnings	202,386	10	248,902	12
3300	Total retained earnings	287,348	14	308,974	15
3400	Other equities	24,926	1	24,045	1
3500	Treasury shares	(77,032)	(4)	(77,032)	(3)
31XX	Total owners' equity of the company	1,598,333	78	1,615,221	79
36XX	Non-controlling interests	23	-	22	-
3XXX	Total equity	1,598,356	78	1,615,243	79
	Total liabilities and equities	$ 2,042,138	100	$ 2,053,953	100

The accompanying notes are an integral part of the consolidated financial statements

Chairman: Chuang Yao-Ming　　Manager: Chuang Yao-Ming　　Accounting Officer: You Wang-Hua

Taiwan TAFFETA Fabric Co., Ltd. and subsidiaries

Consolidated Statements of Comprehensive Income

For the Years Ended December 31, 2022 and 2021

Unit: Expressed in NT$ 1,000 thousand; except earnings per share expressed in NT$)

		2022		2021	
Code		Amount	%	Amount	%
4000	Operating revenue (Notes 24 and 31)	$ 1,796,280	100	$ 1,574,819	100
5000	Operating costs (Notes 11, 25 and 31)	(1,607,171)	(89)	(1,446,530)	(92)
5900	Gross profit	189,109	11	128,289	8
	Operating expenses (Note 25 and 31)				
6100	Selling expenses	(90,380)	(5)	(75,561)	(5)
6200	Administrative expenses	(61,704)	(3)	(54,738)	(3)
6300	Research and development expenses	(8,787)	(1)	(8,763)	(1)
6450	Expected credit impairment losses	(369)	-	(136)	-
6000	Total operating expenses	(161,240)	(9)	(139,198)	(9)
6500	Net other incomes and expenses (Note 25)	989	-	(555)	-
6900	Net operating profit (loss)	28,858	2	(11,464)	(1)
	Non-operating income and expenses (Note 25)				
7050	Financial costs	(1,243)	-	(2,040)	-
7100	Interest revenue	896	-	1,061	-
7110	Rental income	4	-	48	-
7130	Dividend income	272	-	5,791	-
7190	Other income	6,600	-	9,153	1
7235	(Loss) gain on financial assets at fair value through profit or loss	(735)	-	635	-
7590	Miscellaneous expenses	-	-	(335)	-
7630	Foreign exchange (loss) gain	13,116	1	(4,374)	-
7000	Total non-operating incomes and expenses	18,910	1	9,939	1

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Code		2022 Amount	2022 %	2021 Amount	2021 %
7900	Net profit (loss) before income tax	$ 47,768	3	($ 1,525)	-
7950	Income tax (expense) benefit (Note 26)	(15,577)	(1)	6,658	-
8000	Net profit for the year from continuing operations	32,191	2	5,133	-
	Other comprehensive income (Note 22, 23 and 26)				
8310	Items not reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit programs	11,091	-	(2,887)	-
8316	Unrealized equity instrument profit or loss measured at fair value through other comprehensive income	3,109	-	109,757	7
8349	Income taxes related to the items not re-classified	(2,218)	-	577	-
		11,982	-	107,447	7
8300	Other comprehensive income of the year (net amount after tax)	11,982	-	107,447	7
8500	Total comprehensive income (loss) for the year	$ 44,173	2	$ 112,580	7
	Net income attributable to:				
8610	Owners of the Company	$ 32,190	2	$ 5,133	-
8620	Non-controlling interests	1	-	-	-
8600		$ 32,191	2	$ 5,133	-
	Total comprehensive income attributable to:				
8710	Owners of the Company	$ 44,172	2	$ 112,575	7
8720	Non-controlling interests	1	-	5	-
8700		$ 44,173	2	$ 112,580	7
	Earnings per Share (Note 27)				
9750	Basic earnings per share	$ 0.26		$ 0.04	
9850	Diluted earnings per share	$ 0.26		$ 0.04	

The accompanying notes are an integral part of the consolidated financial statements

Chairman: Chuang Yao-Ming Manager: Chuang Yao-Ming Accounting Officer: You Wang-Hua

Taiwan TAFFETA Fabric Co., Ltd. and subsidiaries

Consolidated Statement of Changes in Equity

For the Years Ended December 31, 2022 and 2021

Unit: Amounts expressed in thousands of New Taiwan Dollars

		Equity attributable to owners of the company											
		Share capital			Retained earnings			Other items of equity					
Code		Shares (Thousands)	Share capital	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Unrealized financial assets profit or loss measured at fair value through other comprehensive income	Treasury shares	Total	Non-controlling interests	Total Equity
A1	Balance at January 1, 2021	129,834	$ 1,298,338	$ 85,320	$ 51,242	$ 37,213	($ 28,383)	$ 160,372	($ 77,032)	$ 1,527,070	$ 17	$ 1,527,087
	Earning distribution for 2020											
B13	Legal reserve deficit compensation	-	-	-	(28,383)	-	28,383	-	-	-	-	-
C15	Allotment of cash dividends from capital reserve	-	-	(25,967)	-	-	-	-	-	(25,967)	-	(25,967)
D1	2021 Net profit	-	-	-	-	-	5,133	-	-	5,133	-	5,133
D3	Other comprehensive income (loss) for 2021	-	-	-	-	-	(2,310)	109,752	-	107,442	5	107,447
D5	Total comprehensive income of 2021	-	-	-	-	-	2,823	109,752	-	112,575	5	112,580
M1	Release of dividends to subsidiaries to adjust capital reserve	-	-	1,543	-	-	-	-	-	1,543	-	1,543
Q1	Disposal of investments in equity instruments measured at fair value through other comprehensive income or loss	-	-	-	-	-	246,079	(246,079)	-	-	-	-
Z1	Balance as of December 31, 2021	129,834	1,298,338	60,896	22,859	37,213	248,902	24,045	(77,032)	1,615,221	22	1,615,243
	Earning distribution for 2021											
B1	Legal reserve	-	-	-	24,890	-	(24,890)	-	-	-	-	-
B5	Cash dividend to shareholders	-	-	-	-	-	(64,917)	-	-	(64,917)	-	(64,917)
D1	2022 Net profit	-	-	-	-	-	32,190	-	-	32,190	1	32,191
D3	Other comprehensive income (loss) for 2022	-	-	-	-	-	8,873	3,109	-	11,982	-	11,982
D5	Total comprehensive income of 2022	-	-	-	-	-	41,063	3,109	-	44,172	1	44,173
M1	Release of dividends to subsidiaries to adjust capital reserve	-	-	3,857	-	-	-	-	-	3,857	-	3,857
Q1	Disposal of investments in equity instruments measured at fair value through other comprehensive income or loss	-	-	-	-	-	2,228	(2,228)	-	-	-	-
Z1	Balance as of December 31, 2022	129,834	$ 1,298,338	$ 64,753	$ 47,749	$ 37,213	$ 202,386	$ 24,926	($ 77,032)	$ 1,598,333	$ 23	$ 1,598,356

The accompanying notes are an integral part of the consolidated financial statements

Chairman: Chuang Yao-Ming Manager: Chuang Yao-Ming Accounting Officer: You Wang-Hua

Taiwan TAFFETA Fabric Co., Ltd. and subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2022 and 2021

Unit: Amounts expressed in thousands of New Taiwan Dollars

Code		2022	2021
	Cash flows from operating activities		
A10000	Net profit (loss) before tax for the year	$ 47,768	($ 1,525)
A20010	Income/expenses items		
A20100	Depreciation expense	67,035	64,912
A20200	Amortization expenses	4,926	1,231
A20300	Expected credit impairment losses	369	136
A20400	Net loss (gain) on financial assets at fair value through profit or loss	735	(635)
A20900	Financial costs	1,243	2,040
A21200	Interest revenue	(896)	(1,061)
A21300	Dividend income	(272)	(5,791)
A22500	Losses from Disposal of Property, Plant and Equipment	(989)	555
A23700	Loss for market price decline and obsolete and slow-moving inventories (gain from price recovery)	5,682	(15,661)
A30000	Net changes in operating assets and liabilities		
A31130	Note receivable	17,796	(4,004)
A31150	Accounts receivable	(11,240)	(24,763)
A31180	Other receivables	(1,794)	(1,289)
A31200	Inventories	(7,413)	(52,702)
A31230	Prepayments	18,588	(12,648)
A31240	Other current assets	(738)	730
A31990	Debt collection	(12)	(105)
A32125	Contract liability	(10,831)	(302)
A32130	Notes payable	(2,939)	(3,101)
A32150	Accounts payable	860	10,030
A32180	Other payables	10,538	4,098
A32200	Provision for liabilities	(777)	1,410
A32210	Long-term deferred income	(3,470)	11,321
A32230	Other current liabilities	200	(3,928)
A32240	Net defined benefit liability	(7,206)	(6,868)
A33000	Cash provided by operating activities	127,163	(37,920)
A33100	Interest received	649	1,061
A33200	Dividends received	272	5,791

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Code		2022	2021
A33300	Interest paid	($ 1,184)	($ 2,016)
A33500	Income tax paid	(1,593)	(401)
AAAA	Net cash inflow (outflow) from operating activities	125,307	(33,485)
	Cash flows from investing activities		
B00010	Acquisition of financial assets measured at fair value through other comprehensive income or loss	-	(11,883)
B00040	Acquisition of financial assets measured at amortized cost	(124,434)	-
B00100	Purchase of financial assets at fair value through profit or loss	(27,400)	(112,909)
B00020	Disposal of financial assets at fair value through other comprehensive income	4,542	364,461
B00200	Disposal of financial assets at fair value through profit or loss	15,796	58,310
B02700	Purchase of property, plant and equipment	(133,861)	(11,481)
B02800	Proceeds from disposal of property, plant and equipment	1,489	-
B03700	Increase in refundable deposits	(21)	(8)
B04500	Acquisition of intangible assets	-	(6,700)
B06500	Decrease (increase) in other financial assets	4,016	(14)
B07100	(Increase) decrease in prepayments for business facilities	(16,646)	3,676
BBBB	Net cash (outflow) inflow from investing activities	(276,519)	283,452
	Cash flows from financing activities		
C00200	Increase (decrease) in short-term borrowings	25,000	(45,000)
C04020	Repayment of the lease liability principal	(880)	(981)
C04500	Payment of cash dividends	(61,060)	(24,424)
CCCC	Net cash outflow from financing activities	(36,940)	(70,405)
EEEE	Increase in net (decrease) in cash and cash equivalents	(188,152)	179,562
E00100	Beginning cash and cash equivalents of the year	386,047	206,485
E00200	End cash and cash equivalents of the year	$ 197,895	$ 386,047

The accompanying notes are an integral part of the consolidated financial statements

Chairman: Chuang Yao-Ming   Manager: Chuang Yao-Ming   Accounting Officer: You Wang-Hua

Taiwan TAFFETA Fabric Co., Ltd. and subsidiaries

Note to consolidated financial statements

For the Years Ended December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

I. Company History

Taiwan TAFFETA Fabric Co., Ltd. (hereinafter referred to as "the Company") was established in June 1973, engaged in the production and sale of Tetoron fabric. In March 1985, the Company was reorganized and principally engaged in the manufacture and trading of synthetic chemical fibres, yarns and threads for knitted products, woven fabric garments and processed silk. The shares of the Company were listed and traded on the Taiwan Stock Exchange in January 1993 with the approval of the Regulator.

The consolidated financial statements were expressed in New Taiwan Dollars, which is the Company's functional currency.

II. Approval Date and Procedures of The Financial Statements

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

III. New Standards, Amendments and Interpretations Adopted

(I) Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC).

Application of aforementioned amendments will not have a significant effect on the Consolidated Company's accounting policies.

(II) IFRSs endorsed by FSC applicable in 2023

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 1 "Disclosure of Accounting Policy"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimation"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred income tax: related to assets and liabilities incurred due to single transaction"	Sunday, January 1, 2023 (Note 3)

Note 1: Amendments are applicable to the reporting period beginning on or after January 1, 2023.

Note 2: Amendments are applicable to the changes on accounting estimates and accounting policies for annual reporting periods beginning on or after January 1, 2023.

Note 3: Except for the temporary difference of lease and decommissioning obligations recognized as deferred income tax on January 1, 2022, the amendments are applicable to transactions occurred after January 1, 2022.

1. Amendments to IAS 1 “Disclosure of Accounting Policy”

The amendment specifies that the Consolidated Company shall determine the material accounting policy information to be disclosed based on the definition of material. Accounting policy information is material if it can reasonably be expected to affect the decisions that the primary users of the general purpose financial statements make on the basis of those financial statements. The amendment also clarifies that:

˙ Accounting policy information relating to immaterial transactions or other events or circumstances is immaterial and the Consolidated Company is not required to disclose such information.

˙ The Consolidated Company may determine that relevant accounting policy information is material because of the nature of the transaction or other event or circumstance, even if the amount is not material.

˙ Not all accounting policy information relating to material transactions or other events or circumstances is material.

In addition, the amendment provides examples to illustrate that accounting policy information may be material if it is related to a material transaction or other event or circumstance and if:

(a) the Consolidated Company changes its accounting policy during the reporting period and the change results in a material change in financial statement information;

(b) the Consolidated Company selects its applicable accounting policy from among the options permitted by the standard;

(c) the Consolidated Company's accounting policies established in accordance with IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors", due to the absence of specific standards;

(d) the Consolidated Company discloses a relevant accounting policy that requires the application of significant judgement or assumptions; or

(e) it involves complex accounting requirements and users of the financial statements rely on such information to understand such material transactions, other events or circumstances

2. Amendments to IAS 8 “Definition of Accounting Estimation”

The amendment specifies that an accounting estimate refers to a monetary amount in the financial statements that is subject to measurement uncertainty In applying accounting policies, the Consolidated Company may need to measure financial statement items using monetary amounts that are not directly observable but must be estimated, and therefore measurement techniques and inputs are used to develop accounting estimates for this purpose. The effect of changes in measurement techniques or inputs on accounting estimates that are not corrections of prior period errors are considered as changes in accounting estimates.

3. Amendments to IAS 12 "Deferred income tax: related to assets and liabilities incurred due to single transaction"

The amendment clarifies that transactions that give rise to the same amount of taxable and deductible temporary differences on initial recognition are not subject to the exemption from the original recognition requirements of IAS 12. On January 1, 2022, the Consolidated Company recognized deferred tax assets (to the extent it is probable that taxation is available for deductible temporary differences) and deferred tax liabilities for all deductible and taxable temporary differences associated with lease and decommissioning obligations and recognized the cumulative effect as an adjustment to the opening balance of retained earnings at that date. The application of the amendment is deferred for transactions other than leases and decommissioning obligations occurring after 1 January 2022. When the amendment is first applied by the

Consolidated Company, the comparative period information should be restated.

As of the date the consolidated financial statements were authorized for issue, the Consolidated Company has assessed the possible impact that the application of other standards and interpretations would have on the Consolidated Company's financial position and financial performance, and has determined that there would be no such material impact.

(III) The IFRSs issued by the International Accounting Standards Board (IASB) but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendment to IFRS 16 "Lease Liabilities in Sale and Leasebacks"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "First time of application of IFRS 17 and IFRS 9－comparison information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Classification of Liabilities with Covenants"	January 1, 2024

Note 1: Unless stated otherwise, the above New, Revised or Amended Standards and Interpretations are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: Seller-lessee shall apply the amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

1. Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

   The amendment provides that if the Consolidated Company sells or invests assets to associates (or joint ventures), or if the Consolidated Company loses control over a subsidiary but retains significant influence (or joint control) over the subsidiary, the Consolidated Company recognizes all gains and losses arising from such transactions if the aforementioned asset or former subsidiary meets the definition of "Business Combination" for "Business" under IFRS 3.

In addition, if the Consolidated Company sells or invests assets to associates (or joint ventures), or if the Consolidated Company loses control of a subsidiary in a transaction with an associate (or joint venture) but retains significant influence (or joint control) over the subsidiary, the Consolidated Company recognizes gains or losses arising from the transaction only to the extent that the Consolidated Company's interest in the associate (or joint venture) is unrelated to that of the investor, i.e., the Consolidated Company's share of such gains or losses is eliminated if the aforementioned asset or former subsidiary does not meet the definition of "Business" under IFRS 3.

2. Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" (amended in 2020) and "Non-current Liabilities with Contractual Terms" (amended in 2022)

The 2020 amendment is to clarify that, in determining whether a liability is classified as non-current, clarify that an assessment should be made as to whether the Consolidated Company has a right to defer settlement at the end of the reporting period for at least 12 months after the reporting period. If the Consolidated Company has such a right at the end of the reporting period, the liability is classified as non-current whether or not the Consolidated Company expects to exercise the right.

The 2020 amendment also provides that if the Consolidated Company has the right to defer settlement of a liability subject to certain conditions, the Consolidated Company must have complied with the specified conditions at the end of the reporting period, even if the lender tests whether the Consolidated Company has complied with those conditions at a later date. The 2022 amendment further clarifies that only contractual terms that are required to be followed prior to the reporting period end date will affect the classification of the liability. Although the contractual terms to be followed within 12 months after the reporting period do not affect the classification of the liability, information must be disclosed to enable users of the financial statements to understand the risk that the Consolidated Company may not be able to comply with the contractual terms and be required to make repayments within 12 months of the reporting period.

The 2020 amendment provides that for the purpose of liability classification, the aforementioned liquidation refers to the transfer of cash, other economic resources or equity instruments of the Consolidated Company to a counterparty that results in the elimination of a liability. However, if the terms of the liability may, at the option of the counterparty, result in the liquidation of the Consolidated Company's equity instruments and if the option is separately recognized in equity in accordance with IAS 32, "Financial Instruments: Presentation", the above terms do not affect the classification of the liability.

Addition to the aforementioned influences, up to the reporting date, the Consolidated Company will continue evaluating other influences on financial status and performance resulting from amendments to rules or explanations. The related influences are to be disclosed once the evaluation is accomplished.

IV. Summary of Significant Accounting Polices

(I) Compliance Statement

The preparation of the consolidated financial statements is based on the “Regulations Governing the Preparation of Financial Reports by Securities Issuers" and IFRSs accepted and effectively published by FSC.

(II) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments and the present value of the defined benefit obligation deducting the net defined benefit liabilities of the fair value of any plan assets which are measured at fair value.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

1. Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

2. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
3. Level 3 inputs are unobservable inputs for the asset or liability.

(III) Classification of Current and Non-current Assets and Liabilities

Current assets include:

1. Assets held primarily for the purpose of trading;
2. Assets that are expected to be realized within twelve months from the balance sheet date; and
3. Cash and cash equivalent (unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the date of statement of financial position).

Current liabilities include:

1. Liabilities held primarily for the purpose of trading;
2. Liabilities expected to be settled within twelve months after the maturity of the debt (even if the liability at the date of statement of financial position to complete the long-term refinancing prior to the financial statements or reschedule payment agreement), and
3. Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. If a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification.

Assets and liabilities that are not classified as current are classified as non-current.

(IV) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries). The Consolidated Statements of Comprehensive Income incorporates the operating profit or loss of the acquired or disposed company for the period from the date of acquisition or up to the date of disposal. Adjustments have been made to the financial statements of subsidiaries to allow their accounting policies to be consistent with those used by the Consolidated Company. During the preparation of the consolidated financial statements, the transaction, account balance, revenue and expense among entities have been eliminated completely. The total comprehensive income/loss of the subsidiaries are attributed to the owner's and non-controlling interests of the Company, and the same is true when the non-controlling interests consequently become loss balance.

Changes in the Consolidated Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Consolidated Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value paid or received is recognized directly in equity and attributed to shareholders of the Company.

Please see Note 12 and Tables 2 for details of subsidiaries, percentage of ownership and business.

(V) Inventories

Construction inventory - properties under construction and properties for sale

Properties under construction and properties for sale are recorded at acquisition cost. Properties under construction refers to the cost of construction land and construction work invested and not yet completed, and interest capitalized prior to the completion of construction work, and the cost is apportioned using the build-to-suit ratio when the cost is carried forward after completion of the work. Once selected, no changes can be made to the same project in previous or subsequent years.

Manufacturing inventory

Inventory includes raw materials, supplies, semi-finished and finished goods. Inventories are stated at the lower of cost or net realizable value. The lower of cost and net realizable value is based on the individual inventory items. Net realized value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale. The inventory cost is measured by using the weighted average method.

(VI) Property, Plant and Equipment

The property, plant and equipment are recognized at costs and subsequently measured at costs of the amount less accumulated depreciation

Property, plant and equipment in the course of construction for production are recognized at cost less accumulated impairment losses. Such cost includes professional service fees and borrowing costs eligible for capitalization. Samples produced while the assets are being tested for proper functioning before they reach their intended use are measured at the lower of cost or net realizable value, with the sales price and cost recognized in profit or loss. Upon completion and ready for intended use, such assets are classified to the appropriate categories of property, plant and equipment, and depreciation of these assets commences.

Depreciation is recognized using the straight-line method, and each significant part is depreciated separately. The Consolidated Company reviews the estimated useful lives, residual values and depreciation method at least at the end of each reporting period, and with the effect of any changes in estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

(VII) Intangible asset

1. Acquired separately

   Separately acquired intangible assets with finite useful lives are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment losses. Intangible assets are amortized on a straight-line basis over their useful lives and the Consolidated Company reviews the estimated useful lives, residual values and amortization method at least at the end of each reporting period, and with the effect of any changes in estimates accounted for on a prospective basis.

2. Derecognition

   On derecognition of the intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss for the period.

(VIII) Contractual cost related assets

Sales commissions paid to real estate sales staff and sales service fees paid under underwriting contracts for properties for sale are incurred only when contracts are obtained from customers and are recognized as incremental costs of acquisition contracts to the extent that the amounts are recoverable and are reversed when the real estate is completed and delivered to the customers. However, the Consolidated Company has elected not to capitalize the incremental costs of acquisition contracts that are expected to be amortized over one year.

(IX) Impairments of related assets including property, plant and equipment, right-of-use assets and intangible assets

At the end of each reporting period, the Consolidated Company reviews whether there is any indication that its property, plant and equipment, right-of-use assets and intangible assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Consolidated Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are apportioned to the smallest group of cash units on a reasonably consistent basis.

An impairment test is conducted at least annually and whenever there is an indication of impairment for intangible assets that have an indefinite useful life and are not yet ready for use.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When impairment loss subsequently reverses, the carrying amounts of the asset, cash-generating units or contract cost and related assets are increased to the revised recoverable amounts. However, the increased carrying amounts shall not exceed the carrying amounts of the asset, cash-generating units or contract cost and related assets which were not recognized as impairment loss at the past period (less amortization or depreciation). The reversal of impairment loss is recognized as profit or loss.

(X) Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1. Financial asset

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

(a) Classification of measurement

Financial assets held by the Consolidated Company are classified to financial assets at fair value through profit or loss, financial assets at amortized cost and investments in equity instruments at fair value through other comprehensive income.

A. Financial assets at FVTPL

Financial assets at fair value through profit or loss are financial assets designated as at fair value through profit or loss. Financial assets designated as at fair value through profit or loss include investments in equity instruments that are not designated by the Consolidated Company as being measured at fair value through other comprehensive income or loss and investments in debt instruments that do not qualify for classification as being measured at amortized cost or at fair value through other comprehensive income or loss.

Financial assets at fair value through profit or loss are measured at fair value, with gains or losses arising from their remeasurement (excluding any dividends or interest arising on the financial assets) recognized in profit or loss.

B. Financial assets measured at amortized cost

When the financial assets invested by the Consolidated Company satisfies the following two criteria at the same time, it is classified as the amortized cost financial assets:

a. Where the financial assets are held under certain business model, and the purpose of such model is to hold the financial assets in order to collect contract cash flows; and

b. Where contract terms generated cash flow of specific date, and such cash flow is completely for the payment of the interest of principle and external circulating principle amount.

Financial assets measured at amortized cost include cash and cash equivalents, note receivable, accounts receivable and other financial assets measured at amortized cost. When the recognition commences, effective interest method is used to determine the carrying amount less any amortized cost of depreciation. Any exchange gains and losses are recognized as gains and losses.

Interest income is calculated by multiplying the effective interest rate by the total carrying amount of the financial asset, except in the following two cases:

a. For purchased or originated credit-impaired financial asset, interest income is calculated by multiplying the credit-adjusted effective interest rate by the Amortized cost of the financial asset.

b. For financial assets that are not purchased or originated credit-impaired but subsequently become credit-impaired, interest income should be calculated by multiplying the effective interest rate by the Amortized cost of the financial asset.

Credit losses on financial assets are significant financial difficulty of the issuer or borrower, a breach of contract, it becoming probable that the borrower will enter bankruptcy or other financial reorganization, or the disappearance of an active market for the financial asset because of financial difficulties.

Cash equivalents, for the purpose of meeting short-term cash commitments, consist of highly liquid time deposits that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and acquired within three months.

C. Investments in equity instruments measured at fair value through other comprehensive income

On initial recognition, the Consolidated Company may irrevocably designate investments in equity instruments that is not held for trading and not recognized as contingent consideration as at FVTOCI. Investments in equity instruments measured at fair value through other comprehensive income are measured at fair value. Subsequently the changes in fair value are reported in other comprehensive income and accumulated in other equity. On disposal of investments, the accumulated profit or loss is directly transferred to retained earnings and it is not reclassified to profit or loss.

The dividend from investments in equity instruments measured at fair value through other comprehensive income are recognized in profit or loss upon the Consolidated Company's right to receive payment is established, except for apparently the dividend representing the recovery of the partial investment cost.

(b) Impairments of financial assets and contract assets

At the date of each balance sheet, the Consolidated Company reviews expected credit losses to estimate the impairment loss of financial assets, including notes receivable, and contract assets measured at amortized cost.

The loss allowances for accounts receivable and contract assets are measured at an amount equal to useful lives expected credit losses. Other financial assets are assessed to determine whether the credit risk has significantly increased since the original recognition. If there is no significant increase, then the allowance loss is recognized according to the 12-month expected credit loss. If it has increased significantly, then allowance loss is recognized according to the lifetime expected credit loss.

Expected credit losses are weighted average credit losses with the probability of default events. The 12-month expected credit losses are expected credit losses that result from default events possible within 12 months after the reporting date. Lifetime expected credit losses result from all possible default events over the expected life of the financial instruments.

For the purpose of internal controls on credit risk, without considering the collaterals it holds, the Consolidated Company determines the following events as a breach of contract:

A. There is internal or outside information prevails that it is not possible the borrower pays off the debt.

B. The overdue exceeds a certain number of days, unless reasonable and supportable information indicates that a delayed default basis is more appropriate.

The carrying amount of the impairment loss on all financial assets was reduced by an allowance account, but the allowance for losses on investments in debt instruments measured at fair value through other comprehensive income is recognized in other comprehensive income and does not reduce their carrying amounts.

(c) Derecognition of financial assets

The Consolidated Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of financial assets at amortized cost in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

When investments in debt instruments measured at fair value through other comprehensive income or loss are derecognized as a whole, the difference between their carrying amount and the sum of the consideration received plus any cumulative gain or loss recognized in other comprehensive income or loss is recognized in profit or loss. On derecognition of Investments in equity instruments measured at fair value through other comprehensive income, the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2. Financial liability

   (a) Follow-up measurement

   All financial liabilities are measured at amortized cost using effective interest method.

   (b) Derecognition of financial liabilities

   On the derecognition of financial liabilities, the difference between their carrying amount and the consideration paid and payable, including any transfer of non-cash assets or liabilities, is recognized as profit or loss.

(XI) Provision for liabilities

The amount recognized as a provision for liabilities is, taking risk and uncertainty of obligation into consideration, the best estimate of the expenditure required to settle the obligation at the date of balance sheet. The provision for liabilities is measured as the discounted value of the estimated cash flows to settle the obligation.

(XII) Revenue recognition

The Consolidated Company allocates the transaction price to each performance obligation and recognizes the revenue when each of the obligation is satisfied after the customer has identified it.

No adjustment is made to the transaction price for significant financial components of contracts where the interval between the transfer of goods or services and the receipt of consideration is less than one year.

Sales revenue

Sales revenue is derived from the sale of Tetoron fabric and related products. Since the clients are eligible for pricing and using the products as well as responsible for reselling and taking the risk of depreciation upon arrival of the Tetoron fabric and related products at the customer's designated location /the delivery of Tetoron fabric and related products, the Consolidated Company shall recognize the revenue and accounts receivable upon the sale.

Sales of real estate in the ordinary course of business are made in instalments for a fixed transaction price and recognized as contract liabilities. Revenue is recognized upon completion and delivery of each such real estate property to the buyer, after taking into account the significant financial components.

(XIII) Leases

At the inception of a contract, the Consolidated Company assesses whether the contract is, or contains, a lease.

1. The Consolidated Company as the lessor

   Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

   Under the operating lease, lease payments less lease incentives granted are recognized as revenue on a straight-line basis. The initial direct cost which occurs on granting operating leases is the carrying amount accumulated to the underlying assets and is recognized as expense on a straight of line basis.

2. The Consolidated Company as the Lessee

   Except for payments for low-value asset leases and short-term leases applicable to exemption of recognition are recognized as expenses on a straight-line basis, the Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of the lease.

   Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities, lease payments made before commencement date less lease incentives granted, initial direct costs as well as estimated costs to restore the underlying assets. Right-of-use assets are subsequently measured at cost less accumulated depreciation and accumulated impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are measured initially at the present value of the lease payments (including fixed payments, effective fixed payments, variable lease payments dependent on indices or rates, amounts expected to be paid by the lessee under residual value guarantees, exercise prices of purchase options where there is reasonable assurance that they will be exercised, and lease termination penalties reflected in the term of the lease, less lease incentives received). The lease payments are discounted using the interest rate in a lease if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. If there is a change in future lease payments as a result of changes in the lease term, the expected payment under the residual value guarantee, the evaluation of the purchase option on the underlying asset or changes in the index or rate used to determine the lease payments, the Consolidated Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized as profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

(XIV) Borrowing costs

Borrowing Costs requires that borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset, that necessarily takes a substantial period of time to get ready for its intended use or sale, are included in the cost of the asset.

Where funds are borrowed specifically, costs eligible for capitalization are the actual costs incurred less any income earned on the temporary investment of such borrowings.

Except for the above, all other borrowing costs at the period are recognized as profit or loss.

(XV) Employee benefits

1. Short-term employee benefits

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

2. Pensions

   For defined contribution plans, the amount of contribution payable in respect of service rendered by employees in that period should be recognized as expenses.

   Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the Projected Unit Credit Method. Cost of services (including current service cost and net interest on net defined benefit liabilities (assets)) are recognized as employee benefits expense in the period they occur. Remeasurement, including actuarial gains and losses, changes in the impact of asset limits and return on plan assets net of interest), is recognized in other comprehensive income in the period in which they occur.

   Net defined benefit liability represents the actual deficit in the Group's defined benefit plan. Net defined benefit liability shall not exceed the present value of refunds from the plan or reductions in future contributions to the plan.

(XVI) Government grants

A government grant is recognized only when there is reasonable assurance that the Consolidated Company will comply with any conditions attached to the grant and the grant will be received.

Government grants related to income are recognized in other income on a systematic basis over the period in which the related costs for which they are intended to compensate are recognized as expenses by the Consolidated Company.

Government grants that are contingent upon the Consolidated Company purchasing, constructing or otherwise acquiring non-current assets are recognized as deferred revenue and are transferred to profit or loss on a reasonable and systematic basis over the useful lives of the related assets.

The grant receivable as compensation for costs already incurred or for immediate financial support, with no future related costs, shall be recognized as profit or loss in the period in which it is receivable.

(XVII) Income tax

The income tax expense represents the sum of the tax currently payable and deferred tax.

1. Tax currently payable

The Consolidated Company has determined the current income (losses) and calculated taxes payable (receivable) in accordance with regulations established by the jurisdiction for tax return.

According to Income Tax Act in Republic of China, an additional income tax levied at unappropriated earnings are recognized in shareholders' annual meeting.

Income tax payable for prior period is adjusted to the current income tax.

2. Deferred tax

Deferred tax is accounted for temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit or loss.

Deferred tax liability is generally recognized for all taxable temporary differences. Deferred tax asset is recognized for income tax deduction arising from deductible temporary differences to the extent that taxable profit is probably available.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Consolidated Company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deductible temporary differences associated with such investments and equity are only recognized to the extent that it is probable that there will be sufficient taxable profits to realize the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the date of balance sheet and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered. The deferred tax assets originally not recognized is also reviewed at the date of balance sheet and increased to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is recovered, based on tax rates and laws that have been enacted or substantively enacted by the date of balanced sheet. The measurement of deferred tax liabilities and assets reflects the tax consequences that arise from the manner in which the Consolidated Company expects, at the date of balance sheet, to recover or settle the carrying amount of its assets and liabilities.

3. Current and deferred tax for the period

Current and deferred tax are recognized in profit or loss, except the current and deferred tax that relates to items recognized in other comprehensive income or directly in equity are recognized respectively in other comprehensive income or directly in equity.

V. Significant Accounting Judgment, Estimates, and Assumptions and the Main Sources of Assumption Uncertainty

In the application of the Consolidated Company's accounting policies, the management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experiences and other factors that are considered relevant. Actual results may differ from these estimates.

The Consolidated Company has taken the possible impact of recent developments of COVID-19, the military conflict between Russia and Ukraine and the related international sanctions and the inflation and market interest rate fluctuations on the economic environment into consideration on significant accounting estimates of cash flow estimation, growth rate, discount rate and profitability. The estimates and underlying assumptions are reviewed on an ongoing basis. Amendments to accounting estimates are recognized in the period when the estimates are revised if the amendments affect only that period. If revisions affect both current and future periods, the accounting estimates are recognized in the current and future periods.

VI. Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and penny cash	$ 300	$ 200
Check and demand deposit	197,595	385,847
	$ 197,895	$ 386,047

VII. Financial instruments at FVTPL

	December 31, 2022	December 31, 2021
Financial asset - current		
Financial assets designated as at FVTPL		
Non-derivative financial asset		
— Domestic listed (OTC) stocks	$ 7,433	$ -
— Fund beneficiary certificate	62,175	65,160
	$ 69,608	$ 65,160

VIII. Investments in equity instruments measured at fair value through other comprehensive income

	December 31, 2022	December 31, 2021
Current		
Domestic investment		
Listed (OTC) stocks		
Common share of Universal Textile Co., Ltd.	$ 54,081	$ 51,593
Common share of Federal Commercial Bank Co., Ltd.	-	3,921
	$ 54,081	$ 55,514
Non-current		
Unlisted (OTC) stocks		
Common share of Taiwan Filament Weaving Development Co.,Ltd.	$ -	$ -
Preference share of Taiwan Filament Weaving Development Co.,Ltd.	-	-
	$ -	$ -

The Consolidated Company invests in the ordinary and preference shares of the above companies for medium to long term strategic purposes and expects to make a profit from this long term investment. The management of the Consolidated Company considers that if the short-term volatility at fair value of such investments recognized in profit or loss is not consistent with the aforementioned long-term investment plan, it will be determined that such investments are measured through other comprehensive income at fair value.

In 2021, the Consolidated Company participated in the public acquisition of 21,158 thousand shares of Universal Textile Co., Ltd. that should be sold. Five companies, including Ta Yu Asset Management Co., Ltd., Jung Yu International Co., Ltd., Liang Haw Technology Co., Ltd., Everwin Capital Limited and Channel Land Investment Limited are public offerors and are not related parties to the Consolidated Company. The Consolidated Company disposed of the common shares of Universal Textile Co., Ltd. at NT$16 per share for a total transaction amount of NT$338,390,000. The gain on disposal was transferred from the unrealized gain on financial assets at fair value through other comprehensive income of NT$240,604,000 to unappropriated earnings.

IX. Financial assets measured at amortized cost

	December 31, 2022	December 31, 2021
Current		
Banks with original maturity exceeding 3 months		
Time deposits	$ 124,434	$ -

The interest rate range for term deposits with original maturities exceeding 3 months in 2022 is 3.90% to 4.45%.

X. Notes receivable and accounts receivable

	December 31, 2022	December 31, 2021
Note receivable		
Occurred due to business operations	$ 2,992	$ 20,788
Accounts receivable		
Non related parties	$ 142,196	$ 130,956
Less: Allowance for bad debts	(735)	(378)
	$ 141,461	$ 130,578

To mitigate credit risk, the management of the Consolidated Company has designated functional working group responsible for decision on line of credit, credit approval and other supervision to ensure proper action has been taken to collect overdue accounts receivable. In addition, the Consolidated Company reviews the recoverable amounts of receivables individually at the balance sheet date to ensure that appropriate impairment losses have been recorded for uncollectible receivables. According these, the management considers the Consolidated Company’s credit risk has significantly decreased.

The loss allowance for accounts receivable is measured at an amount equal to useful lives expected credit losses. Lifetime expected credit losses are calculated using an allowance matrix, which takes into account the customer's past default history and current financial position, the economic situation of the industry, as well as GDP forecasts and industry outlook, and classifies customers into different risk groups and recognizes an allowance for losses based on the expected loss rate for each group.

If any evidence shows the counterparty faces significant financial difficulty and the collectible amount cannot be reasonably expected, for example, the counterparty is in liquidation, the Consolidated Company will directly offset the relevant accounts receivable but keep track of the receivables. The recovered amount is recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Consolidated Company’s provision matrix.

December 31, 2022

	Accounts receivable				Debt collection
	Not Past Due	31 to 90 Days	91 to 180 Days	Total	Over 180 Days
The expected credit loss rate	0%	1%	10%		100%
Gross carrying amount	114,006	23,153	5,037	142,196	4,334
Loss allowance (lifetime ECLs)	-	(231)	(504)	(735)	(4,334)
Amortized cost	$114,006	$ 22,922	$ 4,533	$141,461	$ -

December 31, 2021

	Accounts receivable				Debt collection
	Not Past Due	31 to 90 Days	91 to 180 Days	Total	Over 180 Days
The expected credit loss rate	0%	1%	10%		100%
Gross carrying amount	$102,011	$ 27,964	$ 981	$130,956	$ 4,322
Loss allowance (lifetime ECLs)	-	(280)	(98)	(378)	(4,322)
Amortized cost	$102,011	$ 27,684	$ 883	$130,578	$ -

The information of changes in allowance for losses are as follows:

	Accounts receivable	Debt collection
Balance as of January 1, 2022	$ 378	$ 4,322
Add: Current impairment losses	357	12
Balance as of December 31, 2022	$ 735	$ 4,334
Balance at January 1, 2021	$ 347	$ 4,217
Add: Current impairment losses	31	105
Balance as of December 31, 2021	$ 378	$ 4,322

Please refer to Note 17 for other non-current assets included in the debt collection.

XI. Inventories

	December 31, 2022	December 31, 2021
Finished good	$ 239,946	$ 212,701
Semi-finished good	117,942	107,580
Raw materials	135,309	171,185
Materials	32	32
	493,229	491,498
Property for sale	-	-
	$ 493,229	$ 491,498

The allowance for inventory impairment losses as of December 31, 2022 and 2021 was NT$208,852,000, and NT$203,170,000, respectively.

The cost of goods sold related to inventory in 2022 and 2021 were NT$1,607,171,000 and NT$1,446,530,000, respectively.

The details of the cost of sales, including offsetting inventory, recognized as current expenses are as follows:

	2022	2021
Loss for market price decline and obsolete and slow-moving inventories (gain from price recovery)	$ 5,682	($ 15,661)
Inventory loss	134	575
Income from sale of scrap	(8,655)	(8,459)

Unamortized allocation expense	36,553	40,842
	$ 33,714	$ 17,297

The above-mentioned properties under construction and for sale are the land development contracts signed by the Consolidated Company and Universal Textile Co., Ltd. on February 1, 2012, intending to use the land jointly held by both parties at Lot 0009-0000, Kejia Road, Douliu City, Yunlin for the joint construction of a housing project - Fort Ta Fu Hua. The parties have agreed that the Consolidated Company shall engage in the planning, design, engineering contracting, construction management, and sales services of this development project; except for the sales and management fees, which is paid in full by the Consolidated Company to the vendor and then 50% of the amount is collected from Universal Textile Fiber Co., Ltd., the rest is paid by the contractor directly to both parties at 50% as agreed in the contract. After setting aside 1% of the actual sales amount as an incentive payment to the Consolidated Company, the remainder of the revenue from housing sales are recognized as income according to the contract.

XII. Subsidiary

Subsidiaries incorporated in the consolidated financial statements

The basis for the consolidated financial statements is as follows:

			% of Ownership	
Investor	Investee	Main Business	December 31, 2022	December 31, 2021
The Company	Cheung Fai Investment Holdings Limited	Investment	99.98%	99.98%

The financial statements of Cheung Fai Investment Holdings Limited are prepared based on the company’s audited financial statements for the same period.

Subsidiaries not incorporated in the consolidated financial statements: None

XIII. Property, Plant and Equipment

	Own land	Buildings	Machinery and equipment	Office equipment	Other equipment	Total
Cost						
Balance as of January 1, 2022	$ 345,172	$ 479,426	$ 797,798	$ 5,175	$ 209,878	$ 1,837,449
Additions	-	371	130,085	385	3,020	133,861
Disposal	-	(5,024)	(153,594)	(1,185)	(6,843)	(166,646)
Transfer of prepaid equipment amount	-	-	294	-	1,712	2,006
Balance as of December 31, 2022	$ 345,172	$ 474,773	$ 774,583	$ 4,375	$ 207,767	$ 1,806,670
Accumulated depreciation						

Balance as of January 1, 2022	$ -	$ 330,226	$ 591,396	$ 2,687	$ 186,176	$ 1,110,485
Depreciation expense	-	14,046	45,861	813	5,436	66,156
Disposal	-	(4,970)	(153,441)	(1,038)	(6,697)	(166,146)
Balance as of December 31, 2022	$ -	$ 339,302	$ 483,816	$ 2,462	$ 184,915	$ 1,010,495
Net amount as of December 31, 2022	$ 345,172	$ 135,471	$ 290,767	$ 1,913	$ 22,852	$ 796,175
Cost						
Balance at January 1, 2021	$ 345,172	$ 491,831	$ 959,724	$ 4,752	$ 221,846	$ 2,023,325
Additions	-	730	6,357	780	3,614	11,481
Disposal	-	(13,135)	(168,283)	(357)	(15,735)	(197,510)
Reclassification	-	-	-	-	153	153
Balance as of December 31, 2021	$ 345,172	$ 479,426	$ 797,798	$ 5,175	$ 209,878	$ 1,837,449
Accumulated depreciation						
Balance at January 1, 2021	$ -	$ 328,972	$ 715,836	$ 2,236	$ 196,466	$ 1,243,510
Depreciation expense	-	14,234	43,687	788	5,221	63,930
Disposal	-	(12,980)	(168,127)	(337)	(15,511)	(196,955)
Balance as of December 31, 2021	$ -	$ 330,226	$ 591,396	$ 2,687	$ 186,176	$ 1,110,485
Net amount as of December 31, 2021	$ 345,172	$ 149,200	$ 206,402	$ 2,488	$ 23,702	$ 726,964

There is no indication of impairment of the listed property, plant and equipment as assessed by management in 2022 and 2021.

Property, plant and equipment are depreciated on a straight-line basis based on the following years of durability:

Buildings	
Headquarters building	50 years
Factory buildings	35 years
Others	3 ~ 50 years
Machinery and equipment	1 ~ 20 years
Office equipment	1 ~ 12 years
Other equipment	2 ~ 30 years

XIV. Lease agreements

(I) Right-of-use asset

	December 31, 2022	December 31, 2021
Carrying amount of right-of-use assets		
Transportation Equipment	$ 881	$ 1,760

	2022	2021
Addition to right-of-use assets	$ -	$ 1,658
Depreciation expense of right-of-use assets		
Transportation Equipment	$ 879	$ 982

(II) Lease liabilities

	December 31, 2022	December 31, 2021
Carrying amount of lease liabilities		
Current	$ 658	$ 880
Non-current	$ 235	$ 893

Ranges of discount rates for lease liabilities are as follow

	December 31, 2022	December 31, 2021
Transportation Equipment	1.590%~1.875%	1.590%~1.875%

XV. Intangible assets - computer software

	2022	2021
Cost		
Balance at the beginning of the year	$ 20,789	$ 5,789
New additions in current year	-	6,700
Reclassification (Note)	-	8,300
Balance at the end of the year	$ 20,789	$ 20,789
Accumulated amortization		
Balance at the beginning of the year	$ 1,705	$ 474
Amortization expenses	4,926	1,231
Balance at the end of the year	$ 6,631	$ 1,705
Net amount at the end of the year	$ 14,158	$ 19,084

Note: Transferred from prepaid equipment payment.

Amortization expenses are calculated on a straight-line basis over their estimated useful lives as shown in the following:

Computer software	2 ~ 12 years

XVI. Other financial assets - current

	December 31, 2022	December 31, 2021
Current		
Pledged time deposit	$ -	$ 4,016

Please refer to Note 32 for the margin deposit of the Taiwan Small and Medium Enterprise Joint Mentoring Foundation as a consortium legal entity.

XVII. Other assets

	December 31, 2022	December 31, 2021
Current		
Others	$ 1,193	$ 455
Non-current		
Refundable deposits	$ 1,367	$ 1,346
Debt collection	4,334	4,322
Less: Allowance for bad debts	(4,334)	(4,322)
	$ 1,367	$ 1,346

XVIII. Borrowings

(I) Short-term borrowings

	December 31, 2022	December 31, 2021
Unsecured borrowings		
- Bank loans	$ 170,000	$ 145,000

The interest rates for bank revolving loans ranged from 1.354% to 1.88% and 0.556% to 0.836% as of December 31, 2022 and 2021, respectively.

(II) Short-term bills payable

	December 31, 2022	December 31, 2021
Commercial paper payable	$ 50,000	$ 50,000

Outstanding short-term bills payable were as follows:

December 31, 2022

Guarantee/acceptance institution	Face amount	Discount amount	Carrying amount	Interest rate range	Name of collateral	Carrying amount of collateral
Commercial paper payable						
Taiwan Securities Finance Co., Ltd.	$ 50,000	$ -	$ 50,000	1.49%	None	$ -

December 31, 2021

Guarantee/acceptance institution	Face amount	Discount amount	Carrying amount	Interest rate range	Name of collateral	Carrying amount of collateral
Commercial						

paper payable						
Taiwan Securities Finance Co., Ltd.	$50,000	$ -	$50,000	0.59%	None	$ -

The above commercial paper payable is measured at its original face value as the effect of discounting is not significant.

XIX. Accounts payable and notes payable

	December 31, 2022	December 31, 2021
Notes payable		
Occurred due to business operations	$ 44,214	$ 47,153
Accounts payable		
Occurred due to business operations		
Non related parties	$ 32,458	$ 31,598

Accounts payable shall be paid in accordance with contractual terms and the Consolidated Company has a financial risk management policy in place to ensure that all accounts payable are repaid within pre-agreed credit terms.

XX. Others liability

	December 31, 2022	December 31, 2021
Current		
Other payables		
Wages and bonuses payable	$ 38,355	$ 32,356
Remuneration to directors and supervisors and remuneration to employees payable	2,516	-
Commission payable	5,001	3,644
Labor and health insurance payable	3,936	3,648
Others	15,323	14,886
	$ 65,131	$ 54,534
Others liability		
Collection for others	$ 1,795	$ 1,627
Receipts in advance	44	12
	$ 1,839	$ 1,639
Non-current		
Deferred income		
Government grants (Note 28)	$ 7,851	$ 11,321

XXI. Provision for liabilities

	December 31, 2022	December 31, 2021
Employee benefits	$ 8,703	$ 9,480

The provision for employee benefit liabilities is an estimate of employees' acquired service leave entitlements.

XXII. Post-employment benefit plans

(I) Defined contribution plans

The pension system of the "Labor Pension Act" is applicable to the Company, belonging to the affirmed appropriation of pension plan under the management of the government, and pension is appropriated at the rate of 6% of the monthly salary of employees into the personal dedicated account of the Bureau of Labor Insurance.

(II) Defined benefit plans

The Company has labor pension system as defined benefit plans under the Labor Standards Act of R.O.C.. The payment of the employee pension is made based on an employee's length of service and average monthly salary for the six-month period prior to retirement approved. The Company contributes an amount equal to 4 percent of salaries paid each month to their respective pension funds (the Funds), which are administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the Committee's name in the Bank of Taiwan. Before the end of each year, the balance in the Funds is assessed. If the amount of the balance in the Funds is inadequate to pay retirement benefits for employees qualified with retirement requirements in the next year, the Company is required to make up the difference all at once with one appropriation, which is required to be made before the end of March of next year. The Funds are operated and managed by the government's designated authorities. Accordingly, the Company does not have any right to intervene in the investments of the Funds.

The amount of defined benefit plans recognized in the consolidated balance sheets is as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligation	$ 131,397	$ 140,862
Fair value of plan assets	(98,745)	(89,913)
Net defined benefit liability	$ 32,652	$ 50,949

Movements the net defined benefit liabilities are as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Balance as of January 1, 2022	$ 140,862	($ 89,913)	$ 50,949
Current service cost	363	-	363
Interest expense (income)	880	(586)	294
Defined benefit costs recognized in profit or loss	1,243	(586)	657

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	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Remeasurement of the net defined benefit liability/asset			
Return on plan assets (excluding amounts included in net interest expense)	$ -	($ 7,016)	($ 7,016)
Actuarial gains - changes in financial assumptions	(8,422)	-	(8,422)
Actuarial losses - experience adjustments	4,347	-	4,347
Recognized in other comprehensive income	(4,075)	(7,016)	(11,091)
Contributions from employer	-	(7,863)	(7,863)
Benefits paid	(6,633)	6,633	-
Balance as of December 31, 2022	$ 131,397	($ 98,745)	$ 32,652
Balance at January 1, 2021	$ 142,602	($ 87,672)	$ 54,930
Current service cost	345	-	345
Interest expense (income)	713	(457)	256
Defined benefit costs recognized in profit or loss	1,058	(457)	601
Remeasurement of the net defined benefit liability/asset			
Return on plan assets (excluding amounts included in net interest expense)	-	(1,125)	(1,125)
Actuarial losses - changes in demographic assumptions	3,118	-	3,118
Actuarial gains - changes in financial assumptions	(1,858)	-	(1,858)
Actuarial losses - experience adjustments	2,752	-	2,752
Recognized in other comprehensive income	4,012	(1,125)	2,887
Contributions from employer	-	(7,469)	(7,469)
Benefits paid	(6,810)	6,810	-
Balance as of December 31, 2021	$ 140,862	($ 89,913)	$ 50,949

Due to the defined benefit plans under the Labor Standards Act of R.O.C. the Company is exposed to the following risks:

1. Investment risk: The pension funds are invested in domestic and foreign equity securities, debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau of Labor Funds' designated authorities or under the mandated management. However, the distributable amount of plan assets of the Company shall not be less than the return calculated by the average interest rate on a two-year time deposit published by the local banks.
2. Interest risk: A decrease in the interest rates on government bonds or corporate bonds will increase the present value of the defined benefit obligation. However, the return on the debt investments of the plan assets will increase as well. The two will be partially offset on net defined benefit liabilities
3. Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation of the Company are carried out by qualified actuaries. The principal assumptions are as follows:

	December 31, 2022	December 31, 2021
Discount rate	1.500%	0.625%
Expected salary increase rate	2.500%	2.25%

If reasonably likely changes respectively occur in the principal assumptions and all other assumptions are held constant, the amount of present value of the defined benefit obligation is increased (decreased) as follows:

	December 31, 2022	December 31, 2021
Discount rate		
Increase by 0.25%	($ 3,129)	($ 3,679)
Decrease by 0.25%	$ 3,239	$ 3,818
Expected salary increase rate		
Increase by 0.25%	$ 3,150	$ 3,691
Decrease by 0.25%	($ 3,058)	($ 3,576)

The sensitivity analysis presented above may not reflect the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31, 2022	December 31, 2021
Contributions expected in one year	$ 7,776	$ 7,579
Average maturity of defined benefit obligation	9.7 years	10.5 years

XXIII. Equity

(I) Common share capital

	December 31, 2022	December 31, 2021
Authorized shares (in thousands)	210,000	210,000
Authorized capital	$ 2,100,000	$ 2,100,000
Issued and paid shares (in thousands)	129,834	129,834
Issued capital	$ 1,298,338	$ 1,298,338

A holder of issued common shares with par value of NT$10 per share is entitled to vote and to receive dividends.

(II) Capital surplus

	December 31, 2022	December 31, 2021
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital		
Additional paid-in capital	$ 35,694	$ 35,694
Treasury stock transactions	606	606
May be used to offset a deficit only		
Cash dividends received by a subsidiary from the parent company	28,453	24,596
	$ 64,753	$ 60,896

(III) Retained earnings and dividend policy

The Company's shareholders meeting on June 20, 2022 resolved to amend the Articles of Association to provide that the Company authorises the Board of Directors to resolve, by special resolution, that dividends and bonuses shall be paid in cash and reported to the shareholders in general meeting. In accordance with the revised earnings distribution policy of the Company's articles of association,

if there is any surplus in the annual accounts, after paying tax and making up accumulated deficits, 10% shall be set aside as legal reserve, but if the legal reserve has reached the amount of the Company's paid-in capital, no further provision shall be made, and the remainder shall be provided for by law or reversed to special reserve. If there is still a balance, the Board of Directors shall, in accordance with the Company's actual operating conditions and capital requirements, prepare a proposal for the distribution of surplus to the shareholders' meeting for resolution on the distribution of dividends to shareholders, of which not less than 30% shall be cash dividends. For information on the accrual basis of the employees' compensation and remuneration of directors and supervisors and the actual appropriations, refer to Note 25-6 employee benefits expense.

When the Company provides special reserve for the net decrease in other equity accumulated in prior periods, it is provided only for the undistributed earnings of prior periods.

At the shareholders' meetings of the Company held on June 20, 2022 and August 17, 2021, the Company resolved to approve the appropriation of earnings and the appropriation of losses for the years 2021 and 2020, respectively, as follows:

	2021	2020
Legal reserve	$ 24,890	$ -
Legal reserve deficit compensation	$ -	($ 28,383)
Cash dividends	$ 64,917	$ 25,967
Cash dividend per share (NT$)	$ 0.50	$ 0.20

On August 17, 2021, the shareholders' meeting of the Company resolved to pay a cash dividend of NT$0.20 per share for 2020 from capital surplus of NT$25,967,000.

The distribution of earnings for 2022 had been proposed by the board of directors on March 7, 2023 as follows:

	2022
Legal reserve	$ 4,329
Cash dividends	$ 32,458
Cash dividend per share (NT$)	$ 0.25

The above cash dividends have been resolved by the Board of Directors and the remainder is subject to resolution at the shareholders' meeting scheduled for June 26, 2023.

(IV) Special reserve

	December 31, 2022	December 31, 2021
Special reserve	$ 37,213	$ 37,213

When IFRSs were first adopted, due to the difference between the market value of the Parent Company's shares held by the Consolidated Company and the carrying value of the Parent Company's shares, it was transferred to retained earnings in proportion to the Company's shareholding. The amount of unrealized revaluation increment and cumulative translation adjustments transferred to retained earnings were NT$20,989,000, NT$13,082,000 and NT$3,142,000, respectively, totaling NT$37,213,000, and the same amount was provided for as special reserve.

(V) Other items of equity

Unrealized financial assets profit or loss measured at fair value through other comprehensive income

	2022	2021
Balance at the beginning of the year	$ 24,045	$ 160,372
Generated in the current year		
Unrealised gains and losses		
Equity instrument	3,109	109,752
Transfer of accumulated gains and losses from disposal of equity instruments to retained earnings	(2,228)	(246,079)
Balance at the end of the year	$ 24,926	$ 24,045

(VI) Treasury shares

Reason of repatriation	Buy back to logout (Thousand shares)	Holding of parent company shares by a subsidiary (Thousand shares)	Total (Thousand shares)
Number of shares as of January 1, 2022	-	7,714	7,714
Increase in the current	-	-	-

year			
Decrease in the current year	-	-	-
Number of shares as of December 31, 2022	-	7,714	7,714
Number of shares as of January 1, 2021	-	7,714	7,714
Increase in the current year	-	-	-
Decrease in the current year	-	-	-
Number of shares as of December 31, 2021	-	7,714	7,714

In order to protect the rights and interests of shareholders of the Company, the subsidiary repurchases the shares of the Company. The information relating to the shares of the Company held by subsidiaries as at the balance sheet date is as follows:

Investee	Number of shares held (Thousand shares)	Carrying amount	Market price
Cheung Fai Investment Holdings Limited			
December 31, 2022	7,714	$ 77,032	$ 102,212
December 31, 2021	7,714	$ 77,032	$ 115,326

The treasury stocks held by the Company, in accordance with Securities and Exchange Act, shall not be pledged and the Company is not entitle to distribute dividends and to vote. The shares of the Company held by a subsidiary shall be regarded as treasury stocks. It is given the same rights as the common shareholders, except for cash increase from the Company and voting.

XXIV. Operating income

(I) Details of revenue from contracts with customers

An analysis of revenue from the Consolidated Company's principal products and services for the continuing business units is as follows:

	2022	2021
Finished fabric	$ 721,630	$ 483,813
Grey fabric	212,999	154,351

Protofilament	858,504	894,880
Selling property	-	25,465
Others	3,147	16,310
	$ 1,796,280	$ 1,574,819

(II) Contract balance

	December 31, 2022	December 31, 2021	January 1, 2021
Accounts receivable	$ 141,461	$ 130,578	$ 105,846
Contract liability			
Sales revenue received in advance	$ 22,081	$ 32,912	$ 33,214

The change in contract liabilities is mainly due to the difference between the point of meeting the performance obligation and the time of payment by the customer.

The contractual liability from the beginning of the year was recognized in operating income in 2022 in the amount of NT$30,808,000.

The contractual liability from the beginning of the year was recognized in operating income in 2021 in the amount of NT$28,544,000.

XXV. Net profit (loss) of continuing operations

(I) Net other incomes and expenses

	2022	2021
Gain (loss) on disposal and discard of property, plant and equipment.	$ 989	($ 555)

(II) Other income

	2022	2021
Subsidy income	$ 4,507	$ 8,077
Income from selling scrapped assets	-	55
Others	2,093	1,021
	$ 6,600	$ 9,153

(III) Financial costs

	2022	2021
Interest on bank loans	$ 1,302	$ 1,666
Commercial paper interest	147	347
Interest on lease liabilities	22	27

	2022	2021
Less: Amount included in the cost of eligible assets	(228)	-
	$ 1,243	$ 2,040

Information related to interest capitalization is as follows:

	2022	2021
Interest capitalization amount	$ 228	$ -
Interest rate of interest capitalization	1.035%	-

(IV) Depreciation and amortization

	2022	2021
Property, Plant and Equipment	$ 66,156	$ 63,930
Right-of-use asset	879	982
Intangible asset	4,926	1,231
Total	$ 71,961	$ 66,143
An analysis of depreciation by function		
Operating cost	$ 66,151	$ 63,933
Operating expenses	884	979
	$ 67,035	$ 64,912
An analysis of amortization by function		
Operating cost	$ 4,467	$ 772
Operating expenses	459	459
	$ 4,926	$ 1,231

(V) Employee benefit expense

	2022			2021		
	Attributed to operating costs	Attributed to operating expenses	Total	Attributed to operating costs	Attributed to operating expenses	Total
Short-term employee benefits						
Salary expense	$ 189,072	$ 49,904	$ 238,976	$ 173,491	$ 42,857	$ 216,348
Insurance expense of staff	19,705	3,934	23,639	19,027	3,875	22,902
Pensions						
Defined contribution plans	7,147	1,978	9,125	7,246	1,917	9,163
Defined benefit plans	403	254	657	367	234	601
Remuneration of Directors	-	5,010	5,010	-	3,792	3,792
Other employee benefits	9,432	6,677	16,109	8,964	1,671	10,635
Total employee welfare expenses	$ 225,759	$ 67,757	$ 293,516	$ 209,095	$ 54,346	$ 263,441

(VI) Employees’ compensation and remuneration of directors and supervisors

Articles of Incorporation of the Company stipulate to distribute employees’ compensation and remuneration of directors and supervisors at the rates of 2% and no higher than 3%, respectively, of net profit before income tax, employees’ compensation, and remuneration of directors and supervisors. The remuneration of employees and remuneration of directors and supervisors for the years 2022 and 2021 were resolved by the Board of Directors on March 7, 2023 and March 11,2022 respectively as follows:

Accrual Rate

	2022	2021
Remuneration of employees	2%	2%
Remuneration of directors	3%	3%

Amount

	2022	2021
	Cash	Cash
Remuneration of employees	$ 1,006	$ -
Remuneration of directors	1,510	-

The Company's remuneration to employees and directors and supervisors has not been estimated as the Company's net loss before tax for 2021.

If there is a change in the proposed amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in accounting estimate and will be reflected in the following year.

Information on the employees’ compensation and remuneration of directors and supervisors resolved by the Company’s board of directors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

XXVI. Income tax of continuing operations

(I) Main components of income tax expense (benefit) recognized in profit and loss

	2022	2021
Tax currently payable		
Income tax expense generated in the current year	$ 45	$ 2,358
Levied on unappropriated earnings	7,955	-
Adjustment on prior years	(798)	401

Deferred tax		
Income tax expense generated in the current year	8,375	(9,417)
Income tax expense (benefit) recognized in profit or loss	$ 15,577	($ 6,658)

The adjustment between accounting income and income tax expenses (benefits) are as follows:

	2022	2021
Net profit (loss) before income tax	$ 47,768	($ 1,525)
Tax expense (benefit) calculated based on income before tax and statutory tax rate	$ 9,553	($ 305)
Tax-free income	(2,217)	(9,185)
Non deductible expenses and losses on tax	1,039	73

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	2022	2021
Levied on unappropriated earnings	$ 7,955	$ -
Difference in basic tax payable	45	2,358
Adjustment of current income tax expenses from previous years to current year	(798)	401
Income tax expense (benefit) recognized in profit or loss	$ 15,577	($ 6,658)

(II) Income tax recognized in other comprehensive income

	2022	2021
Deferred tax		
Income tax expense generated in the current year		
- Remeasurement of defined benefit programs	$ 2,218	($ 577)

(III) Current income tax assets and liabilities

	December 31, 2022	December 31, 2021
Current tax assets		
Tax Refund Receivable	$ -	$ -
Current tax liabilities		
Income tax payable	$ 7,960	$ 2,351

(IV) Deferred tax assets

Changes in deferred tax assets are as follows:

2022

Deferred tax assets	Balance at the beginning of the year	Defined benefit costs recognized in profit or loss	Recognized in other comprehensive income	Balance at the end of the year
Temporary difference				
Defined benefit retirement plans	$ 10,190	($ 1,442)	($ 2,218)	$ 6,530
Allowance for loss	629	86	-	715
Others	74,331	(7,019)	-	67,312

	$ 85,150	($ 8,375)	($ 2,218)	$ 74,557

2021

Deferred tax assets	Balance at the beginning of the year	Defined benefit costs recognized in profit or loss	Recognized in other comprehensive income	Balance at the end of the year
Temporary difference				
Defined benefit retirement plans	$ 10,986	($ 1,373)	$ 577	$ 10,190
Allowance for loss	659	(30)	-	629
Others	63,511	10,820	-	74,331
	$ 75,156	$ 9,417	$ 577	$ 85,150

(V) Income tax examination

The Company's profit seeking enterprise income tax declaration has been approved by the tax collection authority until 2020. The profit making enterprise income tax declaration business of Cheung Fai Investment Holdings Limited has been approved by the tax collection authority until 2020.

XXVII. Earnings per Share

Unit: NT$ Per Share

	2022	2021
Basic earnings per share		
From the continuing department	$ 0.26	$ 0.04
Diluted earnings per share		
From the continuing department	$ 0.26	$ 0.04

The net income and weighted average number of ordinary shares outstanding in calculating earnings per share were as follows:

Current period net profit

	2022	2021
Net profit attributed to the owners of the Company Used to calculate basic earnings per share	$ 32,190	$ 5,133

	2022	2021
Net income		
Used to calculate diluted earnings per share		
Net income	$ 32,190	$ 5,133

Number of shares

Unit: Thousand Shares

	2022	2021
Weighted average number of ordinary shares in computation of basic earnings per share	122,120	122,120
Effect of potentially dilutive ordinary shares:		
Remuneration of employees	76	-
Weighted average number of ordinary shares used in the computation of diluted earnings per share	122,196	122,120

Since the Consolidated Company offered to settle compensation paid to employees in cash or shares, the Consolidated Company assumed the entire amount of the compensation would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year by shareholders' Meeting

XXVIII. Government grants

In 2021, the Consolidated Company received a grant of NT$12,010,000 from the Ministry of Economic Affairs for the Industrial Upgrading and Innovation Platform Counseling Program. The amount has been recognized as deferred income and transferred to profit or loss over the useful lives of the related assets. The other recognized income for 2022 and 2021 was NT$3,470,000 and NT$689,000 respectively.

XXIX. Capital risk management

The Consolidated Company adopts a prudent risk management strategy and reviews it regularly to determine the appropriate capital structure for the Consolidated Company by making an overall plan based on its business development strategy and operational requirements.

The Consolidated Company adopts a prudent risk management strategy and conducts regular audits, making overall plans based on business development strategies and operational needs to determine the appropriate capital structure of the merged company.

XXX. Financial instruments

(I) Fair value information - financial instruments measured at fair value on a recurring basis

Hierarchy of fair value measurement

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed (OTC) stocks	$ 7,433	$ -	$ -	$ 7,433
Fund beneficiary certificate	62,175	-	-	62,175
	$ 69,608	$ -	$ -	$ 69,608
Financial assets at fair value through other comprehensive income				
Equity instrument investment - Domestic listed (OTC) stocks	$ 54,081	$ -	$ -	$ 54,081

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Fund beneficiary certificate	$ 65,160	$ -	$ -	$ 65,160
Financial assets at fair value through other comprehensive income				
Equity instrument investment - Domestic listed (OTC) stocks	$ 55,514	$ -	$ -	$ 55,514

There is no transfer between Level 1 and Level 2 fair value measurement in 2022 and 2021.

(II) Categories of financial instruments

	December 31, 2022	December 31, 2021

<u>Financial asset</u>		
Financial assets measured at amortized cost		
Cash and cash equivalents	$ 197,895	$ 386,047
Financial assets at amortized cost—Current	124,434	-
Note receivable	2,992	20,788
Accounts receivable	141,461	130,578
Other receivables	10,990	2,528

(Continued on next page)

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	December 31, 2022	December 31, 2021
Other financial assets - current	$ -	$ 4,016
Refundable deposits	1,367	1,346
Financial assets at FVTPL	69,608	65,160
Financial assets measured at fair value through other comprehensive profits and losses - equity instrument investment - current	54,081	55,514
Financial liability		
Amortized cost		
Short-term borrowings	170,000	145,000
Short-term bills payable	50,000	50,000
Notes payable	44,214	47,153
Accounts payable	32,458	31,598
Other payables	65,131	54,534
Other current liabilities	1,839	1,639

(III) Financial risk management objectives and policies

The Consolidated Company is committed to ensuring that it has adequate and cost effective working capital to meet its operational requirements. The Consolidated Company carefully manages market risk (including foreign currency exchange rate risk, interest rate risk and equity instrument price risk), credit risk and liquidity risk associated with its operations to reduce the potential adverse impact of market uncertainty on the Company's finances.

1. Market risk

(a) Foreign currency risk

The Consolidated Company's primary market risk exposure is the exchange rate risk arising from the receipt of foreign currency assets as a result of foreign sales.

Please refer to Note 35 for the carrying amounts of monetary assets and monetary liabilities denominated in foreign currencies as of the balance sheet date.

The sensitivity analysis of foreign currency exchange rate risk is calculated primarily for monetary items denominated in foreign currencies at the end of the financial reporting period. A 5% unfavorable change in the New Taiwan dollar against various foreign currencies would result in a decrease in the Consolidated Company's net income before income taxes of NT$15,044,000 and NT$7,937,000 in 2022 and 2021, respectively.

(b) Interest rate risk

Interest rate risk refers to the risk of changes in the fair value of financial instruments due to changes in market interest rates. The Consolidated Company's interest rate risk arises primarily from bank borrowings.

With respect to the sensitivity analysis of interest rate risk, assuming that the borrowings at the balance sheet date are held for the entire reporting period, a 100 basis point (1%) increase in interest rates, all other things being equal, would reduce the Consolidated Company's net income before tax by NT$1,700,000 and NT$1,450,000 in 2022 and 2021, respectively.

(c) Equity instrument price risk

The Consolidated Company incurs equity price exposure on the fund beneficiary certificates, which are not held for trading and are strategic investments. The Consolidated Company has not actively traded these investments.

Sensitivity analysis

The following sensitivity analysis is based on the fund equity price exposure on the balance sheet date.

If the fund price had decreased by 5%, the pre-tax profit or loss for 2022 and 2021 would have been reduced by NT$3,480,000 and NT$3,258,000 due to the decrease in the fair value of financial assets measured at fair value through profit or loss.

The Consolidated Company may be exposed to equity price fluctuations as a result of holding listed (OTC) equity securities. This equity investment is a strategic investment and has not been actively traded.

The management of the Consolidated Company has assessed that the price risk arising from the above listed OTC equity securities is not significant to the Consolidated Company.

2. Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Company. As at the end of the reporting period, the Consolidated Company’s maximum exposure to credit risk which will cause a financial loss to the Consolidated Company due to failure of counterparties to discharge an obligation could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The policy adopted by the Consolidated Company is to deal only with reputable counterparties and obtain adequate security where necessary to mitigate the risk of financial loss arising from default. To mitigate credit risk, the management of the Consolidated Company has established management control procedures for the determination of credit limits and approval of credit facilities to ensure the collection of overdue receivables. In addition, the Consolidated Company reviews the recoverable amounts of receivables individually at the balance sheet date to ensure that appropriate impairment losses have been recorded for uncollectible receivables. According these, the management considers the Consolidated Company’s credit risk has significantly decreased. In addition, because the counterparties of working capital are all financial institutions and corporate organizations with good credit, the credit risk is limited, and therefore, no significant credit risk is expected.

3. Liquidity risk

The Consolidated Company's objective in managing liquidity risk is to ensure that the Consolidated Company has sufficient liquidity to meet its future operating requirements. The Consolidated Company meets its contractual obligations by maintaining appropriate funding and banking facilities.

As of December 31, 2022 and 2021, the unused bank financing amounts of the Consolidated Company were NT$90,000,000 and NT$275,000,000, respectively.

The following table summarizes the financial liabilities of the Consolidated Company during the agreed repayment period by maturity date and undiscounted maturity amount:

	December 31, 2022				
	Within 1 year	2 ~ 3 years	4 ~ 5 years	Over 5 years	Total
Non-derivative financial liabilities					
Short-term borrowings	$ 170,000	$ -	$ -	$ -	$ 170,000
Short-term bills payable	50,000	-	-	-	50,000
Notes payable	44,214	-	-	-	44,214
Accounts payable	32,458	-	-	-	32,458
Other payables	65,131	-	-	-	65,131
Other current liabilities	1,839	-	-	-	1,839

	December 31, 2021				
	Within 1 year	2 ~ 3 years	4 ~ 5 years	Over 5 years	Total
Non-derivative financial liabilities					
Short-term borrowings	$ 145,000	$ -	$ -	$ -	$ 145,000
Short-term bills payable	50,000	-	-	-	50,000
Notes payable	47,153	-	-	-	47,153
Accounts payable	31,598	-	-	-	31,598
Other payables	54,534	-	-	-	54,534
Other current liabilities	1,639	-	-	-	1,639

XXXI. Related party transaction

Transactions, balances, income and expenses between the Company and subsidiaries (related parties of the Company) may be all eliminated in consolidation, which are thus not disclosed in the note. The transactions between the Consolidated Company and other related parties are as follows.

(I) Related party name and categories

Related Party Name	Related Party Category
Universal Textile Co., Ltd.	The chairman of the Company and the director of the Company are the same person (Note)

Note: On February 18, 2022, the directors of Universal Textile Co., Ltd. were re-elected and the Company and its directors did not serve as directors or management of the Company after the re-election and did not exercise significant control or significant influence over the Company, therefore the Company and Universal Textile Co., Ltd. are no longer related parties from February 18, 2022.

(II) Operating income

Related Party Name	2022	2021
Universal Textile Co., Ltd.	$ -	$ 1,235

(III) Purchase

Related Party Name	2022	2021
Universal Textile Co., Ltd.	$ 272	$ 4,923

The prices and terms of receipt and payment for the above business transactions are comparable to those of ordinary customers.

(IV) Other transaction matters

On February 1, 2012, the Consolidated Company entered into a joint land development contract with Universal Textile Co., Ltd. for the joint construction and sale of the land jointly held by both parties at No. 9, Kejia Road in Douliu City, Yunlin, which provides for the Consolidated Company to undertake the planning, design, engineering contracting, construction management, and sales services of the development project; the vendor will be paid in full by the Consolidated Company in respect of the development project, and then 50% of the sales and management expenses related to development projects will be charged from Universal Textile Co., Ltd.; the other costs and expenses of the development project were paid by the Consolidated Company and Universal Textile Co., Ltd. at 50% of the contractor's price each. The Consolidated Company's incentive payment is 1% of the actual sales amount at the time of sale, and the remainder is distributed equally between the two parties after deducting the relevant losses and expenses as agreed in the contract. The above-mentioned land joint development project was sold out and closed in 2021.

(V) Main management rewards

	2022	2021
Short-term employee benefits	$ 8,713	$ 10,255

The remuneration of directors and other key management personnel were determined by the Remuneration Committee in accordance with the individual performance and the market trends.

XXXII. Pledged Assets

The following assets have been provided as security deposits for the Taiwan Small and Medium Enterprise Joint Mentoring Foundation as a consortium legal entity:

	December 31, 2022	December 31, 2021
Other financial assets - current	$ -	$ 4,016

XXXIII. Significant Contingent Liabilities and Unrecognized Commitments

In addition to those already described in other notes, the Consolidated Company had the following material commitments and contingencies as at the balance sheet date:

As of December 31, 2022, the Consolidated Company entered into contracts for the purchase of significant construction and equipment for a total untaxed contract price of NT$32,507,000, of which NT$18,498,000 was paid and recorded under the prepayment for equipment account.

As of December 31, 2021, the Consolidated Company entered into contracts for the purchase of significant construction and equipment for a total untaxed contract price of NT$107,376,000, of which NT$3,858,000 was paid and recorded under the prepayment for equipment account.

XXXIV. Other Matters

The Consolidated Company has assessed the impact of the global pandemic of COVID-19 and the recent impact in China, and has been making adjustments to the group's resources, manpower, supply chain and markets to minimize the impact of the local outbreak on its operations. The global epidemic has gradually subsided, business activity is slowly picking up, and capacity and revenue are gradually returning to normal. Cash receipts and payments are currently normal. As of December 31, 2022, the Consolidated Company had cash and cash equivalents of approximately NT$197,895,000 in its books, and there is no doubt about cash flow. To date, there has been no material impact on the Consolidated Company's ability to continue as a going concern, the impairment of its assets or the funding risk. In addition, the Consolidated Company has taken into account the economic impact caused by the epidemic as a significant accounting estimate based on information available at the balance sheet date, as explained in Note 5.

XXXV. Information on Foreign-currency-denominated Assets And Liabilities

The following information is summarized according to the foreign currencies other than the functional currency of the Consolidated Company. The exchange rates disclosed are used to translate the foreign currencies into the functional currency. The significant financial assets and liabilities denominated in foreign currencies are as follows:

	December 31, 2022		
	Foreign currency	Exchange rate	Carrying amount
Financial asset			
Monetary items			
USD	$ 9,955	30.710	$ 305,703
RMB	42	4.392	186
			$ 305,889
Financial liability			
Monetary items			
USD	163	30.710	$ 5,001

	December 31, 2021		
	Foreign currency	Exchange rate	Carrying amount
Financial asset			
Monetary items			
USD	$ 4,556	27.680	$ 126,124
RMB	42	4.344	183

Japanese yen	150,000	0.241	36,075
			$ 162,382
Financial liability			
Monetary items			
USD	132	27.680	$ 3,644

The Consolidated Company's foreign currency exchange gains and losses (realized and unrealized) amounted to NT$13,116,000 and NT$4,374,000 for the years 2022 and 2021, respectively. Due to the variety of foreign currency transactions, it is not possible to disclose exchange gains and losses by each materially affected foreign currency category.

XXXVI. Other Disclosures in Notes

(I) Information about significant transactions and (II) investees:

1. Financing provided to others: None.
2. Endorsements/guarantees provided: None
3. Marketable securities held (excluding investment in subsidiaries, associates and jointly controlled entities): Please refer to Table 1.
4. Marketable securities acquired and disposed at costs or prices at least NT$300 million or 20% of the paid-in capital: None.
5. Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None.
6. Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None.
7. Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.
9. Trading in derivative instruments: None.
10. Others: The business relationship between the parent and the subsidiaries and significant transactions between them: None.
11. Information on investees: Table 2.

(III) Information on Investment in Mainland China:

1. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 3.
2. Significant direct or indirect transactions through a third area with the investee in the Mainland Area, and its prices and terms of payment, unrealized gain or loss are as follows: None.

(IV) Information on Major Shareholders:

Names, numbers of shares held, and shareholding percentages of shareholders who hold 5 percent or more of the equity: Table 4.

XXXVII Information on Segments

The Consolidated Company determines its business departments based on management reports used by management authorities to make decisions, evaluate performance, and allocate resources, with a focus on the types of products delivered. The reporting segments of the Consolidated Company are Fugang Yarn Factory, Bade Fabric Factory, Construction Department, and Jewelry and Clothing Department.

(I) Segment revenues and results

The following was an analysis of the Consolidated Company's revenue and results by the reporting department.

	Segment Revenue		Segment profit or loss	
	2022	2021	2022	2021
Fugang Yarn Factory	$ 858,704	$ 894,880	($ 15,360)	$ 7,250
Bade Factory	936,878	638,164	50,953	(19,826)
Construction Segment	-	25,465	(92)	2,888
Accessories and clothing segments	698	16,310	(12)	2,684
Total amount of continuing business units	$ 1,796,280	$ 1,574,819	35,489	(7,004)
Headquarters Management Costs and Director Compensation			(5,673)	(3,875)
Research and development expenses			(958)	(585)
Miscellaneous expenses			-	(335)
Financial costs			(1,243)	(2,040)
Interest revenue			896	1,061
Rental income			4	48
Dividend income			272	5,791

Other income	6,600	9,153
Foreign exchange (loss) gain	13,116	(4,374)
(Loss) gain on financial assets at fair value through profit or loss	(735)	635
Net income (loss) before tax of continuing operations	$ 47,768	($ 1,525)

The reported departmental income are generated from transactions with external customers. There were no intragroup sales occurred in 2022 and 2021.

Departmental benefits refer to the profits earned by each department, excluding the headquarters management costs and compensation for directors and supervisors, research and development expenses, non operating income and expenses that should be shared. The amount of measurement provided to the key operating decision maker for resource allocation and performance evaluation of departments.

(II) Total assets of department

	December 31, 2022	December 31, 2021
Fugang Yarn Factory	$ 863,281	$ 814,865
Bade Factory	548,428	518,899
Construction Segment	-	-
Total departmental assets	1,411,709	1,333,764
Add: Current assets	378,122	458,815
Investment	123,689	120,673
Property, Plant and Equipment	28,917	29,503
Other assets	99,701	111,198
Total assets	$ 2,042,138	$ 2,053,953

(III) Please refer to Note 24 for the income from main products and services.

(IV) Information by regions

The Consolidated Company operates only in Taiwan.

(V) Information on major customers

Income from a single customer which exceed ten percent of total income of the Consolidated Company is as follows:

	2022	2021
Customer A	$ 243,443	$ 178,474

Taiwan TAFFETA Fabric Co., Ltd. and subsidiaries

Marketable securities held

December 31, 2022

Table 1

Unit: Thousand shares/New Taiwan Dollar Thousand

Holding company name	Marketable securities types and name	Relationship with the issuers	Financial Statement Account	March 31, 2020				Remarks
				Number of shares	Carrying amount	Percentage of shareholding	Fair value	
Taiwan TAFFETA Fabric Co., Ltd.	Funds and beneficiary certificates							
	Nomura Special Opportunities High Yield Bond Fund	None	Financial assets at FVTPL - Current	198	$ 53,015	-	$ 53,015	
Cheung Fai Investment Holdings Limited	Funds and beneficiary certificates							
	Federal 2023 Global EGS Premium Bond Fund	None	〃	1,000	9,160	-	9,160	
	Taiwan Small and Medium Enterprise Bank Co., Ltd.	None	〃	574	7,433	-	7,433	
					$ 69,608		$ 69,608	
Taiwan TAFFETA Fabric Co., Ltd.	Domestic listed (OTC) stocks							
	Universal Textile Co., Ltd.	None	Financial assets at fair value through other comprehensive income - current	2,868	$ 46,746	2	$ 46,746	
Cheung Fai Investment Holdings Limited	Domestic listed (OTC) stocks							
	Universal Textile Co., Ltd.	None	〃	450	7,335	-	7,335	
					$ 54,081		$ 54,081	
Taiwan TAFFETA Fabric Co., Ltd.	Domestic unlisted (OTC) stocks							
	Taiwan Filament Weaving Development Co., Ltd.	None	Financial assets at fair value through other comprehensive income- non-current					
	— Ordinary share			1,450	$ -	3	$ -	
	— Preference share			85	-	2	-	
Cheung Fai Investment Holdings Limited	Domestic unlisted (OTC) stocks							
	Taiwan Filament Weaving Development Co., Ltd.	None	〃	725	-	1	-	
	Jestts Blo-Photon Corporation	None	〃	32	-	1	-	
					$ -		$ -	

Taiwan TAFFETA Fabric Co., Ltd. and subsidiaries

Information about the invested company, location, etc

For the year ended December 31, 2022

Table 2

Unit: Thousand shares/New Taiwan Dollar Thousand

Investor	Investor Company	Location	Main business	Investment Amount		As of December 31			Current interests of the invested company	Investment income recognized in the current period	Remarks
				By the end of the current period	End of last year	Thousand shares	Ratio %	Carrying amount			
Taiwan TAFFETA Fabric Co., Ltd.	Cheung Fai Investment Holdings Limited	11F., No. 70-1, Xining N. Rd., Datong Dist., Taipei City, Taiwan (R.O.C.)	Investment	$ 189,970	$ 189,970	18,997	99.98	$ 113,850	$ 5,195	$ 1,337	Subsidiary

Note 1: Cheung Fai Investment Holdings Limited. has been incorporated into the consolidated financial statements.

Note 2: The investment income of NT$1,337,000 of Cheung Fai Investment Holdings Limited recognized in this period is the net amount recognized in proportion to the Company's shareholding, which was NT$5,194,000, less the cash dividends of NT$3,857,000 paid by the Company to Cheung Fai Investment Holdings Limited.

Taiwan TAFFETA Fabric Co., Ltd. and subsidiaries

Information on Investment in Mainland China

For the year ended December 31, 2022

Table 3

Unit: New Taiwan Dollar Thousand/US Dollar Thousand

Name of Investee in Mainland China	Main business	Paid-in capital	Investment method	Accumulated investment amount of outflow from Taiwan at the beginning of the period	Investment Flows		Accumulated investment amount remitted from Taiwan at the end of the period	Current profit and loss of the invested company	Ownership percentage of direct or indirect investment	Recognized investment gains and losses in the current period	Book value of investment at the end of period	Investment income remitted as of the current period
					Outward remittance	Repatriation						
New Fashion International Trade (Shanghai) Co., Ltd.	Import and export trade of various textile fabrics and garments	$ 6,764 (USD 100)	Reinvestment in mainland China through third-party companies (Note 1)	$ 3,397 (USD 100)	USD -	USD -	$ 3,397 (USD 100)	$ -	50	$ -	USD - (Note 1)	USD -

Accumulated investment amount remitted from Taiwan to mainland China at the end of the period	Investment amount approved by Investment Commission, MOEA	limitation on investee regulated under Investment Commission, MOEA
USD 100	USD 100	NTD 959,000(Note 2)

Note 1: New Fashion International Trade (Shanghai) Co., Ltd. reinvested by Jung Hui Holdings Co., Ltd. of the Consolidated Company was closed on July 31, 2004 by resolution of the Board of Directors and the shareholders' meeting, and a full loss on the investment was recorded in 2004 against the carrying value. In addition, the Consolidated Company's Jung Hui Holdings Co., Ltd. was liquidated in December 2017.

Note 2: According to the regulations of the Investment Commission of the Ministry of Economic Affairs, the investment limit in Mainland China is calculated on the basis of 60% of the net value of Taiwan TAFFETA Fabric Co., Ltd., i.e. NT$1,598,333,000 x 60% = NT$959,000,000.

Taiwan TAFFETA Fabric Co., Ltd. and subsidiaries

Information on Major Shareholders

December 31, 2022

Table 4

Name of major shareholder	Shares	
	Number of shares held	Percentage of shareholding
Universal Textile Co., Ltd.	17,695,218	13.17%
Cheung Fai Investment Holdings Limited	7,714,103	5.74%

Note 1: This table is based on the information provided by the Taiwan Depository & Clearing Corporation for shareholders holding greater than five percent of the shares completed the process of registration and book-entry delivery in dematerialized form, including treasury stocks, at the last business date of current quarter. There may be a discrepancy in the number of shares recorded on the consolidated financial statements and its dematerialized securities arising from the difference in basis of preparation.

Note 2: The aforementioned information will be disclosed by the trustors' personal accounts settled by the trustees If the shareholders put the shares into a trust. As for the insider declaration of the ownership percentage over 10%, including the shares on hand and those being put in the trust and may be able to decide the usage of the trust assets, please refer to the declaration information on Market Observation Post System (MOPS).