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LAN FA TEXTILE CO., LTD.

2022 Annual Report

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Corporate website: www.lanfa.com.tw

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I. Report to Shareholders

1. Business Report in 2022

(1) Results of the Implementation of the Business Plan in 2022:

Zhubei Factory

1. Production situation:

The company's annual production decreased by 18.79%, from 24,113 tons in 2021 to 19,581 tons in 2022(decrease of 4,532 tons). The detailed figures are as follows:

Unit: Metric Ton

Product	2022	2021	Decrease	Ratio of decrease
Draw Textured Yarn (DTY)	19,581	24,113	4,532	18.79%

2. Business situation:

The company's net revenue decreased by 9.87%, from NT$1,392.690 million in 2021 to NT$1,255.248 million in 2022(decrease of NT$137.442 million). The detailed figures are as follows:

Unit: Metric Ton/NT$ million dollars

Year	2022		2021		Decrease		Ratio of decrease	
Product	Sales Volume	Sales Amount	Sales Volume	Sales Amount	Sales Volume	Sales Amount	Sales Volume	Sales Amount
Draw Textured Yarn (DTY)	18,487	1,255.248	23,889	1,392.690	5,402	137.442	22.61%	9.87%

Hangzhou Factory

1. Production Status:

HANGZHOU LANFA's annual production decreased by 41.13%, from 19,272 tons in 2021 to 11,345 tons in 2022(decrease of 7,927 tons). The detailed figures are as follows:

Unit: Metric Ton

Product	2022	2021	Decrease	Ratio of decrease
Draw Textured Yarn (DTY)	11,345	19,272	7,927	41.13%

2. Business Status:

HANGZHOU LANFA's net revenue decreased by 35.95%, from RMB247.162 million in 2021 to RMB158.301 million in 2022(decrease of RMB88.861 million).The detailed figures are as follows:

Unit: Metric Ton/RMB million dollars

Year	2022		2021		Decrease		Ratio of decrease	
Product	Sales Volume	Sales Amount	Sales Volume	Sales Amount	Sales Volume	Sales Amount	Sales Volume	Sales Amount
Draw Textured Yarn (DTY)	12,658	158.301	20,824	247.162	8,166	88.861	39.21%	35.95%

(2) Budget implementation: the company did not disclose its financial forecast in 2022, so it is not necessary to disclose the budget implementation.

(3) Comparative analysis of consolidated financial revenue and expenditure and profitability in 2022 and 2021:

Unit: NT$ thousand dollars

	Item	2022	2021
Financial Revenue and Expenditure	Operating Revenue	1,957,172	2,469,456
	Operating Cost	1,925,948	2,366,793
	Profit (Loss) after Tax	(443,367)	761,472
Profitability	Return On Assets %	(6.74%)	12.7
	Return on Equity %	(14.14%)	24.42
	Net Profit Ratio %	(22.65%)	30.84
	Earnings Per Share (NT$)	(1.40)	2.01

(4) Research and Development:

1. Continue to actively research and develop new yarns with special functions and differences, and develop towards ultra-fine fibers, and diversify the products to increase the gross profit margin.
2. Put into the production machinery and equipment transformation plan, so that the quality can be improved continuously, and the production speed becomes faster, the production capacity can be increased, and the power consumption of the equipment can be reduced, so as to achieve the effect of energy and electricity saving.
3. Continuously transform the automatic computer process and the automatic warehouse management system, upgrade the software and hardware of the old automatic computer, save the maximum manpower and create the maximum marginal efficiency.
4. Combine e-transformation and m-transformation management with ERP system to reduce the overall management cost, find anomalies in time, manage and correct them in time, and give full play to the maximum management benefits.
5. Overall evaluation of the energy-saving projects of the company's equipment, including: air conditioners, water chiller, circulating water pumps, air compressors and other equipment to carry out energy-saving transformation projects, so as to achieve the effect of energy saving and carbon reduction.

New Product Status

Item	Denier	Characteristics	Usage
Hydroscopic and sweat-discharged textured yarn	75D, 150D, 300D	Moisture removal and quick drying are suitable for sports and leisure clothing.	Knitting, plain weave
Suede (free-fiber) yarn	105D, 150D, 220D	Can be divided into split type and sea island type, and the suede (SUDE) effect can be obtained after opening and reducing the ultra-fine fiber and then sanding it.	Knitting, plain weave
Dull textured yarn	75D, 150D, 300D	The dull effect is similar to that of natural fiber.	Knitting, plain weave
Ultra-fine fiber textured yarn	150D/144F, 75D/144F 100D/144F, 100D/288F 150D/216F, 150D/288F 20D/24F,30D/24F，40D/24F， 50D/144F	Soft, meticulous feel, peach skin-like effect.	Knitting, plain weave
Dimity-like yarn	80D, 180D, 350D	With the effect of dryness and linen-like.	Knitting, plain weave
Black and white yarn with dark stripes (fat-thin yarn)	150D, 300D	The cloth has a deep strip effect, which is suitable for trousers.	Plain weave
Black and white yarn with dark stripes	150D, 300D	The cloth has a deep strip effect, which is suitable for trousers.	Plain weave
Pearl yarn	350D, 650D, 950D	Make use of the characteristics of this yarn to make	Knitting,

		the surface look like the pearl.	plain weave
Woolenex yarn	150D, 300D	Two-color, elastic, light-colored strip effect on the cloth cover.	Plain weave
Cationic yarn	50D,75D, 150D, 300D	Make use of its dyeing property and match it with other yarns to create a two-color or lattice effect.	Knitting, plain weave
Recycled fibers	20D,30D,40D,50D, 75D, 150D	The use of recycled materials of bottles and used clothes can reduce the waste of bottles, reduce the use of petrochemical materials, reduce CO2 and energy consumption, reduce the crisis of environmental warming, and thus protect the earth.	Knitting, plain weave
Polyester easy-to-pull yarn	50D,75D,150D	100% of polyester fiber and polyester easy-to-pull yarn retain the inherent characteristics of polyester and have a cost advantage. Do not need to match spandex, can make the cloth cover appropriate elastic effect. It has both elastic and quick-drying characteristics. Recoverable twist processing increases the falling feeling of the cloth sample without reducing its elasticity. After the dyeing and finishing process, the fabric has good elasticity and recovery rate.	Knitting, plain weave
Polyester cooling fiber	50D/36F , 50D/72F, 75D/36F , 75D/72F	Keep cool and dry, absorb moisture and remove sweat, anti-static, environmental protection and energy saving.	Knitting, plain weave
Polyester hygroscopic and heating fiber	50D/36F , 50D/72F, 75D/36F , 75D/72F	Moisture absorption and heating, moisture absorption and sweat removal, anti-static.	Knitting, plain weave
Polyester elastic yarn (SPANDEX)	75D , 150D , 300D	The fabric is soft, and the processing cost is lower than that of traditional covering yarn. It is suitable for socks, jeans, yoga wear and sportswear.	Knitting, plain weave

3. Summary of Business Plan in 2023

(2) Business Principles:

1. The whole world is paying attention to abnormal climate change. Governments of all countries are committed to the goal of energy saving and carbon reduction. Every enterprise has the responsibility to contribute to energy saving and carbon reduction. Our company will conduct energy management in the future. By setting up an energy management monitoring system, we will ensure efficient energy use, monitor and reduce energy waste. In addition, both the Hangzhou factory and the Zhubei factory have replaced LED lighting energy-saving equipment and high-efficiency air conditioners with carbon fiber lightweight fan blades. The roof of the Hangzhou factory has installed solar power generation equipment, and the roof of the Zhubei factory will also evaluate the possibility of installation in order to achieve the effects of green energy, environmental protection, and energy saving, and fulfill corporate responsibilities.

2. The inventories of world-renowned brand manufacturers are still high this year, and they still focus on digesting their inventories. Therefore, the visibility of new orders is not high. Drawn, TOP composite elastic yarn, etc., and strictly control inventory, and continue to improve production efficiency, A-grade rate, and warp rate to reduce production costs.
3. In recent years, the company has actively developed functional yarns, including composite elastic yarn, polyester elastic yarn, polyester recycled yarn, High Stretch yarns, black yarn and ultra-fine fiber yarn, etc., the above differentiated products can meet the needs of cutting-edge customers and improve gross profit. This year, functional yarns are fully invested in polyester recycled yarns, and brand manufacturers require their products to add a certain proportion of polyester recycled yarns. International attention to environmental protection is becoming more and more important, so the demand for polyester recycled yarns is increasing day by day. The company also try its best to increase the proportion of production and sales.
4. Since last year, the whole world has gradually unblocked the new crown epidemic, and mainland China has also unblocked since the end of last year. This year, the World Health Organization announced that the new crown epidemic has completely ended and resumed normal life. However, the global economy is facing the possibility of recession. In addition, Ukraine and Russia the war has caused prices to soar, inflationary pressures are increasing day by day, and the world may fall into stagnant inflation. Coupled with the crowding out effect, the textile market in the second half of this year is not very optimistic. Internal operation and production must improve product quality and increase yield A Level-up efficiency, cost and expense reduction, external sales must be customized services, committed to innovative research and development of new environmental protection materials, and quickly respond to customer needs, providing customers with a small number of diverse and differentiated needs.

(2) Expected Sales Quantity and Its Basis:

The company has a total of 90 German ultra-high-speed false twisting machines (including 17 twin false twisting machines) in Zhubei Factory and Hangzhou Factory in 2023. This year, it will increase the proportion of production and sales of products with high prices and high gross profit, such as ultra-fine fiber, TOP elastic fiber yarn, recycled yarn and easy-drawing yarn. The annual output of polyester processed silk in false twisting department of Zhubei Factory is about 26,000 metric tons, while that of Hangzhou Factory is about 22,000 metric tons in 2023, and the total output of the two factories can reach about 48,000 metric tons.

(3) Important Production and Sales Strategy:

Well-known brand manufacturers of clothing and textiles are still digesting their inventory this year, so the output in the first half of the year was affected by it, and they are still conservatively treated as order-based production. But in the fourth quarter, it is possible to start placing orders to replenish inventory, so this year we must follow suit, step by step, keep an eye on changes in the sales market, and take the lead. In addition, in terms of internal production, we should increase the A-grade rate and warp rate, reduce weft yarn production and inventory, and continue to develop cutting-edge customers, differentiated yarn types and environmentally friendly yarn products of various yarn types to increase gross profit.

3. Company's Future Development Strategy

(1) Taiwan has long maintained friendly upstream and downstream relationships with South Asia and the Far East, especially plan to develop and produce polyester recycled yarn with the Far East to obtain high-grade POY raw materials, while it has contacts with large raw material suppliers in China such as Hengli, Shenghong and Xinfengming, maintains a good relationship between supply and demand, reduces dependence on a single supplier, and adds self R & D and production technology after the acquisition of raw materials, which will have an absolute advantage in the field of textured yarn high-grade products.

(2) Continuously improve the efficiency, grade-A rate and yarn rate, and integrate the energy-saving transformation plan of production machinery and equipment and public equipment.

(3) In addition to strengthening the production ratio of composite yarn and polyester recycled yarn, actively develop new kinds of yarn that are popular in the market.

4. Affected by the external competitive environment, the regulatory environment and the overall business environment

Facing the turmoil of the Ukrainian-Russian war last year, coupled with mainland China's zero-COVID-19 policy, which caused global economic turmoil and an imbalance between the supply and demand of raw materials, global inflationary pressure continued to heat up and did not ease until the second quarter of this year. However, the U.S. government is still wary of inflation. Therefore, Europe, the United States and other large economies are not optimistic about the economic prospects. Therefore, the U.S. Federal Reserve will be caught in a dilemma in future interest rate decisions, which will have a negative impact on the future financing and operating costs of all companies. big test. In addition, China's Ministry of Commerce announced a trade barrier investigation on 2,455 items of Taiwan's products, causing market concerns about whether China intends to end ECFA's concession to Taiwan. At present, large textile factories in Taiwan have transferred their production capacity to Southeast Asia, and the future impact on the textile industry will be limited.

2022 will be a year of chaos and unrest. Affected by excessive inflation around the world, it will crowd out the consumption of clothing textiles and affect the overall market performance of polyester processed yarn. Running an enterprise should not have the right to be tired. We should still strive to develop high value-added products and technologies, actively expand overseas markets such as Southeast Asia and South Korea and keep an eye on changes in the textile market to seize opportunities. Although the world economy is still in an uncertain year this year, we must make unremitting efforts, step by step, and do our best to run the company to repay the support of shareholders.

Enjoy good health, and all the best.

Chairman: YEH, CHING-TSE

II. Company Introduction

1. Company Introduction

(1) Date of Establishment: December 11, 1972

(2) Company History:

Since the establishment of the company, its development process can be divided into the following stages:

From December 1972 to 1985:

The company was established in December 1972 by wealthy businessman YEH, CHIN-TE YEH, CHUAN-FA father and son, WANG CHEN-KUN and WANG YUEN-CHIN, registered as LAN FA TEXTILE CO. LTD., with a capital of NT$ 22,500 thousand began to produce all kinds of knitted fabrics. In 1982, due to business needs, Mr. YEH, CHING-TSE was specially employed as general manager.

1985 ~ 1991

In 1985, due to the change in the industrial structure, low-value labor-intensive industries moved outward. In order to deal with the changes in the business environment, the old knitting machine was sold and the contract manufacturing mode was adopted to continue to operate the knitting business.

In the same year, in order to pursue the sustainable operation of the company, 10 traditional spindle false twisting machines were purchased from the Nanya company, introduced professional managers to formally step into the polyester textured yarn industry, and changed the company's name to LAN FA TEXTILE CO. LTD. Since 1986, it decided to introduce a new type of high-speed friction false twisting machine and gradually eliminated the traditional spindle machine with low production efficiency.

1986 ~ 1987

Introduced BARMAG FK6M high-speed friction false twisting production lines, which was the first professional false twisting factory to complete industrial upgrading by fully adopting high-efficiency and automatic high-speed friction false twisting machine.

1991 ~ 1999

In 1991, the Luzhu No.3 False Twisting Plant was expanded with a total floor area of about 8,235 ㎡, and 13 new BARMAG high-speed friction false twisting production lines were re-introduced in 1991 and 1992 to expand the production scale and strengthen the competitiveness of enterprises.

In September 1991, approved by the Securities and Exchange Commission to issue the supplemental public issuance, the paid-in capital was NT$ 379,000 thousand and the annual turnover exceeded NT$ 1,100,000 thousand making it one of the top 500 enterprises within the country.

In January 25, 1993, won the AAAA level in the performance evaluation of "Market and Quotation" for two consecutive years.

In August 1993, the company's product ”Lan Fa Yarn” passed the examination and approval of the National Bureau of Standards of the Ministry of Economic Affairs in terms of quality, and was allowed to use the ”Orthography” mark, which was the first manufacturer in the domestic professional false twisting industry to be examined and approved by CNS.

In 1994, (1) completed the expansion of No. 4 false twisting plant (about 2,200 ping) and added 12 BARMAG high-speed friction false twisting production lines to increase the monthly production capacity to more than 3,800 metric tons and enhance the competitiveness of the company.

(2) It was officially listed on the Taiwan Stock Exchange Corporation on October 26. The stock code is 1459.

In May 1996, (1) obtained ISO-9002 verification by the Commodity Inspection Bureau of the Ministry of Economic Affairs in May.

In January 1997, (1) in order to expand the production scale of polyester textured yarn, strengthen its competitiveness and reduce costs, purchased 12,910 pings of land in Zhubei Factory, added the high-speed false twisting production line and adopted the fully automated equipment system. The cash capital was increased by NT$ 520,000 thousand (premium per share was NT$ 20), and the paid-in capital reached NT$ 1,792,642 thousand.

(2) On April 24, it was upgraded to a first-class stock, listed and traded on the Taiwan Stock Exchange Corporation.

In 1998, (1) Zhubei No.1 Plant introduced 18 BARMAG AFK high-speed friction false twisting production lines for commissioning and mass production, the other two types of AUTEFA automatic equipment were also put into operation and improved the production process to launch products with 9kg packaging, which were unanimously praised by downstream manufacturers. In that year, it had 53 West German BARMAG high-speed friction false twisting production lines with a monthly production capacity of more than 6,600 metric tons, which was superior to the same industry in terms of production process, product quality, efficiency automation, handling, packaging and so on.

In 1999, (1) Zhubei No.1 Factory introduced 12 new BARMAG AFK high-speed false twisting production lines in 1999, then added mass production, planned equipment for the most advanced false twisting plant, leading the industry in terms of production speed, product quality and production efficiency.

2000 ~ NOW

In 2001, (1) in order to achieve system automation management, the company expanded the second phase of Zhubei Plant in May 1990, purchased BARMAG AFK2 ultra-high-speed false twisting machine (up to 1,500M/min), and built a high-tech automatic warehousing management system, so as to achieve the industrial automation revolution from the automation of raw materials, feeding, doffing, output, handling, product inspection, packaging, warehousing and shipment.

In 2002, (1) 18 ultra-high-speed false twisting production lines of BARMAG AFK2 introduced by Zhubei No.2 Factory were completed and put into mass production in 2002, with a total of 48 ultra-high-speed twisting twist production lines in Zhubei No. 1 and No. 2 plants. Due to the integration and integrity of the system, the efficiency can be improved to the best state, the related costs can be reduced, and the competitive advantage can be strengthened.

(2) In order to improve the financial structure to repay short-term loans, the company issued the"2002 First Guaranteed Ordinary Corporate Bonds" in April 2002, with a five-year maturity and a face interest rate of 2.85%.

(3) The company selected the 2008 National Development Plan" First Stop of National e-transformation Activity" for the Executive Yuan, President You praised it as the "Industrial Model" after visiting the company's Zhubei Factory in July 2002.

In 2003, (1) in order to improve the financial structure to repay short-term loans, the company issued the "2003 First Guaranteed Ordinary Corporate Bonds" in October 2003, with a five-year maturity and a face interest rate of 1.6%.

In 2004, (1) the company approved by the Ministry of Economic Affairs to invest indirectly in Zhejiang Province in the mainland to set up "Hangzhou Lan Fa Textile Co., Ltd." with a total investment of US$ 43.13 million.

In 2006, (1) YEH, CHUAN-FA resigned as chairman for personal health reasons, and YEH, CHING-TSE was elected as chairman by the board of directors.

In 2007, (1) the company's"2002 First Guaranteed Ordinary Corporate Bonds" was due to repay the principal once on April 18, 2007.

In 2008, (1) in order to repay short-term loans, the company adjusted its financial structure and issued"2007 First Guaranteed Ordinary Corporate Bonds" in January 2008, with a five-year maturity and a face interest rate of 2.71%.

(2) The company's"2003 First Guaranteed Ordinary Corporate Bonds" was due to repay the principal once on October 3, 2008.

(3) The Hangzhou factory has been in trial operation since the second half of 2008.

In 2009, (1) the capacity utilization rate of our Hangzhou factory has reached 100% in the second half of 2009, and strived to open up the Asian market and increased the proportion of export.

In 2010, (1) the signing of the cross-strait ECFA economic and trade agreement has been completed, and polyester textured yarn has been included in the early harvest list. In particular, Lan Fa Textile has production bases on both sides of the strait, which is more advantageous and competitive for marketing in China and Asian countries.

In 2013, (1) the company's"2007 First Guaranteed Ordinary Corporate Bonds" was due to repay the principal once on January 15, 2013.

In 2015, (1) joined Taiwan Hsin-chu Green Industry Association, the company attaches importance to major environmental issues such as global warming and climate change, thus, joined the

Taiwan Hsin-chu Green Industry Association, actively cooperated with the central energy saving and carbon reduction policy, and practiced the concept of low-carbon sustainable green home.

In 2016, (1) the company has been approved by the Investment Commission of the Ministry of Economic Affairs to invest indirectly through the third place investment in Hangzhou Lan Fa Textile Co., Ltd., Zhejiang Province, mainland China to increase the investment amount by US$ 6.1 million, with a total investment amount of US$ 49.23 million.

In 2017, (1) Hangzhou Lan Fa Factory introduced 10 new BARMAG eAFK 384-spindle high-speed false twisting machine production line and were put into mass production, which was the most advanced false twisting production equipment of BARMAG at present.

In 2018, (1) the audit committee was established to replace the supervisor in accordance with the provisions of the competent authority.

In 2020, (1) developed and produced a series of environmentally friendly yarn products in cooperation with the Far Eastern New Century Corporation.

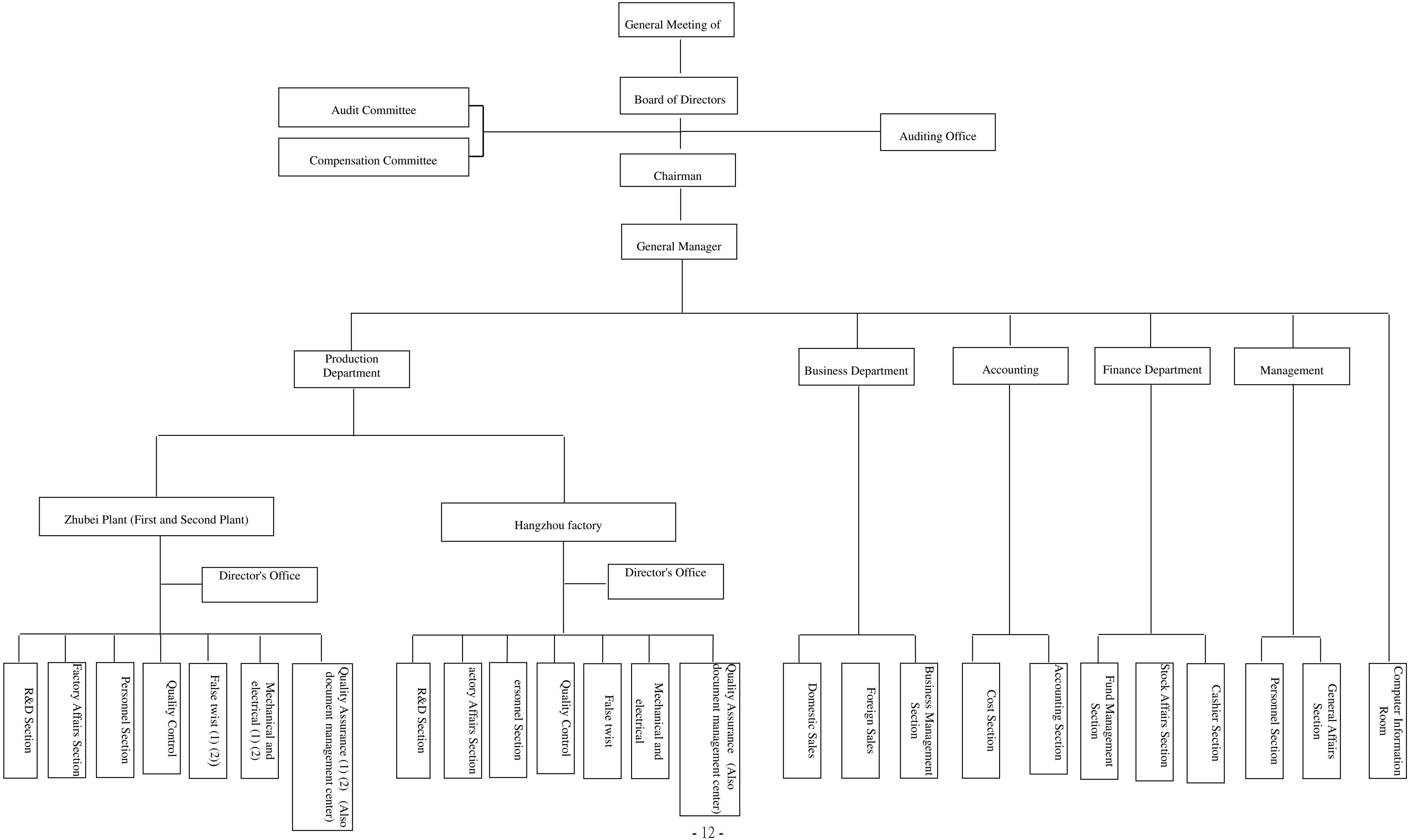
In 2021, (1) the subsidiary KING LAN FA Industrial Co., Ltd. disposed of a total of 3861m² of land in Fudingjin Section, Sanmin District, Kaohsiung City.

In 2022, (1) The company launched an employee stock ownership trust .

III.Corporate Governance Report

1. Corporate Organization

Organization Chart of LAN FA TEXTILE Co., Ltd.



(2) The business of each main department

Department name	Business
General Manager's Office	Comprehensively manage the administrative and operational matters of various departments
Audit Office	Responsible for the planning, revision and auditing of the internal audit system
False Twist Production Department	Responsible for the integration of production, quality control, factory affairs, personnel and other related matters in all factories
False Twist Business Department	Responsible for marketing plans and various sales and other related matters
Accounting Department	Responsible for accounting operations and accounting processing and other related matters
Finance Department	Responsible for financial management and other related matters
Management Department	Responsible for general affairs and personnel

Corporate spokesperson duties:

1. Create a positive image of the company or increase the sales volume or price of specific products of the company.
2. Understand the needs and ecology of the media and establish a foundation for good interaction and mutual trust with the media.
3. Organize a crisis early warning and notification system and set up a crisis management command center to keep abreast of the evolution of crisis events and formulate countermeasures, take the initiative to speak in a unified manner, publish press releases, publish statements and hold press conferences, which can transform crisis management into the company's positive publicity.
4. Master and summarize the most accurate and timely relevant information related to the company's various departments in finance, business, research and development, and serve as an important channel for communication between the company and the media and the correct message transmitter.
5. Collect relevant news reports from the outside; report news reports that have a significant impact on the company to superiors; formulate calibers in accordance with superiors' instructions, draft superiors' speeches, and make news clarifications or releases.
6. Develop long-term media strategies, plan and organize various media activities, such as press conferences or accept media interviews and telephone inquiries; keep in touch with online reporters who specialize in this field.

2. Information on directors, president, vice president, assistant vice president, and chiefs of various divisions and branches

(1) Information on Directors

Directors' Information (1)

April 30, 2023

Title	Nationality or place of registration	Name (Note 1)	Gender Age	Appointment (inauguration) date	Term of office	Date of first appointment	Holding shares at the time of appointment		Holding shares now		Number of shares held by spouse and minor children		Holding shares in the name of another person		Major experience (education)	Currently concurrently holding positions in the company and other companies	Other supervisors, directors or supervisors with spouse or second-class relationship			Remarks (Note 7)
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Chairman	R.O.C	ZEXIN Investment Co., LTD	None	2021.07.15	3 years	2012.06	34,998,156	9.76%	34,998,156	9.76%	-	-	-	-	(1)Director of the National Federation of Industry Executive (2)Director of the Taiwan Man-made Fiber Industries Association	Note 1	Director	YEH, YU-LUN	Father and son	Not applicable
		Representative: YEH, CHING-TSE	Male 71-80 years old		3 years	1973.12	7,974,620	2.22%	7,974,620	2.22%	2,899,281	0.81%	-	-						None
Director	R.O.C	YEH, CHUAN-CHENG	Male 71-80 years old	2021.07.15	3 years	2003.06	4,331,323	1.21%	4,331,323	1.21%	178,447	0.05%	-	-	President of YEH, CHUAN-CHENG Obstetrics and Gynecology	Note 2	Director	YEH, CHING-TSE	Brothers	None
Director	R.O.C	YEH, YU-LUN	Male 41-50 years old	2021.07.15	3 years	2008.06	2,946,034	0.82%	2,946,034	0.82%	-	-	-	-	Master in Finance, LA SIERRA University, USA	Note 3	Director	YEH, CHING-TSE	Father and son	None
Director	R.O.C	YEH, PO-LIANG	Male 51-60 years old	2021.07.15	3 years	2006.06	2,391,689	0.67%	2,391,689	0.67%	-	-	-	-	General Manager of Evertex Fabrinology Limited.	Note 4	None	None	None	None
Director	R.O.C	YEH, KUO-HUI	Male 51-60 years old	2021.07.15	3 years	1997.04	4,002,087	1.12%	4,002,087	1.12%	-	-	-	-	Master in Business Administration, SHENANDOAH University, USA	Note 5	None	None	None	None
Director	R.O.C	WANG, FONG-YUEH	Male 61-70 years old	2021.07.15	3 years	1997.04	3,451,851	0.96%	3,451,851	0.96%	350,000	0.10%	-	-	Supervisor of Taiwan Man-Made Fiber Industries Association	Note 6	None	None	None	None
Independent director	R.O.C	CHANG, CHING-TSUNG	Male 61-70 years old	2021.07.15	3 years	2015.06	-	-	-	-					Department of Textile Engineering, Feng Chia University Manager of Business Department of Hualong Co., Ltd.	None	None	None	None	None
Independent director	R.O.C	LIU, CHIU-HU	Male 71-80 years old	2021.07.15	3 years	2018.06	-	-	-	-	-	-	-	-	Department of Economics, National Chung Hsing University General Manager of Hsin Sin Textiles Co. Ltd.	None	None	None	None	None
Independent director	R.O.C	WANG, TSANG-EN	Male 61-70 years old	2021.07.15	3 years	2018.06	1,512,167	0.42%	1,512,167	0.42%	399,979	0.11%	-	-	Member of Lan Fa Textile Remuneration Committee, Senior Doctor of Society of Internal Medicine, Department of Gastroenterology and Endoscopic Medicine of MacKay Memorial Hospit	None	None	None	None	None

Note 1: Mr. YEH, CHING-TSE is currently the chairman of KING LAN FA INDUSTRIAL CO., LTD., LAN TSE INVESTMENT CO., LTD., LAN CHING DEVELOPMENT CO., LTD., LAN CHI Investment Co., LTD, LAN JIE DEVELOPMENT CO., LTD., and LAN HSIN Investment Co., LTD. ; the director of TA TUNG DYEING & FINISHING CO., LTD., Evertex Fabrinology LTD., and PAR FAME ENTERPRISE CO., LTD. ; the independent director of MAI-LIAO POWER CORPORATION.

Note 2: Mr. YEH, CHUAN-CHENG is currently a director of LAN TSE INVESTMENT CO., LTD., and TA TUNG DYEING & FINISHING CO., LTD. ; the supervisor of LAN HSIN Investment Co., Ltd..

Note 3: Mr. YEH, YU-LUN is currently the deputy general manager of the company’s business department and the chairman of LAN LUN Investment Co., Ltd, the Supervisor of ZEXIN Investment Co., Ltd., LAN CHI Investment Co., Ltd., LAN CHING DEVELOPMENT CO., Ltd., LAN JIE DEVELOPMENT CO., Ltd., LAN TSE Investment Co., Ltd., and KING LAN FA INDUSTRIAL CO., Ltd..

Note 4: Mr. YEH, PO-LIANG is currently the chairman of TA FA International Investment Ltd. ; the director of Evertex Fabrinology Limited., and TA TUNG DYEING & FINISHING CO., LTD. ; the supervisor of LANG WANG CO., LTD..

Note 5: Mr. YEH, KUO-HUI is currently the director of Evertex Fabrinology Limited. ; the supervisor of TA TUNG DYEING & FINISHING CO., LTD..

Note 6: Mr. WANG, FONG-YUEH is currently the general manager of the company and concurrently the director of KING LAN FA INDUSTRIAL CO., LTD., LAN TSE Investment Co., Ltd., LAN CHING DEVELOPMENT CO., LTD., LAN JIE DEVELOPMENT CO., LTD., and LAN HSIN Investment Co., LTD. ; the supervisor of TA TUNG DYEING & FINISHING CO., LTD..

Note 7: When the chairman of the board and the general manager or the equivalent (the top manager) are the same person, each other's spouse or relatives, the reason, rationality, necessity and corresponding measures (such as increasing the number of independent directors) , and there should be more than half of the directors not concurrently serving as employees or managers, etc.) related information shall be described.

Major shareholders of corporate shareholders

April 30, 2023

Name of corporate shareholder	Major shareholders of corporate shareholders
ZEXIN Investment Co., LTD	YEH, CHING-TSE (49.60%) SHIH, MEI-HSIN (40.14%) YEH, YU-LUN (10.26%)

Directors' Information (2)

1) Information on Professional Qualifications of Directors and Independence of Independent Directors：

Condition / Name	Professional qualifications and experience	Independence situation	Number of independent directors concurrently serving as other public offering companies
Representative of ZEXIN Investment Co., LTD : YEH, CHING-TSE	For the professional qualifications and experience of directors, please refer to the information on directors (1) on the previous page.	None of the circumstances of Article 30 of the Company Law. (Note 1)	None
YEH, CHUAN-CHENG			
YEH, YU-LUN			
YEH, PO-LIANG			
YEH, KUO-HUI			
WANG, FONG-YUEH			
CHANG, CHING-TSUNG		1. Comply with the relevant regulations of the Securities and Exchange Act (Note 2) of the Financial Supervisory Commission. 2. Received no compensation or benefits for providing commercial, legal, financial, accounting services or consultation to the Company or to any its affiliates within the preceding two years, and the service provided is either an “audit service” or a “non-audit service”	
LIU, CHIU-HU			
WANG, TSANG-EN			

Note 1: Article 30 of the Company Act ： A person who is under any of the following circumstances shall not act as a managerial personnel of a company. If he has been appointed as such, he shall certainly be discharged:

1. Having committed an offence as specified in the Statute for Prevention of Organizational Crimes and subsequently convicted of a crime, and has not started serving the sentence, has not completed serving the sentence, or five years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon.
2. Having committed the offence in terms of fraud, breach of trust or misappropriation and subsequently convicted with imprisonment for a term of more than one year, and has not started serving the sentence, has not completed serving the sentence, or two years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon.
3. Having committed the offense as specified in the Anti-corruption Act and subsequently convicted of a crime, and has not started serving the sentence, has not

completed serving the sentence, or two years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon;

4. Having been adjudicated bankrupt or adjudicated of the commencement of liquidation process by a court, and having not been reinstated to his rights and privileges;
5. Having been dishonored for unlawful use of credit instruments, and the term of such sanction has not expired yet; or
6. Having no or only limited disposing capacity.
7. Having been adjudicated of the commencement of assistantship and such assistantship having not been revoked yet.

Note 2: The Independent directors during the two years before being elected and during the term of office, meet any of the following situations:

1. An employee of the company or any of its affiliates.
2. A director or supervisor of the company or any of its affiliates.
3. A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
4. A spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
5. A director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act.
6. If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: a director, supervisor, or employee of that other company.
7. If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution.
8. A director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company.
9. A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
10. Does not have a spouse or family relationship within the second degree of kinship with other directors.
11. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

2) Board Diversity and Independence

(1) Diversification of the board of directors: The company implements the policy of diversity of board members. In order to strengthen corporate governance and promote the sound development of the composition and structure of the board of directors, it is believed that the policy of diversity will help improve the overall performance of the company. Heng Zhu has 6 directors and 3 independent directors of the 17th board of directors of the company, all of whom are nationalities. They all possess diverse and complementary capabilities across diverse industries, as well as industry experience, relevant skills, and operational judgment. The company regulates the diversity policy of board members, including but not limited to the following two standards:

Basic conditions and values: gender, age, nationality, race and culture, etc.

Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience, etc.

Management goals and achievement:

1. The chairman of the company and the general manager or other persons of equivalent rank (the top manager) are not the same person or are each other's spouses or first-degree relatives.	Reach
2. Among the directors of the company, the number of employees who are employees of the company, parent, child or brother company is less than (including) one-third of the number of directors.	Reach
3. A single legal person organization and its subsidiaries account for less than one-third of the board seats.	Reach
4. The number of independent directors exceeds one-third of the number of directors.	Reach
5. The term of at least two independent directors does not exceed three terms.	Reach

(2) Independence of the board of directors：The Board of Directors of the Company is quite independent

1. There are 9 directors in total, of which 3 are independent directors (accounting for 33.33%); 6 directors meet all the conditions of independence (accounting for 66.67%).
2. The term of independent directors shall not exceed three consecutive terms, and they have not concurrently served as independent directors of other public offering companies.
3. As of the end of 111, all independent directors have met the regulations of the Securities and Futures Bureau of the Financial Supervisory Commission on independent directors.
4. None of the directors and independent directors are subject to the provisions of Article 26-3 of the Securities and Exchange Act, paragraphs 3 and 4.
5. The educational background, gender and work experience of each director (please refer to the table below and pages 14 of this annual report).

Title	Nationality or place of registration	Name	Gender Age	Shareholding ratio	Professional qualifications and experience									Other supervisors, directors or supervisors with spouse or second-class relationship		
					Biness	Legal	Financial & Accunting	International market view	National Examination Certificate	Management	Leadership decision	Industry knowledge	Crisis management	Title	Name	Relationship
Chairman	R.O.C	ZEXIN Investment Co., LTD	None	9.76%	V	V	V	V		V	V	V	V	Director	YEH, YU-LUN	Father and son
		Representative : YEH, CHING-TSE	Male 71-80 years old	2.22%	V	V	V	V	V	V	V	V	V			
Director	R.O.C	YEH, CHUAN-CHENG	Male 71-80 years old	1.21%	V	V	V	V		V	V	V	V	Director	YEH, CHING-TSE	Brothers
Director	R.O.C	YEH, YU-LUN	Male 41-50 years old	0.82%	V	V	V	V		V	V	V	V	Director	YEH, CHING-TSE	Father and son
Director	R.O.C	YEH, PO-LIANG	Male 51-60 years old	0.67%	V	V	V	V		V	V	V	V	None	None	None
Director	R.O.C	YEH, KUO-HUI	Male 51-60 years old	1.12%	V	V	V	V		V	V	V	V	None	None	None
Director	R.O.C	WANG, FONG-YUEH	Male 61-70 years old	0.96%	V	V	V	V		V	V	V	V	None	None	None
Independent director	R.O.C	CHANG, CHING-TSUNG	Male 61-70 years old	-	V	V	V	V		V	V	V	V	None	None	None
Independent director	R.O.C	LIU, CHIU-HU	Male 71-80 years old	-	V	V	V	V		V	V	V	V	None	None	None
Independent director	R.O.C	WANG, TSANG-EN	Male 61-70 years old	0.42%	V	V	V	V	V	V	V	V	V	None	None	None

(2) Information about the general manager, deputy general managers, associate managers, supervisors of various departments and branches

April 30, 2023

Title	Nationality	Name	Gender	Inauguration date	Holding shares		Number of shares held by spouse and minor children		Holding shares in the name of another person		Major experience (education)	Currently concurrently holding positions in the company and other companies	Managers with spouse or second relative relationship			Remarks (Note 3)
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Director and general manager	R.O.C	WANG, FONG-YUEH	Male	2006.06	3,451,851	0.96%	350,000	0.10%	-	-	Supervisor of Taiwan Human Fiber Processing Silk Association	(Note 1)	None	None	None	-
Chairman's Office and General Manager	R.O.C	LI, SHU-YA	Female	2011.01	2,343,270	0.65%	639	-	-	-	University graduate	None	None	None	None	-
Director and Deputy General Manager of the Business Department	R.O.C	YEH, YU-LUN	Male	2017.01	2,946,034	0.82%	-	-	-	-	LA SIERRA UNIVERSITY Graduated from the Institute of Finance	(Note 2)	None	None	None	-
Deputy General Manager of Finance Department	R.O.C	MI, FU-HSIANG	Male	2014.02	-	-	-	-	-	-	University graduate	None	None	None	None	-
Director of Audit Office	R.O.C	LU, HSUEH-TAO	Male	2013.03	-	-	-	-	-	-	University graduate	None	None	None	None	-
Associate of Accounting Department	R.O.C	LEE, HSUN-YI	Male	2014.02	-	-	-	-	-	-	University graduate	None	None	None	None	-

Note 1: Mr. WANG, FONG-YUEH is currently a director of KING LAN FA INDUSTRIAL Co., Ltd., LAN TSE Investment Co., Ltd., LAN CHING DEVELOPMENT Co., Ltd., LAN JIE DEVELOPMENT Co., Ltd., LAN HSIN Investment Co., Ltd., and supervisor of TA TUNG DYEING & FINISHING Co., Ltd..

Note 2: Mr. YEH, YU-LUN is currently the chairman of LAN LUN Investment Co., Ltd., and the supervisor of ZEXIN Investment Co., Ltd., LAN CHI Investment Co., Ltd., LAN CHING DEVELOPMENT Co., Ltd., LAN JIE DEVELOPMENT Co., Ltd., LAN TSE Investment Co., Ltd., and KING LAN FA INDUSTRIAL Co., Ltd..

Note 3: When the general manager or a person of equivalent rank (the top manager) and the chairman of the board are the same person, each other's spouse or relatives, the reason, rationality, necessity and corresponding measures (such as increasing the number of independent directors), and there should be more than half of the directors not serving as employees or managers, etc.) related information: this company does not have this situation.

(3) Remuneration paid to directors, general managers and deputy general managers in recent years

(1) Remuneration of general directors and independent directors

December 31, 2022 NT$ thousands

Title	Name	Directors' remuneration								Ratio of the four items A, B, C and D to the net profit after tax (Note 10)		Part-time employees receive related remuneration								Ratio of the total of seven items A, B, C, D, E, F, and G to the net profit after tax (Note 10)		Whether to receive remuneration from non-subsidiary investment businesses (Note 11)
		Remuneration (A) (Note 2)		Retirement pension (B)		Director's remuneration (C) (Note 3)		Business execution expenses (D) (Note 4)				Salaries, bonuses and special expenses, etc. (E) (Note 5)		Retirement pension (F)		Employee compensation (G) (Note 6)						
																The company		All companies in the financial report (Note 7)				
		The company	All companies in the financial report (Note 7)	The company	All companies in the financial report (Note 7)	The company	All companies in the financial report (Note 7)	The company	All companies in the financial report (Note 7)	The company	All companies in the financial report (Note 7)	The company	All companies in the financial report (Note 7)	The company	All companies in the financial report (Note 7)	Cash bonus amount	Stock dividend amount	Cash bonus amount	Stock dividend amount	The company	All companies in the financial report (Note 7)	
Chairman of the board	ZEXIN Investment Co., LTD																					
Legal representative of the chairman	YEH, CHING-TSE	0	0	0	0	0	0	248	248	-0.06%	-0.06%	4,057	4,057	0	0	0	0	0	0	-0.97%	-0.97%	No
Director	YEH, CHUAN-CHENG	0	0	0	0	0	0	248	248	-0.06%	-0.06%	0	0	0	0	0	0	0	0	-0.06%	-0.06%	No
Director	YEH, YU-LUN	0	0	0	0	0	0	248	248	-0.06%	-0.06%	1,928	1,928	0	0	0	0	0	0	-0.49%	-0.49%	No
Director	YEH, PO-LIANG	0	0	0	0	0	0	248	248	-0.06%	-0.06%	0	0	0	0	0	0	0	0	-0.06%	-0.06%	No
Director	YEH, KUO-HUI	0	0	0	0	0	0	248	248	-0.06%	-0.06%	0	0	0	0	0	0	0	0	-0.06%	-0.06%	No
Director	WANG, FONG-YUEH	0	0	0	0	0	0	248	248	-0.06%	-0.06%	4,161	4,161	0	0	0	0	0	0	-0.99%	-0.99%	No
Independent director	CHANG, CHING-TSUNG	0	0	0	0	0	0	248	248	-0.06%	-0.06%	0	0	0	0	0	0	0	0	-0.06%	-0.06%	No
Independent director	LIU, CHIU-HU	0	0	0	0	0	0	248	248	-0.06%	-0.06%	0	0	0	0	0	0	0	0	-0.06%	-0.06%	No
Independent director	WANG, TSANG-EN	0	0	0	0	0	0	248	248	-0.06%	-0.06%	0	0	0	0	0	0	0	0	-0.06%	-0.06%	No

1. Please state the remuneration policy, system, standard and structure of the independent director, and the correlation with the amount of remuneration according to the responsibilities, risks, investment time and other factors: In accordance with the Articles of Association of the Company, the Board of Directors is authorized to pay the remuneration and travel expenses of all directors, regardless of their profits and losses, according to the general level of the same industry, and independent directors shall be paid with the travel expenses separately when they participate in the irregular functional committee.
2. Except as disclosed in the table above, the remuneration received by the company director in the most recent year for services provided to all companies in the financial statements (e.g. as the consultant who is not an employee): None

The chairman of the board, Mr. YEH, CHING-TSE, has a car with a book value of NT$4,928 thousand and a driver's salary of NT$541 thousand.

Note 1: The names of the directors should be listed separately (the legal person shareholders should list the names of the legal person shareholders and their representatives separately), and the payment amounts should be disclosed in a summary manner. If the director is concurrently the general manager or deputy general manager, please fill in this form and the following table (3-1) or (3-2).
Note 2: it refers to the remuneration of directors in the most recent year (including directors' salary, post bonus, severance payment, various bonuses, incentives, etc.).
Note 3: it is the amount of directors' remuneration approved by the board of directors in the most recent year.
Note 4: it refers to the director's relevant business execution expenses in the most recent year (including carriage fees, special expenses, various allowances, dormitories, car allocation, etc.). When providing housing, cars and other means of transportation or exclusive personal expenses, the nature and cost of the assets provided, the actual or fair market price rent, fuel and other payments

should be disclosed. In addition, if there is a driver, please note the relevant remuneration paid by the company to the driver, but it will not be included in the remuneration.

Note 5: it refers to the salary received by concurrent directors (including concurrent general manager, deputy general manager, other managers and employees) in the most recent year, including salary, post bonus, severance payment, various bonuses, incentives, carriage fees, special expenses, various allowances, dormitories, car distribution, etc. are provided in kind. When providing housing, cars and other means of transportation or exclusive personal expenses, the nature and cost of the assets provided, the actual or fair market price rent, fuel and other payments should be disclosed. If there is a driver, please note the relevant remuneration paid by the company to the driver, but it will not be included in the remuneration. In addition, salary expenses recognized in accordance with IFRS 2 "Share Basic Benefits", including obtaining employee stock options, restricting employee rights, new shares, and participating in cash capital increase subscription for shares, should also be included in remuneration.

Note 6: it refers to those who have received employee remuneration (including stocks and cash) for concurrent directors (including concurrently serving as general manager, deputy general manager, other managers and employees) in the most recent year, and the amount of employee remuneration approved by the board of directors in the most recent year shall be disclosed. If it is not possible to estimate, the proposed distribution amount for this year shall be calculated based on the actual distribution amount last year, and the attached table 1-3 shall be filled in.

Note 7: The total amount of remuneration paid to the directors of the company by all companies (including the company) in the consolidated report should be disclosed.

Note 8: The company pays the total amount of remuneration to each director and reveals the name of the director in the attribution level.

Note 9: The total amount of remuneration paid to each director of the company by all companies (including the company) in the consolidated report should be disclosed, and the names of the directors should be disclosed in the attribution level.

Note 10: Net profit after tax refers to the net profit after tax in the most recent year; if the International Financial Reporting Standard has been adopted, net profit after tax refers to the net profit after tax of the individual or individual financial report in the most recent year.

Note 11: a. This column should clearly state the amount of relevant remuneration received by the company's directors from the non-subsidiary investment business or the parent company (if none, please fill in "none").

b. If the directors of the company receive relevant remuneration from the non-subsidiary reinvestment business or the parent company, the remuneration received by the company directors from the non-subsidiary reinvestment business or the parent company shall be incorporated into column I of the remuneration scale table, and the domain name was changed to "parent company and all reinvested businesses".

c. Remuneration refers to the remuneration, remuneration (including remuneration of employees, directors and supervisors) and business execution expenses received by the directors of the company as a director, supervisor or manager of a subsidiary company or parent company.

* The content of the remuneration disclosed in this table is different from the income concept of the income tax law, so the purpose of this table is for information disclosure and not for taxation.

(2) Remuneration of the general manager and deputy general managers

December 31, 2022 NT$ thousands

Title	Name	Salary (A) (Note 2)		Retirement pension (B)		Bonus and Special expenses, etc. (C) (Note 3)		Employee compensation amount (D) (Note 4)				The proportion of the four items A, B, C and D in the net profit after tax (%) (Note 9)		Whether to receive remuneration from non-subsidiary investment business (Note 10)
		The company	All companies in the financial report (Note 5)	The company	All companies in the financial report (Note 5)	The company	All companies in the financial report (Note 5)	The company		All companies in the financial report (Note 6)		The company	All companies in the financial report (Note 6)	
								Cash amount	Stock amount	Cash amount	Stock amount			
Director and General Manager	WANG, FONG-YUE	4,533	4,533	0	0	7,570	7,570	0	0	0	0	-2.73%	-2.73%	No
General Manager of the Chairman's Office	LI, SHU-YA													
Deputy General Manager of Finance Department	MI, FU-HSIANG													
Deputy General Manager of Business Department	YEH, YU-LUN													

Table of remuneration levels

Remuneration levels paid to each general manager and deputy general manager of the company	Names of general manager and deputy general managers	
	The company (Note 7)	All companies in the financial report (Note 8) E
Less than NT$1,000,000		
NT$1,000,000 (inclusive) - NT$2,000,000	MI, FU-HSIANG, YEH, YU-LUN	MI, FU-HSIANG, YEH, YU-LUN
NT$2,000,000 (inclusive) - NT$3,500,000		
NT$3,500,000 (inclusive) - NT$5,000,000	WANG, FONG-YUEH, LI, SHU-YA	WANG, FONG-YUEH, LI, SHU-YA
NT$ 5,000,000 (inclusive) - NT$ 10,000,000		
NT$10,000,000 (inclusive) - NT$15,000,000		
NT$15,000,000 (inclusive) - NT$30,000,000		
NT$30,000,000 (inclusive) - NT$50,000,000		
NT$50,000,000 (inclusive) - NT$100,000,000;		
More than 100,000,000		
Total	4 persons	4 persons

Note 1: The names of the general manager and deputy general managers should be listed separately, and the payment amounts should be disclosed in a summary manner. If the director is also the general manager or deputy general manager, please fill in this form and the above form (1-1), or (1-2-1) and (1-2-2).

Note 2: It is to fill in the most recent annual general manager and deputy general manager salaries, job bonuses, and severance pay.

Note 3: The amount of various bonuses, incentives, carriage fees, special expenses, various allowances, dormitories, car allocation and other remunerations provided by the general manager and deputy general managers in the most recent year are listed. When providing housing, cars and other means of transportation or exclusive personal expenses, the nature and cost of the assets provided, the actual or fair market price rent, fuel and other payments should be disclosed. In addition, if there is a driver, please note the relevant remuneration paid by the company to the driver, but it will not be included in the remuneration. In addition, salary expenses recognized in accordance with IFRS 2 "Share based payment", including obtaining employee stock options, restricting employee rights, new shares, and participating in cash capital increase subscription for shares, should also be included in the remuneration.

Note 4: It is to fill in the amount of employee compensation (including stocks and cash) approved by the board of directors to distribute the general manager and deputy general managers in the most recent year. If it cannot be estimated, the proposed distribution amount for this year will be calculated based on the actual distribution amount last year, and also should be filled in Table 1-3.

Note 5: The total amount of remuneration paid to the general manager and deputy general managers of the company by all companies (including the company) in the consolidated report should be disclosed.

Note 6: The company pays the total amount of remuneration to each general manager and deputy general manager and reveals the names of the general manager and deputy general managers in the attribution level.

Note 7: The total amount of remuneration paid to each general manager and deputy general manager of the company by all companies (including the company) in the consolidated report should be disclosed, and the names of the general manager and deputy general managers should be disclosed in the attribution level.

Note 8: Net profit after tax refers to the net profit after tax of the individual or individual financial report in the most recent year.

Note 9: a. This column should clearly state the amount of remuneration received by the general manager and deputy general managers of the company from the non-subsidiary investment business or the parent company (if none, please fill in "none").

b. If the general manager and deputy general managers of the company receive relevant remuneration from the subsidiary's out-of-investment business or the parent company, they shall incorporate the remuneration received by the company's general manager and deputy general manager from the out-of-subsidiary investment business or the parent company, and merger into column E of the remuneration level table, and change the domain name to "parent company and all reinvested businesses".

c. Remuneration refers to the remuneration, remuneration (including the remuneration of employees, directors and supervisors) and business execution received by the general manager and deputy general managers of the company as directors, supervisors or managers of non-subsidiary investment enterprises or parent companies fees and other related remunerations.

* The content of the remuneration disclosed in this table is different from the income concept of the income tax law, so the purpose of this table is for information disclosure and not for taxation.

(3) The remuneration of the top five top executives of the listed company (individual disclosure of names and remuneration methods) (Note 1)

December 31, 2022 NT$ thousands

Title	Name	Salary (A) (Note 2)		Retirement pension (B)		Bonuses and special expenses, etc. (C) (Note 3)		Employee compensation amount (D) (Note 4)				The proportion of the four items A, B, C and D in the net profit after tax (%) (Note 6)		Receiving remuneration from a subsidiary company or parent company (Note 7)
		The company	All companies in the financial report (Note 5)	The company	All companies in the financial report (Note 5)	The company	All companies in the financial report (Note 5)	The company		All companies in the financial report (Note 5)		The company	All companies in the financial report	
								Cash amount	Stock amount	Cash amount	Stock amount			
Director and President	WANG, FONG-YUEH	1,361	1,361	0	0	2,800	2,800	0	0	0	0	-0.94%	-0.94%	None
President of the Chairman's Office	LI, SHU-YA	1,304	1,304	0	0	2,800	2,800	0	0	0	0	-0.93%	-0.93%	None
Deputy General Manager of Finance Department	MI, FU-HSIANG	928	928	0	0	1,000	1,000	0	0	0	0	-0.43%	-0.43%	None
Director and Deputy General Manager of Business Department	YEH, YU-LUN	941	941	0	0	970	970	0	0	0	0	-0.43%	-0.43%	None
Associate of Business Department	CHIU, YU-LANG	1,050	1,050	0	0	600	600	0	0	0	0	-0.37%	-0.37%	None

Note 1: The "top five top executives of remuneration" refers to the managers of the company, to the standards of the relevant managers, based on the Taiwan Finance Certificate No. 0920001301of the former Securities and Futures Management Commission of the Ministry of Finance on March 27, 2003, stipulates the scope of application of "managers". As for the "top five highest remuneration" calculation and determination principle, it is based on the company's managers receiving salaries, retirement pensions, bonuses and special expenses from all companies in the consolidated financial report, as well as the total amount of employee remuneration, that is, A +B+C+D (the total amount of four items), and the five highest remunerations will be recognized after sorting. If the director concurrently serves as the former director, this form and the above form (1-1) should be filled in.

Note 2: This is the salary, job bonus, and severance pay of the top five highest compensation executives in the most recent year.

Note 3: The number of various bonuses, incentives, carriage fees, special expenses, various allowances, dormitories, car allocation, and other remunerations of the top five top executives in the most recent year. When providing housing, cars and other means of transportation or exclusive personal expenses, the nature and cost of the assets provided, the actual or fair market price rent, fuel and other payments should be disclosed. In addition, if there is a driver, please note the relevant remuneration paid by the company to the driver, but it will not be included in the remuneration. In addition, salary expenses recognized in accordance with IFRS 2 "Share based payment", including obtaining employee stock options, restricting employee rights, new shares, and participating in cash capital increase subscription for shares, should also be included in the remuneration.

Note 4: The amount of compensation (including stocks and cash) of the top five employees approved by the board of directors for the most recent year is listed. If it is not possible to estimate, the proposed distribution amount for this year will be calculated based on the actual distribution amount last year and should also fill in the 1-3 form of appendix.

Note 5: The total amount of remuneration paid to the top five top executives of the company by all companies (including the company) in the consolidated report should be disclosed.

Note 6: Net profit after tax refers to the net profit after tax of the individual or individual financial report in the most recent year.

Note 7: a. This column should clearly indicate the amount of the top five remuneration executives of the company that received the relevant remuneration from the non-subsidiary investment business or the parent company (if none, please fill in "none").

b. Remuneration refers to the remuneration, remuneration (including remuneration of employees, directors and supervisors) and business execution received by the top five remuneration executives of the company as directors, supervisors or managers of non-subsidiary investment enterprises or parent companies (including the remuneration of employees, directors and supervisors) and business execution expenses and other related remuneration.

* The content of the remuneration disclosed in this table is different from the income concept of the income tax law, so the purpose of this table is for information disclosure and not for taxation.

(4) The name of the manager who distributes the employee compensation and the distribution situation

December 31, 2022 NT$ thousands

	Title (Note 1)	Name (Note 1)	Stock amount	Cash amount	Total	Proportion of total amount to net profit after tax (%)
Manager	Director and General Manager	WANG, FONG-YUEH	0	0	0	0%
	General Manager of the Chairman's Office	LI, SHU-YA				
	Deputy General Manager of Finance Department	MI, FU-HSIANG				
	Deputy General Manager of Business Department	YEH, YU-LUN				
	Associate of Accounting Department	LEE, HSUN-YI				

Note 1: Individual names and titles should be disclosed, but the profit distribution can be disclosed in a summary manner.

Note 2: This is the amount of employee compensation (including stocks and cash) approved by the board of directors for the distribution of managers in the most recent year. If it cannot be estimated, the proposed distribution amount for this year will be calculated based on the actual distribution amount last year. Net profit after tax refers to the net profit after tax in the most recent year; if International Financial Reporting Standards has been adopted, net profit after tax refers to the net profit after tax of the individual or individual financial report in the most recent year.

Note 3: The scope of application of managers, in accordance with the provisions of the Taiwan Finance Certificate No. 0920001301 issued by the company on March 27, 2003, the scope is as follows:

(1) General Manager and equivalent
(2) Deputy General Manager and equivalent
(3) Associate and equivalent
(4) Head of Finance Department
(5) Head of Accounting Department
(6) Other persons who have the right to manage affairs and sign for the company

Note 4: If the directors, general managers and deputy general managers receive employee compensation (including stocks and cash), in addition to filling in the attached table 1-2, this form should be filled in.

(4) The proportion of the total remuneration paid to the company’s directors, supervisors, general managers and deputy general managers in the last two years to the net profit after tax:

Title	2022		2021	
	The company	Consolidate all companies	The company	Consolidate all companies
Director	-2.79%	-2.79%	1.80%	1.80%
General Manager and Deputy General Manager	-2.73%	-2.73%	1.65%	1.65%

Note 1: The company's remuneration policy refers to the salary level in the industry and evaluates the rights and responsibilities and contribution of the company's position and provides reasonable remuneration.

3. Corporate Governance Operation

(1) Information on the operation of the board of directors

In the most recent year (2022), the board of directors met 7 times, and the attendance of directors and supervisors is as follows:

Title	Name	Actual number of seats B	Number of delegates attended	Actual attendance rate (%)【B/A】	Remarks
Chairman	ZEXIN Investment Co., LTD Representative: YEH, CHING-TSE	7	0	100%	
Director	YEH, CHUAN-CHENG	7	0	100%	
Director	YEH, YU-LUN	7	0	100%	
Director	YEH, PO-LIANG	4	0	57.14%	
Director	YEH, KUO-HUI	7	0	100%	
Director	WANG, FONG-YUEH	7	0	100%	
Independent Director	CHANG, CHING-TSUNG	7	0	100%	
Independent Director	LIU, CHIU-HU	7	0	100%	
Independent Director	WANG, TSANG-EN	6	0	85.71%	

Other matters to be recorded:

1. If the operation of the board of directors is in any of the following circumstances, the date, period, proposal content, all independent directors' opinions and the company's handling of independent directors' opinions shall be stated:

(1) Matters listed in Article 14-3 of the Securities Exchange Law: all independent directors passed without objection (see page 51 of the annual report for details).

(2) In addition to the previous matters, other board meeting decisions that have been opposed or reserved by independent directors and have records or written statements:
The independent directors of the company all agreed with the major proposals of the board of directors without any opposition or reservations.

2. The implementation of the director’s recusal of an interested proposal shall state the name of the director, the content of the proposal, the reason for the avoidance of interest and the circumstances of participation in voting: None.

3. Listed Companies shall disclose the information of self(or peer) assessment of the Board such as evaluation cycles, evaluation periods , scope, method, and the contents of evaluation.

Evaluation Cycle	Evaluation Period	Evaluation Scope	Method of Evaluation	Contents of Evaluation
Once per year	2022/01/01 ~ 2022/12/31	Board of directors	Self-assessment conducted by the members of board of directors	1. Participation in the operation of the company 2. Improvement of the quality of the board of directors' decision making 3. Composition and structure of the board of directors 4. Election and continuing education of the directors 5. Internal control.
		Members of board of directors	Self-assessment conducted by the members of board of directors	1. Alignment of the goals and missions of the company 2. Awareness of the duties of a director 3. Participation in the operation of the company 4. Management of internal relationship and communication 5. The director's professionalism and continuing education 6. Internal control.
		Audit Committee	Self-assessment conducted by the committee members	1. Participation in the operation of the company 2. Awareness of the duties of the Audit committee; 3. Improvement of quality of decisions made by the Audit committee 4. Makeup of the Audit committee and election of its members 5. Internal Control

4. The objective of strengthening the functions of the board of directors in the current year and the most recent year (such as establishing an audit committee, improving information transparency, etc.) and evaluation of the implementation:

(1) The operation of the board of directors of the company has been in accordance with the regulations of the competent authority, and the board of directors' meeting rules have been established, and all directors have been in line with the principle of loyalty and integrity, except for the professional knowledge, skills and accomplishments necessary to perform their duties. Duty of care to protect the rights and interests of shareholders.

(2) The company has, in accordance with the regulations of the securities authority, passed the resolution of the board of directors on December 30, 2011 to establish a remuneration committee, and held 2 meetings in accordance with regulations in 2022 to review the remuneration policies of directors and managers in order to implement the company governance.

(3) In order to comply with the regulations of the securities authority, the board of directors passed a resolution on June 27, 2018 to set up an audit committee to replace the supervisor. In 2022, the 7 meetings were held, and the resolutions were submitted to the board of directors for resolution to implement corporate governance.

(4) In order to implement corporate governance and in accordance with the regulations of the competent authority, amend the company's "Code of Integrity Management", "Code of Practice for Corporate Social Responsibility" and "Code of Practice for Corporate Governance" to strengthen corporate governance and implement integrity management.

Note 1: If the director is a legal person, the names of the legal person shareholders and their representatives shall be disclosed.

Note 2: (1) If a director has resigned before the end of the year, the date of resignation should be indicated in the remarks column. The actual attendance rate (%) is calculated based on the number of meetings of the board of directors and the actual number of attendances during the term of office.

(2) Before the end of the year, if there is a re-election of directors, both the new and old directors should be listed, and the remarks column should indicate whether the directors is old, new or re-elected and the date of re-election. The actual attendance rate (%) is calculated based on the number of meetings of the board of directors and the actual number of attendances during the term of office.

(2) (1) Information on the operation of the audit committee

The Audit Committee has held 7 times (A) of the meetings in the most recent year, and the attendance is as follows:

Title	Name	Actual number of attendances (B)	Number of delegates attended	Actual attendance rate (%) (B/A)	Remarks
Independent director	CHANG, CHING-TSUNG	7	0	100%	Establishment of Audit Committee on June 27, 2018
Independent director	LIU, CHIU-HU	7	0	100%	
Independent director	WANG, TSANG-EN	6	0	85.71%	

Other matters to be recorded:

1. If the operation of the audit committee is in one of the following situations, the date, period, resolution of the proposal, the resolution of the audit committee, and the company's opinion on the audit committee should be stated.
   (1) Matters listed in Article 14-5 of the Securities Exchange Law: all audit committees passed without objection (see page 53 of the annual report for details).
   (2) Except for the previous matters, other matters that have not been approved by the audit committee but have been agreed by more than two-thirds of all directors: None.
2. The implementation status of independent directors' avoidance of an interest proposal shall state the name of the independent director, the content of the proposal, the reason for the avoidance of interests and the voting situation: None.
3. The communication status between independent directors and internal audit supervisors and accountants (should include major matters, methods and results of communication on the company's financial and business conditions, etc.):
   (1). The accountant shall report to the audit committee on the financial status of the company, the financial and overall operation status of domestic and overseas subsidiaries, and the internal control review situation in 2022 at least once a year, and fully communicate whether there are major adjustment entries or legal amendments that affect the accounting situation. In 2022, the audit committee also has direct communication channels with accountants and can communicate in person or over the phone when necessary.
   (2). The head of internal audit and independent directors meet at least once a quarter to report to the audit committee on the company's internal audit performance and internal control operations, and communicate with the members of the audit report results and follow-up report implementation. If a major violation is found or when the company is in danger of major damage, it shall immediately prepare a report and report and notify the independent directors.
   (3). Summary of the communication between the audit committee and the accountant:

Date	Communicating important points
November 23, 2022	1. The accountants shall explain and communicate in writing the contents of the consolidated financial statements and th review report after review in the first three quarters of 2022. 2. The accountant shall explain and communicate in writing the audit plan for 2022 individual and consolidated financi statements.

   (4) Summary of the communication between internal audit supervisors and independent directors:

Date	Communicating important points
March 21, 2022	1. Report on the implementation of Q4 internal audit in 2021. 2. The "Declaration of Internal Control System" in 2021
May 11, 2022	Report on the implementation of Q1 internal audit in 2022.
August 12, 2022	Report on the implementation of Q2 internal audit in 2022.
November 11, 2022	Report on the implementation of Q3 internal audit in 2022.

Note 1: If an independent director resigns before the end of the year, the date of resignation should be indicated in the remarks column. The actual attendance rate (%) is calculated based on the number of meetings of the audit committee during the term of office and the number of actual attendances.

Note 2: Before the end of the year, if an independent director is re-elected, both the new and old independent director should be listed, and the remarks column should indicate whether the independent director is the old, new or re-elected and the re-election date. The actual attendance rate (%) is calculated based on the number of meetings of the audit committee during the period of office and the actual number of attendances.

(2) Supervisors' participation in the operation of the board of directors:

The company has set up an audit committee to replace the supervisor on June 27, 2018.

(3) The situation of corporate governance operation and its differences from the corporate governance code of practice for listed companies and the reasons for it

The governance and operation of listed companies and the differences between them and the governance practices of listed companies and the reasons for them

Evaluation items	Operation status (Note 1)			Difference and causes of deviation from the Corporate Governance BestPractice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
1. Has the company formulated and disclosed the Code of Practice for Corporate Governance in accordance with the "Code of Practice for Corporate Governance for Listed Companies"?	√		The company has formulated the "Code of Practice on Corporate Governance" in accordance with the "Code of Practice on Corporate Governance for Listed Companies" and disclosed it on the company's website.	No difference.
2. The company's equity structure and shareholders' equity (1) Does the company establish internal operating procedures to handle shareholder suggestions, doubts, disputes and litigation matters, and implement them in accordance with the procedures?	√		The company has a stock affairs unit and a spokesperson to handle shareholder suggestions and disputes. If the dispute involves legal issues, it will be handled by the legal office and legal counsel.	No difference.
(2) Does the company have a list of major shareholders who actually control the company and the final controllers of major shareholders?	√		The stock affairs agent and relevant personnel of the company's stock affairs handle the control, and have a good relationship with major shareholders, and control the shareholding of directors, managers and major shareholders holding more than 10% of the shares at any time.	No difference.
(3) Does the company establish and implement risk control and firewall mechanisms between affiliated companies?	√		The company has set up "Measures for Supervision and Management of Subsidiaries", and transactions with affiliated companies are handled in accordance with relevant laws and regulations and the company's internal control system.	No difference.
(4) Does the company set internal regulations to prohibit the company's insiders from using undisclosed information on the market to buy and sell securities?	√		The company has formulated the "procedures for handling material internal information", except for the regulation that directors, managers, and employees who are aware of the company's undisclosed material internal information shall not disclose material internal information to others, and follow relevant laws and regulations.	No difference.

<table>
<tr><th rowspan="2">Evaluation items</th><th colspan="3">Operation status (Note 1)</th><th rowspan="2">Difference and causes of deviation from the Corporate Governance BestPractice Principles for TWSE/TPEX Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td>3. The composition and responsibilities of the board of directors
(1) Does the company establish proper environmental management systems based on the characteristics of their industries?</td><td></td><td>√</td><td>The company attaches great importance to gender equality and diversity. Article 20 of the "Code of Practice on Corporate Governance" stipulates that board members should generally have the knowledge, skills and literacy necessary to perform their duties. The implementation of diversity in the current board of directors is as follows:
<table>
<tr><th>Diversified core items / Director's name</th><th>Gender</th><th>Management</th><th>Leadership decision</th><th>Industry knowledge</th><th>Financial Accounting</th><th>International market view</th><th>Crisis management</th></tr>
<tr><td>YEH, CHING-TSE</td><td>Male</td><td>V</td><td>V</td><td>V</td><td></td><td>V</td><td>V</td></tr>
<tr><td>YEH, CHUAN-CHENG</td><td>Male</td><td>V</td><td>V</td><td>V</td><td></td><td>V</td><td>V</td></tr>
<tr><td>YEH, YU-LUN</td><td>Male</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td></tr>
<tr><td>YEH, PO-LIANG</td><td>Male</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td></tr>
<tr><td>YEH, KUO-HUI</td><td>Male</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td></tr>
<tr><td>WANG, FONG-YUEH</td><td>Male</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td></tr>
<tr><td>CHANG, CHING-TSUNG (Independent Director)</td><td>Male</td><td>V</td><td>V</td><td>V</td><td></td><td>V</td><td></td></tr>
<tr><td>LIU, CHIU-HU (Independent Director)</td><td>Male</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td></tr>
<tr><td>WANG, TSANG-EN (Independent Director)</td><td>Male</td><td>V</td><td>V</td><td></td><td></td><td>V</td><td>V</td></tr>
</table></td><td>The female directors who have not yet been elected do not meet gender equality, and the rest are based on industry characteristics to achieve the principle of diversity, and there is no difference.</td></tr>
<tr><td>(2) In addition to the salary and remuneration committee and the audit committee established in accordance with the law, does the company voluntarily set up various other functional committees?</td><td></td><td>√</td><td>The company currently only sets up salary and remuneration committees and audit committees in accordance with regulations, and does not voluntarily set up other types of functional committees.</td><td>In the future, it will be set up in accordance with the company's development needs and laws and regulations.</td></tr>
</table>

Evaluation items	Operation status (Note 1)			Difference and causes of deviation from the Corporate Governance BestPractice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(3) Does the company formulate board performance evaluation methods and evaluation methods, conduct annual and regular performance evaluations, and report the results of performance evaluations to the board of directors, and use them as a reference for individual directors' remuneration and nomination for renewal?	√		In addition to reviewing and exposing the attendance of Directors to the meeting and continuing education situation on a regular basis, in January 2023, the Company conducted the 2022 annual performance evaluation for the Board of Directors, members of the Board of Directors and functional committees, and the evaluation result was "up to the standard", and the evaluation results were sent to the Board of Directors on March 10, 2023 (15th meeting of 17th session).	No difference.
(4) Does the company regularly assess the independence of certified public accountants?	√		The accounting unit of the company regularly evaluates the independence of certified public accountants every year. In addition to implementing self-rotation, the certified public accountants will submit a declaration of independence and submit the evaluation results and related materials to the board of directors for resolution. The results of the most recent annual (2022) evaluation were approved by the Board of Directors on March 21, 2022.	No difference.
4. Whether the company allocates competent and appropriate number of corporate governance personnel, and appoints a director of corporate governance to be responsible for corporate governance related matters (including but not limited to providing directors and supervisors with data required to perform their business, handle matters related to the board of directors and shareholders' meetings, handle company registration and change registration, and make minutes of the board of directors and shareholders' meetings in accordance with the law)?	√		The company will set up a director of corporate governance in accordance with the regulations. The related corporate governance affairs will be handled by relevant internal units or personnel. The financial department is responsible for providing information required by the directors, handling related matters of the board of directors and the shareholders meeting and preparing the proceedings; the accounting department is responsible for handling the company registration and change registration affairs. It was approved by the resolution of the board of directors on June 25, 2021, and the manager of the accounting department, Lin Zhihua, served as the director of corporate governance, and completed 12 hours of continuing education course training in 2022.	No difference.
5. Whether the company has established communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers, etc.), and set up a special area for stakeholders on the company's website, and appropriately respond to the important corporate society of stakeholders' concerns liability issues?	√		The company has set up a spokesperson and agent spokesperson system to handle related matters and set up a special area contact window for stakeholders on the company's website to appropriately respond to related issues of concern to stakeholders.	No significant difference.

Evaluation items	Operation status (Note 1)			Difference and causes of deviation from the Corporate Governance BestPractice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
6. Does the company appoint a professional stock agency to handle the affairs of the shareholders meeting?	√		The company entrusts the "Stock Affairs Agency Department of Fubon Securities Co., Ltd." to handle the affairs related to the shareholders meeting.	No difference.
7. Information disclosure (1) Does the company set up a website to expose financial business and corporate governance information?	√		The company regularly and irregularly disclose various related information on the public information observatory and the company's website (http://www.lanfa.com.tw) in accordance with regulations.	No difference.
(2) Does the Company have other information n disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	√		The company has set up a Chinese and English website ((http://www.lanfa.com.tw) and has designated a dedicated unit to collect and disclose company information and implement a spokesperson system. All external statements are the responsibility of the spokesperson. In September 2022 was invited to participate in the Investor Conference held by securities companies for the briefing and process of the company's Investor Conference, you can check the "Investor Relations / Corporate Information" on the company's website.	No significant difference.
(3))Does the Company announce and declare the annual financial report within two months after the end of the fiscal year, and announce and declare the first, second, and third quarter financial reports and the monthly operating situation within the prescribed deadline?		√	Although the company did not announce and file the annual financial report in advance, it still announced and filed the first, second and third quarter financial reports and the operating conditions of each month within the time limit as required.	No major differences.
8. Is there any other important . information to facilitate a better understanding of the Company’s corporate governance practices (e.g. including, but not limited to, employee rights,employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors, training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policy, and purchasing. insurance for directors and supervisors).	√		1. The situation of directors attending the board of directors: their attendance is in good condition and has been disclosed in the public information observatory in accordance with regulations. 2. Directors' training situation: In addition to scheduling training courses for directors and independent directors every year, the company actively encourages directors to participate in external training on their own. 3. Implementation status of directors' avoidance of interested proposals: The company has avoided interested proposals. The directors and independent directors of the company adhere to the principle of high self-discipline. If there is an interest in the board meeting, they shall not participate in the voting.	Except for the second item of director's training, due to the COVID-19 situation and some directors' computer equipment, no further training courses are scheduled in 2021, and there are no major differences.

Evaluation items	Operation status (Note 1)			Difference and causes of deviation from the Corporate Governance BestPractice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			4. Circumstances in which the company purchases liability insurance for directors: Since 2019, all directors have been insured for directors' liability insurance. The most recent year (2022) insurance period is 2022/05/01~2023/05/01. 5. Implementation of customer policies: weekly control of accounts receivable, quarterly customer risk assessment meetings.	
9. Please explain the improved situation regarding the corporate governance evaluation results issued by the Corporate Governance Center of the Taiwan Stock Exchange Co., Ltd. in the most recent year, and propose priority strengthening matters and measures for those that have not yet improved. According to the results of the 5th (2018 year) corporate governance evaluation, liability insurance has been insured for all directors since 2019 year to reduce the risk of negligence in decision-making by board members and losses to investors. The board of directors of the company has approved the "Board Performance Evaluation Measures ", self-assessment of the performance of the board of directors and directors has been conducted at the end of the year of 2021, and the company's website information security and management have been continuously strengthened to provide open, transparent, and correct information; need to add a director of corporate governance. In 2021, set up a corporate governance supervisor in line with the development needs of the competent authorities and the company, and appointed Lin Zhi-hua, the manager of the accounting department, to serve as a concurrent post.				

Note 1: Regardless of whether the operation status is checked "Yes" or "No", it should be stated in the summary description column.

Note 2: The self-assessment report on corporate governance refers to the report on the current company operation and implementation status of the respective evaluation projects by the company's self-assessment and explanation based on the self-assessment project of corporate governance.

(4) If the company has a remuneration committee, it shall disclose its composition, responsibilities and operation conditions:

(1) Information of the members of the Salary and Compensation Committee

December 31, 2022

Identity (Note 1)	Condition / Name	Professional qualifications and principal work experience (Note 2)	Independence situation	Number of concurrently serving as members of the salary and compensation committees of other public offering companies
Independent Director	CHANG, CHING-TSUNG	1. At least 20 years of work experience in business, legal affairs, finance, accounting or corporate business. 2. Worked as the manager of Business Department of Hualong Co., Ltd. 3. None of the circumstances of Article 30 of the Company Law.	1. The independent director himself, his spouse, and relatives within the second degree do not serve as directors, supervisors or employees of the company or other related companies; do not hold shares in the company; do not serve as directors of companies that have a specific relationship with the company, supervisor or servant. 2. Received no compensation or benefits for provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation.	0
Independent Director	LIU, CHIU-HU	1. At least 20 years of work experience in business, legal affairs, finance, accounting or corporate business. 2. Worked as the General Manager of Hsin Sin Textiles Co. Ltd. 3. None of the circumstances of Article 30 of the Company Law.		0
Independent Director	WANG, TSANG-EN	1. At least 20 years of work experience in business, legal affairs, finance, accounting or corporate business. 2. Department of Gastroenterology and Endoscopic Medicine of MacKay Memorial Hospital. 3. None of the circumstances of Article 30 of the Company Law.		0

Note 1：Please specify each Remuneration Committee member's relevant years of service, professional qualifications and experience, and independence in the table. If any independent director, please refer to Page OO, Appendix I, Information on Directors and Supervisors (I) for details. Please indicate whether you are an independent director or other (if he/she a convener, please remark).

Note 2：Professional Qualifications and Experience：Specify the professional qualifications and experience of individual remuneration committee members.

Note 3：Conformity with independence：The independent directors shall state the independence status, including but not limited to whether he/she, his/her spouse, his/her second degree of kinship or other relatives are directors, supervisors or employees of the Company or its affiliates; the number and proportion of shares held by him/her, his/her spouse, his/her second degree of kinship or other relatives (or by using the name of others); whether he/she is a director, supervisor or employee of a company with a specific relationship with the Company (refer to Article 6, Item 1, Paragraphs 5 to 8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation.

Note 4：For disclosure methods, please refer to the best practice reference examples on. the Taiwan Stock Exchange Corporate Governance Center website.

(2) Information on the operation of the Salary and Compensation Committee

1. There are 3 members of the company's compensation committee.
2. The term of office of the current members: From July 15,2021 to June 14, 2024, the Salary and Compensation Committee met 2 times (A) in the most recent year. The qualifications and attendance of the members are as follows:

Title	Name	Actual attendance (B)	Number of delegates attended	Actual attendance rate (%) (B/A) (Note)	Remarks
Convener	CHANG, CHING-TSUNG	2	0	100%	
Committee member	LIU, CHIU-HU	2	0	100%	
Committee member	WANG, TSANG-EN	2	0	100%	

Other matters to be recorded:

(1) If the board of directors does not adopt or revise the recommendations of the Salary and Compensation Committee, it shall state the date of the board of directors, the date, the content of the proposal, the results of the resolutions of the board of directors, and the company's handling of the opinions of the Salary and Compensation Committee (if the compensation approved by the board of directors is better than that of the Compensation Committee, the differences and reasons should be stated.)

(2) The resolutions of the Salary and Compensation Committee. If members have objections or reservations and have records or written declarations, the Salary and Compensation Committee's date, period, content of the proposal, all members' opinions and the handling of their opinions should be stated.

3. The salary and compensation committee's most recent annual meeting date, period, content of proposals, and resolution results are as follows:

Meeting date	Meeting period	Content of the motion	Meeting decision
June 29, 2022	Second time of the Fifth session	Review the company's current and new managers' salary structure and payment cases	All members of the committee agreed to pass
December 23, 2022	Third time of the Fifth session	Review the company's 2022 year-end bonus for managers expected to be issued.	All members of the committee agreed to pass

Note:

(1) If a member of the Salary and Compensation Committee resigns before the end of the year, the date of resignation should be indicated in the remarks column. The actual attendance rate (%) is calculated based on the number of meetings of the Salary and Compensation Committee during their employment and the actual number of attendance.

(2) Before the end of the year, if the salary committee is re-elected, the new and old salary committee members should be listed, and the remarks column should indicate whether the member is old, new or re-elected and the date of re-election. The actual attendance rate (%) is calculated based on the number of meetings of the Salary and Compensation Committee during their employment and their actual attendance.

(5) Implementation of sustainable development and differences with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and reasons：

Promoted items	Operation status (Note 1)			Differences and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Execution situation (Note 2)	
1. Does the company establish corporate social responsibility frameworks and establish an exclusively (or concurrently) dedicated unit to be in charge, and the board of directors shall appoint executive-level positions and to report the status of the handling to the board of directors?		√	The company has set up a part-time unit and cooperate with the company's sustainable development to formulate relevant management policies and measures and report the handling situation to the board of directors from 2023.	Related matters are in progress
2. Does the company in accordance with the materiality principle, conduct risk assessments of environmental, social and corporate governance issues pertaining to company operations and establish the relevant risk management policy or strategy? (Note 2)		√	The company and its subsidiaries consider the risks of environmental, social and corporate governance issues related to operations in the establishment of each system according to their importance and incorporate various necessary measures into each management system.	Related matters are still under planning.
3. Environmental issues (1) Does the company establish proper environmental management systems based on the characteristics of their industries?	√		Following the company's concept of sustainable operation and environmental sustainability, the company has set up a 6S dedicated unit in the factory according to the characteristics of the industry, and appointed 6S committee members among various departments to regularly inspect the operation and living environment and follow the relevant laws and regulations to address various possibilities. Contamination shall be properly controlled and reported. It is also committed to improving the utilization value of process residues, and thoroughly implements garbage classification. In addition to substandard products, which are handed over to professional manufacturers for recycling, we also continue to strengthen raw material packaging materials, waste packaging cartons, and paper tubes, which are recycled and reused by manufacturers.	No significant difference.

Promoted items	Operation status (Note 1)			Differences and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Execution situation (Note 2)	
(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	√		By setting energy and environmental goals, the company continues to improve energy efficiency and implement energy-saving and carbon-reduction plans. In product production, the use of recycled materials and reduction of raw material use are used to reduce product carbon footprint and greenhouse gas emissions. For example, the use of environmentally friendly yarns made of recycled materials from PET bottles is used as raw materials to increase the utilization of recycled materials, and since 2018, the GRS global recycling standard certification has been obtained. The main appeal of textiles.	No significant difference.
(3) Does the company assess the potential risks and opportunities of climate change to the company now and in the future, and take measures to respond to climate-related issues?	√		The company is an industry with high energy consumption and low pollution. In the face of climate change, "reduction of greenhouse gas emissions" is still the main issue. The corresponding measures are as follows: 1. Upgrade or replace high energy-consuming production equipment. 2. Produce differentiated products with high unit price and lower the repair and start-up quantity to reduce the consumption. 3. Study the feasibility of introducing and using renewable energy.	No significant difference.

<table>
<tr><th rowspan="2">Promoted items</th><th colspan="3">Operation status (Note 1)</th><th rowspan="2">Differences and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Execution situation (Note 2)</th></tr>
<tr><td>(4) Does the company make statistics on greenhouse gas emissions, water consumption, and total waste weight in the past two years, and formulate policies for energy conservation and carbon reduction, greenhouse gas reduction, water reduction, or other waste management?</td><td>√</td><td></td><td>1. Greenhouse gas emissions:
Because the power source of the company's production process is electricity and does not directly emit carbon dioxide, the first stage goal of "saving 10% of electricity and reducing carbon by 10% in 5 years" is established based on the carbon emission of electricity consumption in 2013. The company's Zhubei Plant and Hangzhou Plant invested capital to improve and upgrade production-related equipment. In the past five years, Zhubei Plant reduced electricity consumption by 10,327.2 thousand kilowatt-hours by 11.96%, and carbon emission by 5,286 tons by 11.46%, achieving the original energy saving and carbon reduction target. The second-stage goal of “saving 10% of electricity and reducing carbon by 10% in 5 years” is established based on the annual carbon emission of electricity consumption. In addition to the continuous replacement and upgrading of high-energy-consuming equipment, the production of differentiated products will be used to adjust the power-up rate. Repair, the implementation results are as follows:
<table>
<tr><th>Year / Items</th><th>2019</th><th>2020</th><th>2021</th><th>2022</th></tr>
<tr><td>CO2 emission (tons) (indirect)</td><td>34,945</td><td>22,879</td><td>28659</td><td>22,685</td></tr>
<tr><td>carbon intensity (tonCO2e /million revenue)</td><td>20.57</td><td>25.74</td><td>25.58</td><td>18.08</td></tr>
</table>
2. Water consumption:
The main water used is equipment cooling water and domestic water. Continued promotion of water conservation, research and evaluation of the feasibility and effectiveness of wastewater discharge recycling and rainwater recycling and reuse. The implementation results are as follows:
<table>
<tr><th>Year / Items</th><th>2019</th><th>2020</th><th>2021</th><th>2022</th></tr>
<tr><td>Water consumption (㎥)</td><td>8,509</td><td>4,672</td><td>5,853</td><td>8,254</td></tr>
<tr><td>water intensity (㎥/million revenue)</td><td>5.01</td><td>5.26</td><td>4.20</td><td>6.58</td></tr>
</table></td><td>No significant difference.</td></tr>
</table>

<table>
<tr><th rowspan="2">Promoted items</th><th colspan="3">Operation status (Note 1)</th><th rowspan="2">Differences and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Execution situation (Note 2)</th></tr>
<tr><td></td><td></td><td></td><td>3. Waste disposal:
The company adheres to the principle of recyclability. After classification, the secondary raw materials, processed silk, wastepaper boxes and paper tubes can be re-used by professional recycling manufacturers for purchase. The implementation results are as follows:
<table><tr><th>Year / Items</th><th>2019</th><th>2020</th><th>2021</th><th>2022</th></tr><tr><td>Waste emission (tons) (indirect)</td><td>75.86</td><td>61.75</td><td>56.14</td><td>64.75</td></tr><tr><td>Waste intensity (ton /million revenue)</td><td>0.045</td><td>0.069</td><td>0.040</td><td>0.052</td></tr></table></td><td>No significant difference.</td></tr>
</table>

Promoted items	Operation status (Note 1)			Differences and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Execution situation (Note 2)	
4. Social issues (1) Does the company formulate relevant management policies and procedures in accordance with relevant regulations and international human rights conventions?	√		The company supports and abides by the principles and spirit of the "United Nations Universal Declaration of Human Rights" and "International Labor Organization International Conventions". Each operating base abides by local laws and labor orders, establishes various internal standards, creates a workplace environment that protects human rights, and respects treat the basic rights of all employees and propose corresponding policies to implement the emphasis on human rights: 1. Respect the human rights in the workplace and prohibit any form of discrimination and harassment in a working environment. 2. No forced labor or child labor is prohibited. 3. Provide employees with minimum wages and benefits that meet or exceed the legal requirements. 4. Respect the right of privacy and the right of employees to associate freely. 5. Comply with relevant laws and regulations, strive to provide employees with a safe and hygienic working environment, and continuously improve and prevent accidents, and reduce the risk of occupational accidents, to ensure the safety and health of employees. 6. Encourage employees to continue learning and development and provide learning channels and resources. 7. To protect the rights and interests of employees, provide labor-management communication channels and set up a grievance mechanism.	

Promoted items	Operation status (Note 1)			Differences and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Execution situation (Note 2)	
(2) Does the company formulate and implement reasonable employee welfare measures (including salary, vacation and other benefits, etc.), and appropriately reflect operating performance or results in employee compensation?	√		1. Employees are important partners of the company's sustainable development, in addition to safeguarding employees' work rights, remuneration and welfare measures. There are systems such as year-end bonuses and incentive bonuses to reward employees for their contributions and excellent performance, and to share profit and surplus with employees. To develop personal value and contribute to their strengths in the workplace environment. 2. The company launch the "employee shareholding trust" in January 2022, inviting employees to become the company's shareholders; employees can choose to participate according to their personal wishes, and a fixed amount will be allocated from their monthly salary, and the company will provide a corresponding reward. The funds are deposited into the special trust account together, so that employees have the opportunity to participate in the company's business results for a long time, accumulate wealth, and create a win-win partnership. 3. In accordance with the statutory retirement system of each region, the company's factories on both sides of the Taiwan Strait provide pensions for each employee in accordance with relevant regulations. 4. Other welfare measures are described as follows: (1) Factory service and facilities The company provides staff restaurants, fitness, recreational facilities and other services in the factory area, and arranges professional nursing staff to serve colleagues on a monthly basis, provide colleagues with face-to-face health consultation services, and prepare first aid equipment to respond to various emergencies; Type weight training equipment and sports equipment, providing colleagues with a stress-relieving and healthy space.	No significant difference.

<table>
<tr><th rowspan="2">Promoted items</th><th colspan="3">Operation status (Note 1)</th><th rowspan="2">Differences and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Execution situation (Note 2)</th></tr>
<tr><td></td><td></td><td></td><td>(2) health management plan
The company regularly organizes employee health inspection activities every year. After completing the health inspection, colleagues take follow-up corresponding follow-up and counseling measures, so that colleagues have a more comprehensive grasp and management of their own health status.
(3) employee welfare measures
The company’s monthly revenue is allocated proportionally to the employee welfare committee, which is assigned by the labor force to implement various welfare systems. Celebration activities are held on important New Year’s Day. There are also annual praise for senior employees, marriage and maternity subsidies, hospitalization and bereavement condolences, Employee training allowance, annual travel, festive gift vouchers (Dragon Boat Festival/Mid-Autumn Festival/Labor/Birthday) and statutory and due employee benefits to meet the needs of employees.</td><td></td></tr>
<tr><td>(3) Does the company provide employees with a safe and healthy working environment, and provide employees with regular safety and health education?</td><td>√</td><td></td><td>The company regularly organizes employee health inspections and sets up a labor safety and health committee to strengthen supervision of labor safety and health management in various departments and continues to develop employees' emergency response capabilities and safety concepts through labor safety and health training. In 2022, there were no occupational accidents or major occupational accidents occurred in Zhubei factory.</td><td>No significant difference.</td></tr>
<tr><td>(4) Does the company establish an effective career development training program for employees?</td><td>√</td><td></td><td>The company regularly organizes education training and career development training programs, which have been implemented for many years, and regularly review the results. In 2022 education and training results are as follows:
<table><tr><th>Course category</th><th>Training hours</th><th>The number of trainings</th></tr><tr><td>Labour Safety</td><td>96</td><td>20</td></tr><tr><td>Internal training</td><td>132</td><td>602</td></tr><tr><td>External training</td><td>232</td><td>12</td></tr></table></td><td>No significant difference.</td></tr>
</table>

<table>
<tr><td rowspan="2">Promoted items</td><td colspan="3">Operation status (Note 1)</td><td rowspan="2">Differences and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies</td></tr>
<tr><td>Yes</td><td>No</td><td>Execution situation (Note 2)</td></tr>
<tr><td>(5) Has the Company followed relevant laws, regulations and international guidelines for the customers’ health and safety, privacy, marketing or labeling their products and services and established the relevant policies to protect consumers’ interest and the complaint procedure?</td><td>√</td><td></td><td>The company follows relevant regulations and international standards for customer health and safety, customer privacy, marketing and labeling of products and services; and pays attention to the reactions and complaints of product users and has an after-sales service unit where full-time personnel handle product sales After the customer's various responses and services, the production and sales units conduct quarterly customer complaint review meetings to improve product quality and process.</td><td>No significant difference.</td></tr>
<tr><td>(6) Does the company formulate supplier management policies that require suppliers to comply with relevant regulations on topics such as environmental protection, occupational safety and health, or labor human rights, and their implementation?</td><td>√</td><td></td><td>The company's suppliers are evaluated based on whether they have a record of impacting the environment and society, and priority is given to excellent manufacturers listed on the OTC; the company’s main suppliers of raw materials and materials are all excellent manufacturers that are listed on the cabinet, and they are all listed before supplying materials. In accordance with its corporate social responsibility policy, if there is a significant violation of the environment and society, the terms of the contract shall be terminated or abort as appropriate.</td><td>No significant difference.</td></tr>
<tr><td>5. Does the company refer to the internationally accepted standards or guidelines for preparing reports to prepare corporate social responsibility reports and other reports that expose the company's non-financial information? Has the pre-disclosure report obtained the assurance or assurance opinion of the third-party verification unit?</td><td></td><td>√</td><td>The company did not prepare a sustainability report in 2022 and will prepare a sustainability report from 2023 in compliance with the regulations of the competent authority and in compliance with relevant laws and regulations.</td><td>From 2023, the company will be prepared and handled according to the company's development needs and legal regulations.</td></tr>
<tr><td colspan="5">6. Describe the difference, if any, between actual practice and the Sustainable development principles, if the company has implemented such principles based on the Sustainable development Best Practice Principles for TWSE/TPEx Listed Companies：No significant difference</td></tr>
<tr><td colspan="5">7. Other useful information for explaining the status of sustainable development practices： None</td></tr>
<tr><td colspan="5">8. If the company’s corporate social responsibility report has passed the verification standards of the relevant verification agency, it should be stated: None</td></tr>
</table>

Note 1: If you tick "Yes" in the operation situation, please explain the important policies, strategies, measures and implementation conditions adopted; if you tick the "No" in the operation situation, please explain the reasons and explain the relevant policies, strategies and implementations in the future and the plan of measures.

Note 2: If the company has prepared a corporate social responsibility report, the operation situation may indicate the method of consulting the corporate social responsibility report and the index page to replace it.

(6) **Implementation of integrity management and the differences and reasons for the integrity management code of listed companies**

Evaluation items	Operation status (Note 1)			Differences and reasons for the code of integrity management of listed companies
	Yes	No	Abstract description	
1. Formulate honest management policies and plans (1) Does the company formulate an honest operation policy approved by the board of directors, and clearly indicate the honest operation policy and practice in regulations and external documents, as well as the board of directors and senior management's commitment to actively implement the operating policy?	√		The company has formulated the "Code of Integrity Management" to regulate the company's board of directors, managers, employees, assignees, or those with substantial control capabilities, all uphold the principle of integrity and exercise their powers in a cautious manner, and actively implement the concept of integrity management. .	No significant difference.
(2) Whether the company has established a risk assessment mechanism for dishonest conduct, regularly analyzes and evaluates business activities with a higher risk of dishonest conduct in the business scope, and formulates a plan to prevent dishonest conduct, and at least covers the matters which are the precautionary measures for each of the actions in paragraph 2 of Article 7 of the Code of Corporate Integrity Management?	√		The company regulates the internal code of conduct within the company, regularly organizes education and training for employees and reports on the implementation status; the company's main revenue and profit are in the processed silk fiber market, all of which are general corporate activities, and do not involve politics or government, so it is simple. In addition, the reward and punishment system clearly stipulate that the company's personnel prohibit the provision or acceptance of illegitimate benefits.	No significant difference.
(3) Does the company specify operating procedures, behavior guidelines, punishment and appeal systems for violations in the plan for preventing dishonest behaviors, and implement them, and regularly review the plan before revision?	√		The company upholds the principle of good faith management and will inevitably keep confidential the reported cases to prevent the reporter from being improperly handled due to the report and provide necessary protective measures as the case may be.	No significant difference.
2. Implementing integrity management (1) Does the company evaluate the integrity records of its counterparties and specify the integrity behavior clauses in the contracts it signs with its counterparties?	√		The company and its customers are purely commercial. Before any transactions, check the credit status of the counterparty to avoid dealing with illegal and dishonest records.。	No significant difference.
(2) Does the company set up a dedicated unit under the board of directors to promote corporate integrity management, and regularly (at least once a year) report to the board of directors of its integrity management policies, plans for preventing dishonest behavior, and supervision and implementation?	√		The company designates the general manager's office as a dedicated unit to assist the board of directors and management to check and evaluate whether the preventive measures established by integrity management are operating effectively, and report to the board of directors annually.	No significant difference.
(3) Does the company formulate policies to prevent conflicts of interest, provide appropriate channels for presentation, and implement them?	√		The "Code of Procedures for Board Meetings" formulated by the company has clearly stipulated the directors' conflict of interest policy and provided appropriate statements about the operation of the channel.	No significant difference.

Evaluation items	Operation status (Note 1)			Differences and reasons for the code of integrity management of listed companies
	Yes	No	Abstract description	
(4) Whether the company has established an effective accounting system and internal control system for the implementation of honest operation, and the internal audit unit draws up relevant audit plans based on the results of the assessment of the risk of dishonest behaviors, and checks the plan for preventing dishonest behaviors accordingly follow the situation, or entrust an accountant to perform the check?	√		In order to ensure the implementation of honest operation, the company has established an effective accounting system and internal control system. In addition to regular inspections by internal auditors, Deloitte & Touche has been entrusted to perform inspections.	No significant difference.
(5) Does the company regularly organize internal and external education and training on integrity management?	√		In addition to providing education and training for new recruits, the company also conducts regular internal education and training to publicize employees. On October 21 and November 14, 2022, the company held "Prevention of Internal Transactions and Enterprise Integrity Management and Ethics" "Propaganda course, inviting directors, relevant business executives and colleagues to participate; a total of 42 people, and another person to participate in external education and training (including the promotion of integrity management laws and regulations, prevention of insider trading, information security management, accounting system and internal control system and other related courses).	No significant difference.
3. The operation of the company's whistleblowing system (1) Does the company formulate a specific reporting and reward system, and establish a convenient reporting channel, and assign appropriate acceptance personnel to the reported object?	√		The employees of the company may directly report to their direct supervisors or related units and provide a dedicated person's e-mail address to accept the report, and provide appropriate rewards and punishments in accordance with the reward and punishment system.	No significant difference.
(2) Has the company established standard operating procedures for the investigation of the reported matters, follow-up measures to be taken after the investigation is completed, and related confidentiality mechanisms?	√		The company has a complete internal audit system. In addition to regular or irregular inspections by auditors, the company also conducts inspections in accordance with relevant internal control measures and relevant laws and regulations, and it has been operating well so far.	No significant difference.
(3) Does the company take measures to protect the informant from being improperly handled as a result of the report?	√		The company takes measures to protect whistleblowers and will not be improperly dealt with due to the whistleblowing. To avoid false whistleblowing, anonymous whistleblowing will not be accepted.	No significant difference.

Evaluation items	Operation status (Note 1)			Differences and reasons for the code of integrity management of listed companies
	Yes	No	Abstract description	
4. Strengthen information disclosure (1) Does the company disclose on its website and public information observatory the content and promotion effect of its code of integrity management?	√		The company has disclosed the "Code of Integrity Management" on the public information observatory and the company website and has also disclosed the promotion of relevant information on the special page of the website and provided spokesperson and proxy spokesperson data for investors to inquire.	No significant difference.
5. If the Company has instituted the Ethical Corporate Management Best Practice Principles in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEx-listed Companies”, specify the implementation of the principles and any deviations, if applicable: No deviation. no significant difference.				
6. Other important information that helps to understand the company’s integrity management operations: (such as the company’s review and revision of the integrity management code, etc.) : None.				

Note: Regardless of whether the operation status is ticked "Yes" or "No", it should be stated in the summary description column.

(7) If the company has formulated a corporate governance code and related regulations, it should disclose its inquiry method: On the MOPS and the company's website "Corporate Governance Zone".

(8) Other important information sufficient to enhance the understanding of corporate governance and operation:

1. The directors of the company have participated in the training related to corporate governance topics in the most recent years as follows:

Title	Name	Inauguration date	First Inauguration date	Training date		Organizer	Course name	Training hours	Total training hours in the current year
				From	Until				
Director	YEH, CHING-TSE	2021/07/15	1973/12/11	2022/11/23	2022/11/23	China Corporate Governance Association	Disclosure of Company Material Information and the Duties of Directors and Supervisors	3.0	6.0
				2022/11/24	2022/11/24	China Corporate Governance Association	Looking at Insider Trading from the Perspective of Inspection and Adjustment	3.0	
Director	YEH, CHUAN-CHENG	2021/07/15	2003/06/07	2022/11/23	2022/11/23	China Corporate Governance Association	Disclosure of Company Material Information and the Duties of Directors and Supervisors	3.0	6.0
				2022/11/24	2022/11/24	China Corporate Governance Association	Looking at Insider Trading from the Perspective of Inspection and Adjustment	3.0	
Director	YEH, YU-LUN	2021/07/15	2008/06/13	2022/11/23	2022/11/23	China Corporate Governance Association	Disclosure of Company Material Information and the Duties of Directors and Supervisors	3.0	6.0
				2022/11/24	2022/11/24	China Corporate Governance Association	Looking at Insider Trading from the Perspective of Inspection and Adjustment	3.0	
Director	YEH, PO-LIANG	2021/07/15	2006/06/09	2022/11/23	2022/11/23	China Corporate Governance Association	Disclosure of Company Material Information and the Duties of Directors and Supervisors	3.0	6.0
				2022/11/24	2022/11/24	China Corporate Governance Association	Looking at Insider Trading from the Perspective of Inspection and Adjustment	3.0	
Director	YEH, KUO-HUI	2021/07/15	1997/04/26	2022/11/23	2022/11/23	China Corporate Governance Association	Disclosure of Company Material Information and the Duties of Directors and Supervisors	3.0	6.0
				2022/11/24	2022/11/24	China Corporate Governance Association	Looking at Insider Trading from the Perspective of Inspection and Adjustment	3.0	
Director	WANG, FONG-YUEH	2021/07/15	1997/04/26	2022/11/23	2022/11/23	China Corporate Governance Association	Disclosure of Company Material Information and the Duties of Directors and Supervisors	3.0	6.0
				2022/11/24	2022/11/24	China Corporate Governance Association	Looking at Insider Trading from the Perspective of Inspection and Adjustment	3.0	
Independent Director	CHANG, CHING-TSUNG	2021/07/15	2015/06/26	2022/11/23	2022/11/23	China Corporate Governance Association	Disclosure of Company Material Information and the Duties of Directors and Supervisors	3.0	6.0
				2022/11/24	2022/11/24	China Corporate Governance Association	Looking at Insider Trading from the Perspective of Inspection and Adjustment	3.0	
Independent Director	LIU, CHIU-HU	2021/07/15	2018/06/27	2022/11/23	2022/11/23	China Corporate Governance Association	Disclosure of Company Material Information and the Duties of Directors and Supervisors	3.0	6.0
				2022/11/24	2022/11/24	China Corporate Governance Association	Looking at Insider Trading from the Perspective of Inspection and Adjustment	3.0	
Independent Director	WANG, TSANG-EN	2021/07/15	2018/06/27	2022/11/23	2022/11/23	China Corporate Governance Association	Disclosure of Company Material Information and the Duties of Directors and Supervisors	3.0	6.0
				2022/11/24	2022/11/24	China Corporate Governance Association	Looking at Insider Trading from the Perspective of Inspection and Adjustment	3.0	

(9) Disclosure of the implementation status of the internal control system

1. Declaration of Internal Control

LANFA TEXTILE Co., Ltd.

Declaration of Internal Control System

Date: March 10, 2023

For the internal control system of the company in 2022, according to the results of self-assessment inspections, hereby we declare as follows:

1. The company is sure that the establishment, implementation and maintenance of the internal control system is the responsibility of the company's board of directors and managers, and the company has established this system. Its purpose is to achieve the objectives of operation effectiveness and efficiency (including profit, performance and asset safety, etc.), reporting reliability, timeliness, transparency, compliance with relevant regulations and compliance with relevant laws and regulations and provide reasonable assurance.
2. The internal control system has its inherent limitations. No matter how perfect the design is, an effective internal control system can only provide a reasonable guarantee for the achievement of the above three objectives; moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may change accordingly. However, the company's internal control system has a self-monitoring mechanism. Once the defect is identified, the company will take corrective action.
3. The company judges whether the design and implementation of the internal control system are effective in accordance with the judgment items of the effectiveness of the internal control system stipulated in the "Handling Guidelines for the Establishment of Internal Control Systems by Public Offering Companies" (hereinafter referred to as the "Handling Guidelines"). The internal control system judgment items adopted by the “Handling Guidelines " are based on the process of management control, which divides the internal control system into five components: 1. Control environment, 2. Risk assessment, 3. Control operations, 4. Information and communication, and 5. Supervise operations. Each component includes several items. For the aforementioned items, please refer to the "Handling Guidelines".
4. The company has adopted the above-mentioned internal control system judgment items to evaluate the effectiveness of the design and implementation of the internal control system.
5. Based on the evaluation results of the preceding paragraph, the company believes that the internal control system of the company as of December 31, 2022 (including the supervision and management of subsidiaries), including understanding the effectiveness of operations and the degree of achievement of efficiency goals, and the relationship between reports. The design and implementation of the internal control system that are reliable, timely, transparent, and comply with relevant regulations and relevant laws and regulations are effective and can reasonably ensure the achievement of the above objectives.
6. This declaration will become the main content of the company's annual report and public prospectus and will be made public. If there is any falsehood or concealment in the above-mentioned public content, it will involve legal liabilities under Article 20, Article 32, Article 171, and Article 174 of the Securities Exchange Law.
7. This declaration was approved by the company's board of directors on March 10, 2023. Among the 9 directors present, none of them had objections. All of them agreed with the content of this declaration and made this declaration.

LANFA TEXTILE Co., Ltd.

Chairman: YEH, CHING-TSE

President: WANG, FONG-YUEH

2. Those who entrust an accountant to review the internal control system: Not applicable.

(10) The company and its internal personnel have been punished in accordance with the law in the most recent year and as of the date of publication of the annual report, and the company's penalties for violations of the internal control system by the company's internal personnel, major deficiencies and improvements: (None)

(11) Important resolutions of the shareholders meeting and board of directors in the most recent year and as of the printing date of the annual report

(1) Important resolutions of the 2022 shareholders meeting

Meeting date	Important resolutions	Resolution result	Implementation status
June 24, 2022	Proposal for 2021 financial statement	The proposal was passed after all the shareholders presents had no objections.	July 30, 2022, was settled as the ex-dividend date, and cash dividend was distributed on August 16, 2022.
	Proposal for distribution of 2021 earnings		
	Partial amendments of Articles of Incorporation of Company.		The resolution is passed and operates in accordance with the “Articles of Incorporation of Company”.
	Partial amendments of the Company’s “Rules of Procedural for Shareholders Meeting”.		The resolution is passed and operates in accordance with the “Rules of Procedural for Shareholders’ Meeting”.
	Partial amendments of the Company’s “Acquisition or Disposal of Assets”.		The resolution is passed and operates in accordance with the “Acquisition or Disposal of Assets”.

(2) Important Resolutions of the Board of Directors

Number of meetings	Date	Important Motion	Resolution
9th meeting, 17th session	2022.07.07	1. Discussion proposal on setting the base date of dividend distribution by the company.	Approved by all present directors and implemented
		2. The company's capital loan to the subsidiary HANGZHOU LANFA TEXTILE CO., Ltd.	
		3. Revise the "Management Measures for the Preparation of Financial Statements" and "CR-119 Management of the Preparation of Financial Statements" related internal audit management cycles.	
10th meeting, 17th session	2022.08.12	1. Report on the implementation of internal audits from April to June 2022.	Approved by all present directors and implemented
		2. Cooperate with the stock exchange to improve the company's ability to prepare consolidated financial reports in accordance with International Accounting Standards (IFRSs) and prepare the "Proposal for Improving the Company's Self-Preparation Financial Reporting Ability".	
		3. Acknowledgment of the company's second quarter consolidated financial statements of 2022.	
		4. The company's capital loan to the subsidiary HANGZHOU LANFA TEXTILE CO., Ltd.	

11th meeting, 17th session	2022.08.24	1. Report on the implementation of the company's greenhouse gas inventory and verification schedule plan. 2. The company's capital loan to the subsidiary HANGZHOU LANFA TEXTILE CO., Ltd.	Approved by all present directors and implemented
12th meeting, 17th session	2022.10.05	1. The company's capital loan to the subsidiary HANGZHOU LANFA TEXTILE CO., Ltd. 2.Formulate the company's human rights policy discussion proposal. 3. Formulate the company's information security policy discussion proposal. 4. The company intends to apply for a line of credit from Antai Bank.	Approved by all present directors and implemented
13th meeting, 17th session	20221.11.11	1. Report on the implementation of internal audits from July to September 2022. 2. Report on the implementation of the company's greenhouse gas inventory and verification schedule plan. 3. Acknowledge the company's third quarter consolidated financial statements of 2022. 4. The company acted as the guarantor of the subsidiary HANGZHOU LANFA TEXTILE CO., Ltd. 5. Revise some texts of the company's "Internal Material Information Processing Procedures" 6. Draft the company's "2023 Internal Audit Plan".	Approved by all present directors and implemented
14th meeting, 17th session	2023.02.21	1. Report on the implementation of the company's greenhouse gas inventory and verification schedule plan. 2. The company's 2023 business plan summary and budget report. 3. The company's capital loan to the subsidiary HANGZHOU LANFA TEXTILE CO., Ltd. 4. The company intends to apply to a financial institution for the renewal of the original quota.	Approved by all present directors and implemented
15th meeting, 17th session	2023.03.10	1. Ratification of the company's 2022 endorsement guarantee. 2. The performance evaluation report of the company's 2022 board of directors. 3. Report on the implementation of internal audits from October to December 2022. 4. Acknowledge the company's 2022 business report and financial statement. 5. The Company's 2022 Deficit Compensation Proposal. 6. The company's 2022 internal control system declaration agreement. 7. The company's 2023 accountant's competency and independence assessment. 8. Draft to convene the 2023 regular shareholders meeting and related matters.	Approved by all present directors and implemented
16th meeting, 17th session	2023.05.12	1. Report on the implementation of internal audits from January to March of 2023. 2. Report the company's renewal of the liability insurance of directors and supervisors to Cathay Century Insurance. 3. Report on the implementation of the company's greenhouse gas inventory and verification schedule plan. 4. Acknowledgement of the company's consolidated financial statements for the first quarter of 2023. 5. The company's capital loan to the subsidiary HANGZHOU LANFA TEXTILE CO., Ltd.	Approved by all present directors and implemented

(3) Important Resolutions of the Audit Committee

Number of meetings	Date	Important Motion	Resolution
8th meeting, 2nd session	2022,07.07	1. The company's capital loan to the subsidiary HANGZHOU LANFA TEXTILE CO., Ltd. 2. Revise the "Management Measures for the Preparation of Financial Statements" and "CR-119 Management of the Preparation of Financial Statements" related internal audit management cycles.	Approved by all audit committee members without objection

9th meeting, 2nd session	2022.08.12	1. Report on the implementation of internal audits from April to June 2022. 2. Cooperate with the stock exchange to improve the company's ability to prepare consolidated financial reports in accordance with International Accounting Standards (IFRSs), and prepare the "Proposal for Improving the Company's Self-Preparation Financial Reporting Ability". 3. Acknowledgment of the company's second quarter consolidated financial statements of 2022. 4. The company's capital loan to the subsidiary HANGZHOU LANFA TEXTILE CO., Ltd.	Approved by all audit committee members without objection
10th meeting, 2nd session	2022.08.24	1. The company's capital loan to the subsidiary HANGZHOU LANFA TEXTILE CO., Ltd.	Approved by all audit committee members without objection
11th meeting, 2nd session	2022.10.05	1. The company's capital loan to the subsidiary HANGZHOU LANFA TEXTILE CO., Ltd.	Approved by all audit committee members without objection
12th meeting, 2nd session	2022.11.11	1. Report on the implementation of internal audits from July to September 2022. 2. Acknowledgment of the company's third quarter consolidated financial statements of 2022. 3. The company acted as the guarantor of the subsidiary HANGZHOU LANFA TEXTILE CO., Ltd. 4. Revise some texts of the company's "Internal Material Information Processing Procedures"	Approved by all audit committee members without objection
13th meeting, 2nd session	2023.02.21	1. The company's capital loan to the subsidiary HANGZHOU LANFA TEXTILE CO., Ltd.	Approved by all audit committee members without objection
14th meeting, 2nd session	2023.03.10	1. Report on the implementation of internal audits from October to December 2022. 2. The 2022 annual business report and financial statement of the company. 3. The Company's 2022 Deficit Compensation Proposal. 4. The company's 2022 internal control system statement. 5. The company's 2022 accountant's competency and independence assessment.	Approved by all audit committee members without objection
15th meeting, 2nd session	2023.05.12	1. Report on the implementation of internal audits from January to March of 2023. 2. Acknowledge the company's consolidated financial statements for the first quarter of 2023. 3. The company's capital loan to the subsidiary HANGZHOU LANFA TEXTILE CO., Ltd.	Approved by all audit committee members without objection

(12) If the directors or supervisors have different opinions on important resolutions passed by the board of directors in the most recent year and up to the date of publication of the annual report and have records or written statements, the main content: (None).

(13) In the most recent year and as of the printing date of the annual report, the resignation and dismissal of persons related to financial reports (including chairman, general manager, accounting supervisor, financial supervisor, internal audit supervisor-level R&D supervisor, etc.): (None).

4. Information on accountants' public expenses:

Unit：NT$ thousand

Name of the accountant's firm	Name of the accountant	Audit period	Audit fee	Non-Audit fee	Sub-total	Remarks
Deloitte & Touche	CHEN, CHIANG-HSUN CHIH, JUI-CHUAN	2022	1,840	150 (Note 2)	1,990	

Note1: If the company has changed accountants or accounting firms this year, please list the audit period separately and explain the reason for the replacement in the remarks column.

Note2: The business tax is directly deducted from public expenses of 150 NT$ thousand.

5. Information on replacing accountants:

(1) Regarding the former CPA:

<table>
<tr><td>Replacement date</td><td colspan="4">April 2020</td></tr>
<tr><td>Reason for replacement and description</td><td colspan="4">Cooperate with the adjustment of the internal organization of the firm</td></tr>
<tr><td rowspan="3">Explain that the appointing person or accountant terminated or did not accept the appointment</td><td colspan="2">Party
Situation</td><td>Accountant</td><td>Appointer</td></tr>
<tr><td colspan="2">Voluntary termination of appointment</td><td>Not applicable</td><td>Not applicable</td></tr>
<tr><td colspan="2">No longer accept (continue) appointment</td><td>Not applicable</td><td>Not applicable</td></tr>
<tr><td>Opinions and reasons for the audit report other than unqualified opinions issued within the latest two years</td><td colspan="4">None</td></tr>
<tr><td rowspan="7">Whether there is any disagreement with the issuer</td><td rowspan="5">Yes</td><td></td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial reports</td></tr>
<tr><td></td><td colspan="2">Audit scope or steps</td></tr>
<tr><td></td><td colspan="2">Other</td></tr>
<tr><td></td><td colspan="2"></td></tr>
<tr><td>None</td><td colspan="3">V</td></tr>
<tr><td colspan="4">Description</td></tr>
<tr><td>Other disclosures (Article 10, paragraph 6, item 1 (4) to item 1 (7) should be disclosed)</td><td colspan="4">None</td></tr>
</table>

(2) Regarding the successor CPA:

Firm name	Deloitte & Touche
Name of CPA	CHEN, CHIANG-HSUN, CHIH, JUI-CHUAN
Date of appointment	April, 2020
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the Company's financial reports that the CPA might issue prior to engagement.	None

Succeeding CPA's written opinion of disagreement toward the former CPA	None

(3) The former accountant's reply to item 1 and item 3 of paragraph 6 of Article 10 of this Standard: （None）.

6. Information on the Company's chairman, general manager, manager in charge of financial or accounting affairs, and those who have worked in the CPA firm or its affiliates within the last year: （None）.

7. Assessment of the independence of accountants
   (1) The accounting department of the company self-assess the independence of certified public accountants once a year and submits the results to the 2023.3.10 board of directors for deliberation and approval: the accounting department of the company evaluates Deloitte & Touche CHEN, CHIANG-HSUN and CHIH, JUI-CHUAN accountants meet the company's independence assessment standards and are qualified to serve as the company's certified accountant, and the accounting firm has issued an independence declaration letter.

Criteria for accountant independence assessment:

Evaluation items		Evaluation result	Compliance with regulations
1.	Whether the accountant has direct or significant indirect financial interests with the company.	No	Yes
2.	Whether the accountant has financing or guarantee behavior with the company.	No	Yes
3.	Whether the accountant and its audit team have a close business relationship with the management of the company.	No	Yes
4.	Whether family members or close relatives of accountants and their audit team served as directors, managers of the company during the audit period, or positions that have a significant impact on the audit work.	No	Yes
5.	Whether the members of the audit team have accepted unusual gifts or special offers.	No	Yes
6.	Whether the visa accountant does not rotate regularly.	No	Yes
7.	Whether the accountant affects the independence of the non-audit business provided by the company.	No	Yes
8.	Whether the statement of independence of the accountant has not been obtained.	No	Yes

8. In the most recent year and as of the date of publication of the annual report, the status of the transfer of shares of directors, supervisors, managers, and shareholders whose shareholding ratio exceeds 10% and changes in share pledge:

(1) Changes in equity:

Unit: share

Title	Name	2022		The current year ended April 30	
		Increase (decrease) in the number of shares held	Increase (decrease) in pledged shares	Increase (decrease) in the number of shares held	Increase (decrease) in pledged shares
Chairman of the board	YEH, CHING-TSE	-	-	-	-
Director	YEH, CHUAN-CHENG	-	-	-	-
Director and Deputy General Manager of Business Department	YEH, YU-LUN	-	-	-	-
Director	YEH, PO-LIANG	-	-	-	-
Director	YEH, KUO-HUI	-	-	-	-
Director and General Manager	WANG, FONG-YUEH	-	-	-	-
Independent director	CHANG, CHING-TSUNG	-	-	-	-
Independent director	LIU, CHIU-HU	-	-	-	-
Independent director	WANG, TSANG-EN	-	-	-	-
Deputy General Manager of Finance Department	MI, FU-HSIANG	-	-	-	-
Associate of Accounting Department	LI, HSUN-YI	-	-	-	-
Head of Audit Department	LU, HSUEH-TAO	-	-	-	-

Note 1: Shareholders holding more than 10% of the company's total shares should be indicated as major shareholders and listed separately.
Note 2: If the counterparty of the equity transfer or equity pledge is a related person, the following table should be filled out.

(2) Equity transfer information:

Name	Reasons for equity transfer	transaction date	Counterparty	The relationship between the counterparty of the transaction and the company, directors and shareholders who hold more than 10% of the shares	Number of shares	Trading price
None	None	None	None	None	None	None

(3) Equity pledge information:

Name	Reasons for pledge changes	Change date	Counterparty	The relationship between the counterparty of the transaction and the company, directors,and shareholders who hold more than 10% of the shares	Number of shares	Shareholding ratio	Pledge ratio	Mortgage (redemption) amount
None	None	None	None	None	None	None	None	None

9.Information on the relationship among the top ten shareholders with shareholding ratio

Information on mutual related parties among the top ten shareholders with a shareholding ratio

Name (Note 1)	Shares held by self		Shares held by spouse and minor children		Total shares held in the name of others		The name or name and relationship of the top ten shareholders who have a relationship with each other or are a spouse, a second parent, etc. (Note 3)		Remarks
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name (or unit)	Relationship	
ZEXIN Investment Co., LTD.	34,998,156	9.76%	-	-	-	-	LAN TSE Investment Co., LTD. LAN HSIN Investment Co., LTD. LAN CHI Investment Co., LTD.	Spouse	
Representative: SHIH, MEI-HSIN	2,899,281	0.81%					LAN LUN Investment Co., LTD.	mother and son	
LAN CHI Investment Co., LTD.	30,571,673	8.52%	-	-	-	-	LAN TSE Investment Co., LTD. LAN HSIN Investment Co., LTD.	chairman	
							LAN LUN Investment Co., LTD.	father and son	
Representative: YEH, CHING-TSE	7,974,620	2.22%					ZEXIN Investment Co., LTD.	spouse	
YEH FA Investment Co., LTD.	22,205,398	6.19%	-	-	-	-	None	None	
Representative: YEH, YU-PING	266,716	0.07%							
CHUAN FA Investment Co., LTD.	20,211,668	5.64%	-	-	-	-	None	None	
Representative: YEH, CHIH-MING	2,998,801	0.84%							
LAN TSE Investment Co., LTD.	19,511,764	5.44%	-	-	-	-	LAN HSIN Investment Co., LTD. LAN CHI Investment Co., LTD.	chairman	
							LAN LUN Investment Co., LTD.	father and son	
Representative: YEH, CHING-TSE	7,974,620	2.22%					ZEXIN Investment Co., LTD.	spouse	
LAN LUN Investment Co., LTD.	16,712,915	4.66%	-	-	-	-	LAN CHI Investment Co., LTD. LAN TSE Investment Co., LTD. LAN HSIN Investment Co., LTD.	father and son	
Representative: YEH, YU-LUN	2,946,034	0.82%					ZEXIN Investment Co., LTD.	mother and son	
HUA YING Investment Co., LTD.	15,611,477	4.35%					None	None	
Representative: CHEN, HUA-FEN	-	-							
LAN HSIN Investment Co., LTD.	11,534,841	3.22%	-	-	-	-	LAN TSE Investment Co., LTD. LAN CHI Investment Co., LTD.	chairman	
							LAN LUN Investment Co., LTD.	father and son	
Representative: YEH, CHING-TSE	7,974,620	2.22%					ZEXIN Investment Co., LTD.	spouse	
YEH, CHING-TSE.	7,974,620	2.22%	2,899,281	0.81%			LAN TSE Investment Co., LTD. LAN HSIN Investment Co., LTD. LAN CHI Investment Co., LTD.	chairman	
							LAN LUN Investment Co., LTD.	father and son	
							ZEXIN Investment Co., LTD.	spouse	
YEH YING Investment Co., LTD.	7,180,307	2.00%	-	-	-	-	None	None	
Representative: CHIEN, MIN-CHUAN	-	-							

Note 1: All the top ten shareholders should be listed. If they are legal person shareholders, the names of the legal person shareholders and the names of the representatives should be listed separately.
Note 2: The calculation of the shareholding ratio refers to the calculation of the shareholding ratio in their own name, spouse, minor children, or in the name of others.
Note 3: The shareholders listed in the previous disclosure, including legal persons and natural persons, shall disclose their relationship in accordance with the issuer's financial report preparation standards.

10. The number of shares held by the company's directors, supervisors, managers and undertakings directly or indirectly controlled by the company in the same transferred undertaking, and combined to calculate the overall shareholding ratio:

Data date: December 31, 2022

Reinvestment business	The company's investment		Directors, supervisors, managers and direct or indirect control of investment in the business		Comprehensive investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
KING LAN FA INDUSTRIAL CO., LTD.	8,800,000	100.00%	–	–	8,800,000	100.00%
LAN HSIN Investment Co., LTD.	25,214,217	100.00%	–	–	25,214,217	100.00%
LAN TSE Investment Co., LTD.	41,342,260	100.00%	–	–	41,342,260	100.00%
LAN JIE DEVELOPMENT CO., LTD.	24,078,142	100.00%	–	–	24,078,142	100.00%
LAN CHING DEVELOPMENT CO., LTD.	13,150,000	100.00%	–	–	13,150,000	100.00%
SPRING INVESTMENT LIMITED	1,500,000	100.00%	–	–	1,500,000	100.00%
LAN FA HOLDING LIMITED	48,586,328	100.00%	–	–	48,586,328	100.00%
MARYLAND INVESTMENT LIMITED	49,086,328	100.00%	–	–	49,086,328	100.00%
HANGZHOU LANFA TEXTILE CO., LTD.	–	100.00%	–	–	–	100.00%

IV. Fundraising Situation

1. Capital and Shares

(1) Sources of share capital

Unit: NT$ /Share

Date	Issuing Price	Approved share capital		Paid-in Capital		Remarks		
		Share	Amount	Share	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Others
Dec. 1993	10	60,000,000	600,000,000	59,992,400	599,924,000	Initial capital 22,500,000 Increment of cash 86,000,000 Transfer of capital reserve to capital increase 0 Transfer of surplus to capital increase 59,124,000	-	
Aug. 1994	10	100,000,000	1,000,000,000	70,191,108	701,911,080	Initial capital 22,500,000 Increment of cash 0 Transfer of capital reserve to capital increase 41,994,680 Transfer of surplus to capital increase 59,992,400	-	
Jan. 1997	10	280,000,000	2,800,000,000	179,264,245	1,792,642,450	Initial capital 22,500,000 Increment of cash 806,165,360 Transfer of capital reserve to capital increase 110,664,560 Transfer of surplus to capital increase 173,901,450	-	
Aug. 1997	10	280,000,000	2,800,000,000	273,031,810	2,730,318,100	Initial capital 22,500,000 Increment of cash 615,000,000 Transfer of capital reserve to capital increase 179,264,250 Transfer of surplus to capital increase 143,411,400	-	
Jul. 1998	10	470,000,000	4,700,000,000	327,638,172	3,276,381,720	Initial capital 22,500,000 Increment of cash 0 Transfer of capital reserve to capital increase 273,031,810 Transfer of surplus to capital increase 273,031,810	-	
Jul. 1999	10	470,000,000	4,700,000,000	366,954,753	3,669,547,530	Initial capital 22,500,000 Increment of cash 0 Transfer of capital reserve to capital increase 262,110,540 Transfer of surplus to capital increase 131,055,270	-	
Jul. 2000	10	470,000,000	4,700,000,000	392,641,587	3,926,415,870	Initial capital 22,500,000 Increment of cash 0 Transfer of capital reserve to capital increase 220,172,860 Transfer of surplus to capital increase 36,695,480	-	
Jan. 2001	10	470,000,000	4,700,000,000	353,377,587	3,533,775,870	Initial capital 22,500,000 Increment of cash –392,640,000 Transfer of capital reserve to capital increase 0 Transfer of surplus to capital increase 0	-	Note 1
Mar. 2002	10	470,000,000	4,700,000,000	335,709,587	3,357,095,870	Initial capital 22,500,000 Increment of cash –176,680,000 Transfer of capital reserve to capital increase 0 Transfer of surplus to capital increase 0	-	Note 2
Aug. 2002	10	470,000,000	4,700,000,000	345,780,875	3,457,808,750	Initial capital 22,500,000 Increment of cash 0 Transfer of capital reserve to capital increase 100,712,880	-	Note 3

						Transfer of surplus to capital increase 0		
Jul. 2003	10	470,000,000	4,700,000,000	356,154,302	3,561,543,020	Initial capital 22,500,000 Increment of cash 0 Transfer of capital reserve to capital increase 86,445,220 Transfer of surplus to capital increase 17,289,050	-	Note 4
Jun. 2004	10	470,000,000	4,700,000,000	365,058,160	3,650,581,600	Initial capital 22,500,000 Increment of cash 0 Transfer of capital reserve to capital increase 89,038,580 Transfer of surplus to capital increase 0	-	Note 5
Aug. 2005	10	470,000,000	4,700,000,000	370,534,033	3,705,340,330	Initial capital 22,500,000 Increment of cash 0 Transfer of capital reserve to capital increase 36,505,820 Transfer of surplus to capital increase 18,252,910	-	Note 6
Mar. 2006	10	470,000,000	4,700,000,000	356,096,033	3,560,960,330	Initial capital 22,500,000 Increment of cash -144,380,000 Transfer of capital reserve to capital increase 0 Transfer of surplus to capital increase 0	-	Note 7
Jun. 2006	10	470,000,000	4,700,000,000	359,656,994	3,596,569,940	Initial capital 22,500,000 Increment of cash 0 Transfer of capital reserve to capital increase 35,609,610 Transfer of surplus to capital increase 0	-	Note 8
Feb. 2007	10	470,000,000	4,700,000,000	339,656,994	3,396,569,940	Initial capital 22,500,000 Increment of cash –200,000,000 Transfer of capital reserve to capital increase 0 Transfer of surplus to capital increase 0	-	Note 9
Jul. 2007	10	470,000,000	4,700,000,000	343,053,564	3,430,535,640	Initial capital 22,500,000 Increment of cash 0 Transfer of capital reserve to capital increase 33,965,700 Transfer of surplus to capital increase 0	-	Note 10
Mar. 2008	10	470,000,000	4,700,000,000	323,053,564	3,230,535,640	Initial capital 22,500,000 Increment of cash –200,000,000 Transfer of capital reserve to capital increase 0 Transfer of surplus to capital increase 0	-	Note 11
Jul. 2008	10	470,000,000	4,700,000,000	331,129,904	3,311,299,040	Initial capital 22,500,000 Increment of cash 0 Transfer of capital reserve to capital increase 80,763,400 Transfer of surplus to capital increase 0	-	Note 12
Jul. 2010	10	470,000,000	4,700,000,000	341,063,802	3,410,638,020	Initial capital 22,500,000 Increment of cash 0 Transfer of capital reserve to capital increase 99,338,980	-	Note 13
Nov. 2010	10	470,000,000	4,700,000,000	332,063,802	3,320,638,020	Initial capital 22,500,000 Increment of cash -90,000,000 Transfer of capital reserve to capital increase 0	-	Note 14
May 2011	10	470,000,000	4,700,000,000	358,628,907	3,586,289,070	Initial capital 22,500,000 Increment of cash 0 Transfer of surplus to capital increase 265,651,050	-	Note 15

Note 1: Reduction of capital of treasury stock.

Note 2: Reduction of capital of treasury stock.

Note 3: Approval of Tai Cai Zheng Zi No. 09101340300 Letter on August 22, 2002.

Note 4: Approval of Tai Cai Zheng Yi Zi No. 0920127446 Letter on June 20, 2003.

Note 5: Approval of Tai Cai Zheng Yi Zi No. 0930127983 Letter on June 25, 2004.

Note 6: Approval of Jin Guan Zheng Yi Zi No. 0940125014 Letter on June 22, 2005

Note 7: Reduction of capital of treasury stock.

Note 8: Approval of Jin Guan Zheng Yi Zi No. 0950126288 Letter on June 26, 2006

Note 9: Reduction of capital of treasury stock.

Note 10: Approval of Jin Guan Zheng Yi Zi No. 0960034171 Letter on July 4, 2007

Note 11: Reduction of capital of treasury stock.

Note 12: Approval of Jin Guan Zheng Yi Zi No. 0970032780 Letter on July 1, 2008

Note 13: Approval of Jin Guan Zheng Fa Zi No. 0990037130 Letter on July 19, 2010

Note 14: Reduction of capital of treasury stock.

Note 15: Approval of Jin Guan Zheng Fa Zi No. 1000024575 Letter on May 26, 2011

April 30, 2023

Type of Share	Authorized Capital Stock			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Common shares	358,628,907	111,371,093	470,000,000	-

Note: the company does not have the general declaration system to raise and issue securities.

Summary of information related to the declaration system: N/A.

(2) Shareholder Structure

April 30, 2023

Shareholder Structure / Amount	Governmental Agencies	Financial Institutions	Other juridical person	Individual	Foreign Institutions and Foreigners	Total
Number of shareholders	3	2	35	20,488	49	20,577
Shareholding (shares)	173	228,078	207,460,141	145,499,677	5,440,838	358,628,907
Ratio of Shareholding	0%	0.06%	57.85%	40.57%	1.52%	100%

(3) Shareholding distribution status

NT$ 10 per share April 30, 2023

Class of Shareholding (Share)	Number of Shareholders	Shareholding (Share)	Ratio of Shareholding
1-------------999	11,637	2,417,689	0.67%
1,000-----------5,000	6,558	13,989,201	3.90%
5,001---------10,000	1,144	8,936,668	2.49%
10,001---------15,000	353	4,480,319	1.25%
15,001---------20,000	249	4,656,813	1.30%
20,001---------30,000	198	5,055,495	1.41%
30,001---------40,000	80	2,874,523	0.81%
40,001---------50,000	64	2,953,254	0.82%
50,001-------100,000	119	8,580,219	2.39%
100,001-------200,000	62	8,387,705	2.34%
200,001-------400,000	44	12,222,076	3.41%
400,001-------600,000	12	5,922,443	1.65%
600,001-------800,000	9	6,476,802	1.81%
800,001-----1,000,000	10	9,048,053	2.52%
More than 1,000,001	38	262,627,647	73.23%
Total	**20,577**	**358,628,907**	**100.00%**

(4) List of Major Shareholders

April 30, 2023

Name of Major Shareholders	Shareholding (Share)	Ratio of Shareholding
ZEXIN Investment Co., Ltd	34,998,156	9.76%
LAN CHI Investment Co., Ltd	30,571,673	8.52%
YEH FA Investment Co., Ltd	22,205,398	6.19%
CHUAN FA Investment Co., Ltd	20,211,668	5.64%
LAN TSE Investment Co., Ltd.	19,511,764	5.44%
LAN LUN Investment Co., Ltd	16,712,915	4.66%
HUA YING Investment Co., Ltd	15,611,477	4.35%
LAN HSIN Investment Co., Ltd	11,534,841	3.22%
YEH CHING TSE	7,974,620	2.22%
YEH YING Investment Co., Ltd	7,180,307	2.00%

(5) Market share price, net worth, earnings, stock dividends, and related data in recent two years

Unit: NT$

Item \ Year			2022	2021	Current year as of March 31, 2023 (note 8)
Market price per share (Note 1)	Highest		13.15	18.35	9.35
	Lowest		7.86	7.90	8.6
	Average		10.74	13.94	8.89
Net worth per share (note2)	Before distribution		8.87	10.88	
	After distribution		-	10.68	
Earnings per share	Weighted average number of shares/1,000 shares		317,484	317,484	317,484
	Earnings per share (Note 3)		(1.40)	2.01	(0.03)
Dividend per share	Cash dividends		-	0.2	
	Stock Dividends	Stock Dividends Appropriated from Retained Earnings		-	-
		Stock Dividends Appropriated from capital surplus		-	-
	Accrued dividend (note 4)		-	-	-
Return on investment	Price-earnings Ratio (Note 5)		-	5.95	-
	Price dividend ratio (note 6)		-	59.8	-
	Yield rate of cash dividend (note 7)		-	1.67%	-

*If the surplus or capital reserve is used to increase capital and rights issue, the market price and cash dividend information adjusted retroactively according to the number of shares issued shall be disclosed.

Note 1: List the highest and lowest market prices of Common stock in each year and calculate the average market price of each year according to the transaction value and volume of each year.

Note 2: Please fill in based on the number of issued shares at the end of the year and the distribution according to the resolution of the board of directors or the shareholders' meeting of the following year.

Note 3: If there is a retroactive adjustment due to a free rights issue or other circumstances, the earnings per share before and after adjustment shall be shown.

Note 4: If the conditions for the issuance of equity securities stipulate that the dividends not paid in the current year are accumulated to the surplus year, the accumulated unpaid dividends up to the current year shall be disclosed respectively.

Note 5: Price-earnings Ratio = average closing price per share for the current year/earnings per share.

Note 6: Principal-interest Ratio = average closing price per share for the current year/cash dividend per share.

Note 7: Cash dividend yield = cash dividend per share/average closing price per share for the year.

Note 8: The net value per share and earnings per share shall be filled in the data checked (reviewed) by accountants in the most recent quarter up to the date of publication of the annual report; the remaining fields shall fill in the information of the year up to the date of publication of the annual report.

(6) Dividend Policy and Implementation Status of the Company

1. Dividend Policy:

If there is a surplus in the company's annual final accounts, in addition to paying taxes in accordance with the law, it shall first make up for the losses of previous years, and then take its balance as the statutory reserve and deduct the special surplus reserve, the remaining surplus shall be added to the accumulated undistributed surplus of previous years as distributable surplus, which shall be retained by the board of directors according to operational needs, if the net profit after tax for the current period is positive. Shareholders' dividends and bonuses shall be distributed at a rate of not less than 10% of the surplus available for distribution in the current period, and the proposed distribution shall be distributed by resolution of the shareholders meeting. The Company is in a period of business growth, and the dividend policy for the next three years takes into account the company's capital expenditure and operating turnover requirements, adopts a balanced dividend policy, and the dividend is paid in principle in a parallel manner of stock and cash, the annual cash dividend shall not be less than 10% of the shareholders' dividend and bonus for the current year, provided that if the cash dividend is less than NT$ 0.1 per share, the stock dividend will be paid.

(89) Tai Cai Zheng (1) No. 100116 Letter of Explanation stipulates that in addition to listing the statutory surplus reserve according to law, the listed company shall, in accordance with the provisions of Article 41 of the Securities Exchange Law, with regard to the amount of reduction in shareholders' rights and interests in the current year (except treasury shares), the after-tax surplus of the current year and the undistributed surplus in the previous period, the special surplus reserve of the same amount. For the amount of shareholders' equity impairment accumulated in the prior period, the special surplus reserve of the same amount set aside from the prior undistributed surplus shall not be distributed. If the difference between the market price of the shares of the company held by the subsidiary at the end of the year is lower than the book value, the special surplus reserve of the same amount shall still be calculated according to the proportion of the shares held by the subsidiary; if the amount of the shareholders' equity deduction is reversed subsequently, the surplus may be distributed in respect of the turnaround.

2. Execution Status:

On March 10, 2023, the board of directors of the company passed the Profit and Loss Appropriation Proposal for 2022 and decided not to distribute cash dividends and stock dividends, which has not yet been approved by the shareholders' meeting.

(7) The impact of the proposed stock grants at this shareholder s' meeting on the company's operating performance and earnings per share: N/A.

(8) Employees' dividends and directors and supervisors' remuneration

1. The board of directors approved the proposed distribution of employee dividends and the amount of remuneration of the board of directors and the calculation of earnings per share and other information:

(1) Employees' cash bonus: N/A.

(2) Directors and supervisors' remuneration: N/A.

(3) If it is recognized that there are differences in the annual estimated amount of expenses,

the number, reasons and treatment of the differences shall be disclosed: N/A.

(4) The proposed amount of employees' stock dividend and its proportion to the total after-tax net profit and total employee dividend for the current period: N/A

(5) Loss per share: NT$(1.40).

2. The actual distribution of employee dividends and directors and supervisors' remuneration in the last year (including the number of shares distributed, amount and share price):

(1) Employees' cash bonus: N/A.

(2) Directors and supervisors' remuneration: N/A.

(3) If it is recognized that there are differences in the annual estimated amount of expenses, the number, reasons and treatment of the differences shall be disclosed: N/A.

(4) The proposed amount of employees' stock dividend and its proportion to the total after-tax net profit and total employee dividend for the current period: N/A.

(5) Earnings per share: NT$2.01.

(9) Situation of repurchasing the shares of the company

April 30, 2023

Period of repurchasing	First (Period)	Second (Period)	Third (Period)
Purpose of repurchasing	Maintain the company's credit and shareholders' rights and interests	Maintain the company's credit and shareholders' rights and interests	Maintain the company's credit and shareholders' rights and interests
Term of repurchasing	2000.9.21~2000.10.20	2000.10.30~2000.12.29	2001.11.28~2002.1.27
Price range of repurchasing	NT$ 4~8	NT$ 6~10	NT$ 6~11
Type and number of repurchased shares	Common stock, 11,859,000 shares	Common stock, 27,405,000 shares	Common stock, 17,668,000 shares
Amount of repurchased shares	NT$ 84,453,065	NT$ 196,702,369	NT$ 155,965,258
Number of shares cancelled and transferred	11,859,000 shares	27,405,000 shares	17,668,000 shares
Cumulative number of shares held in the company	0	0	0
Ratio of the cumulative number of shares held in the company to the total number of issued shares (%)	0	0	0

Period of repurchasing	Fourth (Period)	Fifth (Period)	Sixth (Period)
Purpose of repurchasing	Maintain the company's credit and shareholders' rights and interests	Maintain the company's credit and shareholders' rights and interests	Maintain the company's credit and shareholders' rights and interests
Term of repurchasing	2005.12.12~2006.02.11	2006.11.20~2007.01.19	2007.11.29~2008.01.28
Price range of repurchasing	NT$ 4.5~10	NT$ 4.7~10	NT$ 8.2~19
Type and number of repurchased shares	Common stock, 14,438,000 shares	Common stock, 20,000,000 shares	Common stock, 20,000,000 shares
Amount of repurchased shares	NT$ 96,456,013	NT$ 155,908,685	NT$ 254,384,586
Number of shares cancelled and transferred	14,438,000 shares	20,000,000 shares	20,000,000 shares
Cumulative number of shares held in the company	0	0	0
Ratio of the cumulative number of shares held in the company to the total number of issued shares (%)	0	0	0

Period of repurchasing	Seventh (Period)
Purpose of repurchasing	Maintain the company's credit and shareholders' rights and interests
Term of repurchasing	2010.08.10~2010.10.04
Price range of repurchasing	NT$ 8.19~15.65
Type and number of repurchased shares	Common stock, 9,000,000 shares
Amount of repurchased shares	NT$ 112,346,489
Number of shares cancelled and transferred	9,000,000 shares
Cumulative number of shares held in the company	0
Ratio of the cumulative number of shares held in the company to the total number of issued shares (%)	0

2. Issuance of corporate bonds: None.

3. Issuance of special shares: None.

4. Issuance of overseas depository receipts: None.

5. Issuance of employee stock option certificates: None.

6. Issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies：None.

7. Capital plans and execution

   (1). Contents of the plan: None.

   (2). Execution: None.

V. Operating Situation

1. Business Content

(1) Business Scope

1. The main contents of the products of the business and its proportion of the business:

2022.12.31

Item	Business Proportion
Polyester Fiber Textured Yarn	100%

2. The company's main products at present: polyester fiber textured yarn
3. Planned and developed new products:
   (1) （Hollow Core Fibers）
   (2) （Quick-Dry Fibers）
   (3) （Anti-Bacterial Fibers）
   (4) （Uv-Cut Fibers）
   (5) （Flame Retardant Fibers）
   (6) （Extra Fine Denier Filament）
   (7) （Recycle Polyester Filament）
   (8) （Banboo Charcoal）
   (9) （Coconut Fiber）
   (10) （Powder-added Fiber）(Heating Cloth) (Cooling Fiber)
   (11) （Hydrophilic Fiber）
   (12) （Elasticity&Stretch Series）
   (13) （Air-Jet Covered Yarn）
   (14) （Cationic Dyestuff Dyeable Textured Yarn）

(2) Industry Overview

1. The Current Situation and Development of Industry

The supply and demand of raw materials and product circulation among the upper, middle and downstream industries of the textile industry are closely related, the industry correlation is high, and the chain effect is strong. Only by strengthening the professional division of labor, improving the management physique to improve product quality and competitiveness can we share the economic benefits of the integration of production and marketing systems. . With economic development and the improvement of national living standards, consumers' demands for clothing are not limited to basic clothing, warmth, etc., but more importantly, materials, styles, colors, comfort and functionality must meet the needs of consumers, and Due to the changing fashion, the product life cycle is getting shorter and shorter, and the high-end textiles tend to be small and diverse, and the production method of shortening the delivery time in response to the change of the fashion emphasizes the ability to respond quickly. Due to the Sino-US trade war and the current COVID-19 outbreak, multinational companies have rethought their global layout strategies, which will change the existing global trade structure. The epidemic has also accelerated countries to think about the self-sufficiency rate of products and the establishment of reliable sources of supply, which will restructure global supply chain relationships. , bringing opportunities for industrial cooperation between Taiwan and other countries. In addition, the European Union and advanced countries have emphasized that future climate change is the biggest challenge in this century, so the innovation of fabric recycling methods can also reduce the pressure on nature caused by human consumption habits. Taiwanese chemical fiber manufacturers have been recognized by global buyers for their "recycled PET bottles" to make polyester yarn and polyester cotton.

2. Relevance of the Upper, Middle and Lower Reaches of the Industry

(1) Upstream - Man-made Fiber Industry

The man-made fiber industry is the upstream industry of the textile industry. It uses the intermediate raw materials produced by the petrochemical industry, such as: EG, PTA, AN, CPL, etc., and adopts a consistent production method, which is a capital and technology-intensive industry.

(2) Midstream - spinning, weaving, dyeing and finishing

The midstream industry of the textile industry covers the primary, secondary and tertiary processing processes related to spinning, weaving, dyeing and finishing. In the production stage of primary processing, raw materials such as man-made fibers and natural fibers are blended into yarns for supply to downstream manufacturers. For weaving. Secondary processing is the blending of yarns from spinning mills into various fabrics. In the last three processings, the embryo cloth is dyed and arranged to become the finished cloth.

(3) Downstream - Garment Industry

The garment industry is the most downstream industry in the overall textile engineering. The so-called garment refers to the woven and knitted fabrics formed by cutting and stitching. Generally, according to different manufacturing methods, it can be divided into three categories: knitted garments, woven garments and woven garments.

3. Various development trends and competition of products

Textiles are necessities for people's livelihood, and their main raw materials are mostly synthesized from natural fibers, man-made fibers or a mixture of the two. Looking forward to the future of my country's textile industry, textiles will have a small amount of diversification, weaving design diversification, and processing multiple times. That is, the finished fabric market will be transformed into the pursuit of fashion and quality orientation. Combining the fabric texture, fabric pattern dyeing and finishing changes and multiple processing to quickly reflect consumer needs and fashion trends, a small number of diverse and short-cycle products.

The operational risks faced by the textile industry include exchange rate fluctuations, rising wages, declining labor productivity and the entry of emerging industrial countries into competition. Price-cutting competition in South Korea and Southeast Asia. Due to the rise of mainland and Southeast Asian textiles to replace Taiwan's low-end products, Taiwan's products have developed to middle and high-end products, giving Taiwan's textiles,

The mid- and downstream industries have more room for development to enhance the export competitiveness of Taiwan's textile products.

(3) Overview of Technology and R & D

1. R & D expenses invested in the latest year and up to the date of publication of the annual report:

Unit: NT$ thousands

Year	R & D Expenses	Proportion in Net Avenues%
2022	10,011	0.51
By March 31, 2023	1,446	0.55

2. Successfully developed technology or product:

The company has introduced a new type of false twist testing machine from West Germany, and the formal production of general bulk specification DTY has been upgraded to R & D and production differential function DTY, has successfully launched the following products:

(1) Hydroscopic and sweat-discharged textured yarn

(2) Sea-island splitting ultra-fine fiber textured yarn

(3) White and black yarn with dark stripes

(4) Linen-like yarn

(5) Fire-retardant fiber

(6) Matt yarn

(7) Anti-UV yarn

(8) Recycle polyester filament

(9) Air-covered yarn

(10) Cationic dyeable textured yarn

(11) Anti-bacterial and anti-mildew fiber

(12) Thermal insulation fiber

(13) Cooling fiber

(14) Flexible elastic yarn

(15) Recycle polyester filament + Spandex

(16) Recycle polyester filament + Flexible elastic yarn

(17) Recycle cationic dyeable textured yarn

(18) Original black yarn

(19) Original black yarn + Spandex

(20) Dull yarn + Spandex

(4) Long-term and short-term business development plan

1. Short-term business development plan

The company carries out continuous innovation and R & D of new technologies, deep cultivation of domestic and foreign markets, continues to cooperate with domestic and foreign customers to develop differentiated high value-added polyester yarn and quality improvement, and actively open up new export markets (including the European common market, the United States, Southeast Asia, etc.); in addition, due to the rise of global environmental awareness, the use of 100% recycled fiber has become the trend of international brands, which can not only reduce environmental pollution and the use of petrochemical raw materials, but also reduce CO_2 emissions and energy use. (This product has passed Oeko-Tex and GRS certification) In response to the brand trend and demand, our company will not only sell conventional recycle polyester yarn, but also cooperate with international brands to develop other recycle polyester yarn specifications, which has achieved a win-win goal.

2. Long-term business development plan

Strengthen the research and development of differentiated high value-added products to improve product maturity and change. Expand new sources of customers to strengthen the development of overseas markets, increase the proportion of orders and integrate with international well-known brands (Nike, Adidas, Under Armour, Puma, Decatlon, Skechers, etc.) to achieve the goal of strategic alliance.

2. Overview of market, production, and sales

(1). Sales region of main products

The sales area, sales amount and proportion of turnover of the company's main products in 2022:

Unit: NT$ thousands

Products	Main Sales Area	Sales Amount	market share ％
DTY	Taiwan	1,195,460	61
	Asia	746,742	38
	Oceania	14,970	1
	Total	1,957,172	100

2. Market share and future supply and demand and growth of the market

(1) Market share: accounts for 10-12%.

(2) The future supply and demand and growth of the market

a. Supply of polyester textured yarn market

The main applications and development trends of Taiwan's textured yarn products are still developed according to the needs of major manufacturers and downstream weavers, including the popular garment industry, which is the backbone of Taiwan's textile industry, as well as functional products, environmental protection trends, and so on. At present, Taiwan's textured yarn industry is the most important consideration basis for product development, a simple distinction between Taiwan's textured yarn products, such as the following four types:

I. Textured yarn products for fashion clothing

Garment products have always been the most important terminal products in the textile industry, and they are also the main export products of Taiwan's textile industry. With the economic growth and the improvement of national income, Taiwan's clothing consumer market is mature, popular and fashion, as well as synchronized with the international, consumers have higher clothing purchasing power, so the product competition is fierce and consumer demand is fast and changeable. In order to meet the changes in consumer demand, Taiwan's textured yarn manufacturers have developed fashionable clothing with textured yarn in the face of the new trend, mostly oriented towards differentiated products. Such as moisture absorption and sweat removal, cooling and energy saving, far infrared, compound antibacterial, anti-UV, bamboo carbon yarn, anti-static, anionic fiber and other functional textured yarn products.

II. Textured yarn products for environmental protection

Taiwan's raw material supply chemical fiber manufacturers actively develop recyclable polyester bottle fibers, using recycled polyamine fibers, environmentally friendly raw solution dyed fibers, biomass PTT fibers and other green products, making Taiwan the best source of functional textiles for international buyers and once again the most reliable source of environmentally friendly textiles in the eyes of international buyers.

III. Textured yarn products for outdoor leisure

Outdoor leisure activities are popular all over the world, which opens a new consumption trend in the outdoor leisure textile market, and regards outdoor leisure as an extension of home rather than a specific activity, and the trend of product personalization is inevitable. In addition to the functional requirements of outdoor leisure textiles in the future, product design will become an important requirement of market segmentation, so Taiwan's textured yarn factory must develop textured yarn products with both function and popularity, so as to meet the consumption trend of the outdoor leisure market in the future.

IV. Textured yarn products for Lohas household decoration

Safety, comfort and health are still the main requirements of household decoration textiles, in order to cater to the consumer market, in addition to the innovative design of products, fiber factories pay more attention to consumers' requirements for safety and function. For example, the development of fireproof polyester non-flammable fiber for household decoration textiles is the best application, which can be widely used in curtains, OA office chair cloth, wall cloth, hospital curtain, theater curtain and so on.

b. Demand of polyester textured yarn market:

Table of Annual Output Comparison of Taiwan's Polyester Textured Yarn

(The figures are detailed in the table below.)

Year	Annual Output of Polyester Textured Yarn (10,000 Metric Tons)	Annual Output of Polyester Yarn (10,000 Metric Tons)	Processing Proportion %
2012	66	92	71.74
2013	66	92	71.74
2014	67	92	72.83
2015	65	92	70.65
2016	65	86	75.58
2017	60	79	75.95
2018	60	78	76.92

2019	42	50	84.00
2020	38	45	84.44
2021	49	54	90.74
2022	43	48	89.58

As man-made fibers can produce a wide range of textiles and many goods with different functions, these characteristics cannot be achieved by natural fibers, so the major brands of clothing around the world still take man-made fiber materials as the main consideration. In the future, clothing textiles will have an increasing demand for man-made fiber raw materials.

c. Growth:

In terms of textile trade, the total value of Taiwan's textile exports from January to February this year was 1.101 billion US dollars, a decrease of 27%, the total value of imports was 534 million US dollars, a decrease of 13%, and the trade surplus was 567 million US dollars, a decrease of 326 million US dollars compared with the same period last year. , a 37% decline. In terms of export regions, Vietnam is the largest export market for Taiwan's textiles, followed by mainland China, the United States, Indonesia and Bangladesh, accounting for 59% of total exports. Global inflation, the pressure of interest rate hikes in important economies is still there, foreign trade demand continues to cool down, coupled with uncertain factors such as the Russia-Uzbekistan war and the US-China technology dispute, the international economic outlook is conservative, global demand continues to be weak, and the industrial chain is facing inventory adjustments by brand manufacturers , Suppressing the willingness of manufacturers to purchase and prepare materials, economic data such as exports and export orders have declined. However, given that consumers are paying more and more attention to global climate issues, it is estimated that the size of the global sustainable sportswear market will increase from US$78 billion in 2021 to US$115 billion in 2026, with a compound annual growth rate of 7.5%.

3. Advantages and disadvantages of competitive niche and development prospect and countermeasures

(1) Competitive Niche

First of all, establish brand partners, and strive for ready-to-wear manufacturers authorized by foreign well-known brands to provide stable and diversified raw materials to meet the needs of consumers and move towards high-quality, high-tech and high-value-added products. And it is necessary to strengthen the differentiated characteristics, highlighting the difference from other raw material suppliers in differentiated fibers, especially the development and sales of functional and environmentally friendly products. In addition, the European Union Commission put forward a series of measures of the「EU Green New Policy」in December 2019, whose primary goal is to achieve global climate neutralization by 2050. Therefore, in addition to continuously improving the function of materials, the textile industry should also include green elements in its R & D and strengthen the items of environmental protection products, such as recycle polyester yarn.

(2) Advantages and countermeasures:

Most of Taiwan's textile industry has the characteristics of clustering, mainly Taoyuan in the north, Changhua in the middle, and Tainan in the south. Because the internal scope of the blocks in the north, middle and south is no more than 50 kilometers, it is convenient for the upper, middle and lower reaches of the textile industry to connect with each other. Proofing, testing and other high mobility, so we can integrate the upper, middle and lower reaches to develop new products, which is not easy for other countries to do.

(3) Disadvantages and countermeasures:

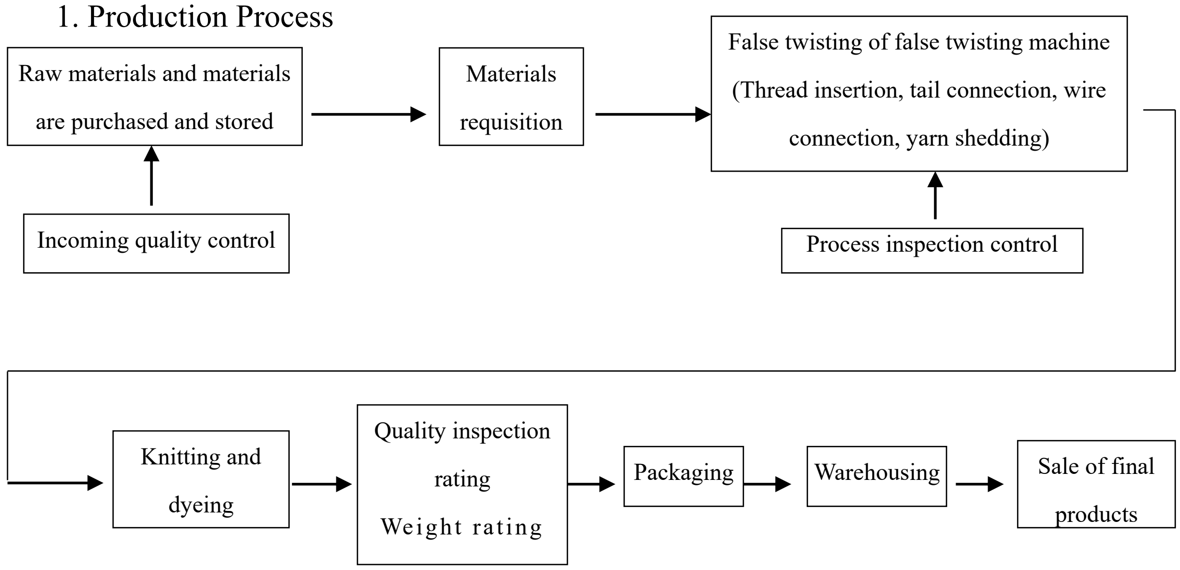
The recent economic situation at home and abroad, the Russian-Ukrainian war has led to soaring international energy and commodity prices, coupled with China's epidemic clearing policy, which has increased the level of chaos in the global supply chain and increased global inflation pressure. The volatility has intensified. Recently, international financial experts have successively revised down the global economic and trade performance, indicating that the global economic expansion is slowing down and the possibility of stagnant inflation may increase significantly. In view of the above overall economic unfavorable factors, the company should actively explore overseas markets, develop differentiated products, and produce according to orders rather than plans, strictly control production costs and reduce inventory to a minimum number of days to cope with unpredictable market changes in the coming year .

(2) Important purposes and production process of main products

1. Important purposes of main products

		Main Products	Purpose
Polyester Textured Yarn	Classification according to the processing technology of each kind of polyester textured yarn	(SET YARN)	Round knitted fabrics, curtain fabrics, industrial fabrics and long wool fabrics
		(STERTCE YARN)	High-ranking men's trouser material, women's skirt material, zipper cloth
		(NON-TORQUE YARN)	High value-added (eg: soft hand feeling) men's and women's clothing
		(HIGH-COUNT YARN)	High-ranking men's and women's clothing
		(TWO-WAY HIGH STERTCH YARN)	High elastic stretch denim, sports and leisure clothing
		(LESS TORQUE YARN)	Special purpose clothing
		(NON-SIZNG YARN)	General men's and women's fiber (good stiffness)
		(MICRO-FIBER)	High value-added men's and women's clothing
		CD 50% 100%DTY, Woolenex Yarn	High value-added men's and women's clothing
		PBT Textured Yarn	For high elastic fabrics in swimwear
		Black PET Textured Yarn	High-ranking men's and women's clothing (replace dyed yarn)
		Black or white yarn with dark stripes (IDY；TTY)	High value-added men's and women's clothing
		Black and White Thread Yarn; Red and White Thread Yarn	High-ranking men's and women's clothing
		Linon-like Yarn	Linon-like high-ranking men's and women's clothing
		Differential Shrinkage Yarn	High-ranking men's and women's clothing with rich sense
		Fire-retardant Textured Yarn	Curtain cloth, bed sheet, etc.
		Dull Yarn	Jackets, coats and other clothing
		Anti-UV Yarn	Industrial yarn, tent, etc
		Recycle Polyester Yarn	All kinds of knitted and plain weaved fabrics
		Air-covered Yarn	Yoga clothes, jeans, sports fabrics
		Cationic Dyeable Textured Yarn	Sportswear, yoga clothes, jackets
		Easy-to-pull Yarn (False Twisting Textured Yarn)	Jackets, suit shirt trousers, knitted fabrics
		Heating and Cooling Fiber	Knitted fabrics, plain fabrics, sportswear and coats

1. Production Process



(Note): 「Automation system」 adopts AGV unmanned moving vehicle on the third floor and second floor designed by Autefa Company→Autefa automatic knitting and dyeing inspection and packaging system on the first floor.

(3) Supply of major raw materials

Nan Ya Plastics Corporation is the raw material supplier of the company's long-term strategic alliance, while other raw materials supplier is Far Eastern New Century Co., Ltd., which is the environmental protection raw material supplier of the company's strategic alliance.

(4) Name of customers accounted for more than 10% of total purchase/sales amount of the company in the most recent two years or in any year and the purchase/sales amount and ratio thereof:

Main supplier information in the Latest Two Quarters

Unit: NT$ thousands

	2022				2021				as of the first quarter of 2023 (note 2)			
Item	Name	Amount	%	Relationship with Issuer	Name	Amount	%	Relationship with Issuer	Name	Amount	%	Relationship with Issuer
1	A Company	695,171	54	N/A	A Company	489,083	31	N/A	A Company	29,833	20	N/A
2	B Company	137,147	11	N/A	B Company	181,237	11	N/A	B Company	28,386	20	N/A
	Others	457,692	35		Others	912,270	58		Others	87,516	60	
	Net Purchases	1,290,010	100		Net Purchases	1,582,590	100		Net Purchases	145,735	100	

Note 1: Specify the names of suppliers accounting for over 10% of total procurement value, as well as the value and share of procurement. Code names can be used, in case names of suppliers cannot be disclosed, according to contracts, or trading partners are individuals who are not stakeholders.

Note 2: Disclose the latest financial data, as of the date of the publication of the annual report, audited and certified, or reviewed, by certified public accountants for public companies or companies with stocks being traded at offices of securities firms.

Main sales customer information in the Latest Two Quarters

Unit: NT$ thousands

	2022				2021				as of the first quarter of 2023 (note 2)			
Item	Name	Amount	%	Relationship with Issuer	Name	Amount	%	Relationship with Issuer	Name	Amount	%	Relationship with Issuer
1	A Company	786,909	40	N/A	A Company	589,291	24	N/A	A Company	93,593	35	N/A
2	B Company	130,895	7	N/A	B Company	268,565	11	N/A	B Company	21,020	8	N/A
3	C company	304,329	16	N/A	C company	232,545	9	N/A				
	Others	735,039	37		Others	1,379,055	56		Others	150,543	57	
	Net Sales	1,957,172	100		Net Sales	2,469,456	100		Net Sales	265,156	100	

Note 1: Specify the names of suppliers accounting for over 10% of total procurement value, as well as the value and share of procurement. Code names can be used, in case names of suppliers cannot be disclosed, according to contracts, or trading partners are individuals who are not stakeholders.

Note 2: Disclose the latest financial data, as of the date of the publication of the annual report, audited and certified, or reviewed, by certified public accountants for public companies or companies with stocks being traded at offices of securities firms.

(1) Output Quantity and amount in recent two years

Unit: Metric Ton/NT$ thousands

Year / Output / Main Goods (or department)	2022			2021		
	Capacity	Output	Amount	Capacity	Output	Amount
DTY	48,000	30,926	1,901,989	55,000	43,384	2,371,179

Note 1: Capacity refers to production amount of the company's existing production equipment under normal operation, after excluding the factors of necessary suspension of operation and holidays.

Note 2: If the production of each product is substitutable, the production capacity may be combined and explained in notes.

(2) Sales Quantity and Value Table for the Last Two Years

Unit: Metric Ton/NT$ thousands

Year / Sales / Main Goods (or department)	2022				2021			
	Domestic Sales		Exports		Domestic Sales		Exports	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
DTY	22,952	1,428,172	8,193	529,000	34,640	1,859,276	10,072	610,180

3. Information on employees for the last two years and up to the date of publication of the annual report

Year		2022	2021	As of March 31, 2023
Number of Employees	Technicians	147	139	132
	Administrators	44	49	44
	Total	191	188	176
Average Age		40.86	40.55	40.24
Average years of service		10.51	10.74	11.0
Distribution of Education %	Ph. D.	0%	0%	0%
	Master	2.97%	3.13%	2.88%
	Bachelor	58.42%	58.33%	57.69%
	Senior High School	27.72%	28.13%	28.85%

	Below Senior High School	10.89%	10.41%	7.69%

4. Environmental Protection Expenditure

(1) The total amount of losses and penalties suffered by the company as a result of environmental pollution in the last two years and up to the date of publication of the annual report:

	2022	2021
Types of Pollution	N/A	N/A
Unit of Punishment	N/A	N/A
Situation of Punishment	N/A	N/A
Other losses	N/A	N/A

(2) The impact of the current pollution situation and its improvement on the company's surplus, competitive position and capital expenditure:

The company mainly produces polyester textured yarn, its products are petrochemical derivatives, the quality must be produced in strict control, because it is not directly petrochemical manufactured products without pollutants (only heating processing), air-conditioning equipment are operated in accordance with domestic control rules, and purchase American computer high-tech air compressors, in addition, in order to cooperate with domestic noise control, special sound insulation rooms to prevent noise leakage. As the company has always exercised strict control over the possible sources of pollution, no major pollution has occurred at present.

(3) Major environmental capital expenditure expected in the next three years:（N/A）.

5. Labor-management relations

The company is based on employees as the most important asset of the enterprise, and aims to create a high-quality working environment and welfare system so that employees can settle down and work together for common prosperity. in addition to the implementation of various systems and regulations in accordance with the law, it also attracts innovative and forward-looking employees with benefits superior to laws and regulations.

(1) Employee welfare measures:

1. The company has an employee welfare committee, which is approved by Taoyuan County

Government 81 Fu Lao Fu Zi No. 165259 approval, and allocates benefits in accordance with the regulations on employee benefits issued by the government, and the committee coordinates employee welfare and other measures.

2. Besides holding other festivals at home and abroad every year, such as Dragon Boat Festival, International Labour Day, Mid-Autumn Festival and employees' birthdays, the employee welfare committee gives gifts, and holds year-end lottery and regular recreational competitions every year.
3. The company has set up staff dormitories for employees in other counties, cities and remote areas to register for accommodation free of charge, and provides central air conditioning, TV, refrigerator and other household appliances and 24-hour hot water supply.
4. Select qualified excellent group meals every quarter to be responsible for the provision of three meals a day.
5. At present, the company has basketball court, billiards, table tennis, fitness equipment and hundred ping of Lohas garden for employees to use during rest.
6. Irregular unit party meals and more than 150 special restaurants and service manufacturers enjoy discounts for all employees of our company.
7. Set up a nursing room for employees and obtain the qualification certification of the health bureau.
8. Employee Stock Ownership Trusts:

   The company launched the " Employee Stock Ownership Trusts " in January 2022, and employees can choose to participate in the trust according to their personal wishes. Employees will allocate a fixed amount from their monthly salary, and the corresponding incentive funds allocated by the company will be deposited in a special account together.

(2) Personnel System:

1. The appointment and salary of the staff of the company shall be carried out in accordance with the prescribed personnel management measures.
2. In order to effectively improve the competitiveness of enterprises, the company adopts extra performance bonus system to reward and induce employees to make a breakthrough.
3. Carry out quarterly performance appraisal according to the manpower performance management system designed by the factory, and carry out salary adjustment and rank promotion evaluation every half a year, in order to improve the quality and relative reward of personnel.

(3) Employees education and training:

1. In 2022, the company's education and training and external lecturers' education and training

totaled 224 hours, and the number of trainees was 580.

2. In addition to the education and training of the original unit, the company conducts education and training for new employees every half a year, and the general manager personally teaches the concept of the workplace and the factory director-level cadres introduce the factory work flow.

(1) Implementation of homework education and training (internal training):

Department	Course Name	Date	Hours	Number of People
Jhubei Factory	Labor Safety and Health Education Course	Once per month	96	20
Jhubei Factory	GRS Global Recycled Textile System Validation Standard	Once every six months	16	12
Quality Assurance dep.	Denny number and tensile measurement - new batch number	2022.01.04(Tue)	1	5
Quality Assurance dep.	Material inspection standards (PE film, PU, barrel oil, paper tube, carton)	2022.01.13(Thu)	1	5
Quality Assurance dep.	Specifications and lot numbers and how to determine them	2022.01.14(Fri)	1	4
Quality Assurance dep.	False twisting process, computer operation, condition list check	2022.02.08(Tue)	1	4
Quality Assurance dep.	Flash Synchronizer Standard Description	2022.02.14(Mon)	1	5
Quality Assurance dep.	Dyeing and judging operation standard	2022.03.04(Fri)	1	4
Quality Assurance dep.	Analysis of Customer Complaint Cases	2022.03.07(Mon)	1	4
Quality Assurance dep.	Instrument Calibration Standards	2022.04.07(Thu)	1	4
Quality Assurance dep.	How to classify processed yarn (according to appearance and dyeing judgment)	2022.07.04(Mon)	1	4
Quality Assurance dep.	Operating Standards for Tensile Extensometers	2022.07.05(Tue)	1	4
Quality Assurance dep.	Abnormal dissolving PET	2022.08.02(Tue)	1	4
Quality Assurance dep.	Machine Inspection Operation Standards	2022.08.08(Mon)	1	4
Quality Assurance dep.	Daily data report job	2022.09.02(Fri)	1	4
Quality control dep.	Staining criteria	2022.01.04(Tue)	1	4
Quality control dep.	Manual line inspection operation standard	2022.01.13(Thu)	1	12
Quality control dep.	Abnormal handling of the 17th area of the quality control department	2022.01.14(Fri)	1	4
Quality control dep.	Degraded Yarn Judgment Introduction	2022.02.08(Tue)	1	12
Quality control dep.	Automatic line inspection operation standard	2022.02.14(Mon)	1	10
Quality control dep.	Reasons for customer complaints in quality control class	2022.02.15(Tue)	1	4
Quality control dep.	Packing Stack Jobs	2022.03.04(Fir)	1	5
Quality control dep.	Simple exclusion of AUTEFA abnormalities	2022.03.07(Mon)	1	5
Quality control dep.	Automatic line data exception handling and troubleshooting	2022.03.08(Tue)	1	5
Quality control dep.	Simple repair level maintenance of knitting machine	2022.04.07(Thu)	1	5
Quality control dep.	Automatic thread weaving operation standard	2022.07.04(Mon)	1	6
Quality control dep.	Quality control class foreman job standard	2022.07.05(Tue)	1	4
Quality control dep.	Manual line packaging operation standard	2022.08.02(Tue)	1	4
Quality control dep.	New batch number filing and precautions	2022.08.08(Mon)	1	4
Quality control dep.	Standards for Manual Line Dyeing, Judgment and Separation	2022.09.02(Fri)	1	6

Department	Course Name	Date	Hours	Number of People
False twist dep.	Instructions for repeated broken filaments, C-cut and abnormal staining	2022.01.04(Tue)	2	5
False twist dep.	On-site power outage and power restoration operation standards	2022.01.13(Thu)	2	7
False twist dep.	Explanation of Mechanical Structure of False Twist Machine in No.1 Bamboo Plan	2022.01.14(Fri)	1	6
False twist dep.	Operating Standards for False Twisting Processing Conditions	2022.02.09(Wed)	2	5
False twist dep.	False Twisting Practical Explanation (4T Control&How to Measure the Outer Diameter and Weight of the First Round Yarn)	2022.02.14(Mon)	2	5
False twist dep.	Abnormal handling of false twisting equipment	2022.02.15(Tue)	1	5
False twist dep.	Computer operating instructions for false twisting machine	2022.03.04(Fri)	2	5
False twist dep.	Function introduction of each component group of false twisting machine	2022.03.07(Mon)	1	5
False twist dep.	Description of specifications and batch numbers and how to set them	2022.03.07(Mon)	1	5
False twist dep.	Summary of false twist principle	2022.04.07(Thu)	2	5
False twist dep.	False twist course foreman homework standard	2022.07.04(Mon)	2	5
False twist dep.	New batch number and batch closing operation standard	2022.07.05(Tue)	2	5
False twist dep.	Unsafe places and behaviors in the false twisting class	2022.07.07(Thu)	2	5
False twist dep.	Introduction of Computerized Refilling Operation of False Twist Machine UNITENS	2022.08.02(Tue)	2	4
False twist dep.	False twisting machine maintenance and inspection key points	2022.08.08(Mon)	2	6
False twist dep.	False twisting machine stop and start operation standard	2022.08.09(Tue)	2	6
False twist dep.	Abnormal handling of false twisting equipment	2022.09.02(Fri)	2	5
False twist dep.	False twist class doffing operation standard	2022.09.05(Mon)	1	4
Factory Warehousing dep.	Implementation of automatic storage host switch	2022.01.04(Tue)	1	3
Factory Warehousing dep.	Automatic warehouse exception troubleshooting course (automatic storage and withdrawal machine)	2022.01.13(Thu)	1	3
Factory Warehousing dep.	Pallet management system freight input computer actual operation	2022.01.14(Fri)	1	3
Factory Warehousing dep.	Description of Fixed Assets System	2022.02.08(Tue)	1	4
Factory Warehousing dep.	DTY payment process	2022.02.14(Mon)	1	4
Factory Warehousing dep.	Brief introduction of warehousing process (finished product)	2022.02.15(Tue)	1	3
Factory Warehousing dep.	Description of Raw Material Purchasing System	2022.03.04(Fri)	1	3
Factory Warehousing dep.	Automatic storage operating system description and implementation (outbound)	2022.03.07(Mon)	1	3
Factory Warehousing dep.	Forklift maintenance and operating standards	2022.04.07(Thu)	1	3
Factory Warehousing dep.	Automatic storage operating system description and implementation (warehousing)	2022.07.04(Mon)	1	4
Factory Warehousing dep.	Description and Practice of Material Purchasing System	2022.07.05(Tue)	1	3
Factory Warehousing dep.	Introduction to Shipping Process	2022.08.02(Tue)	1	4
Factory Warehousing dep.	Automated Warehouse Troubleshooting Course (Conveying Equipment)	2022.08.08(Mon)	1	4
Factory Warehousing dep.	Inventory system description and inventory practice	2022.09.02(Fri)	1	5
Mechanical Automation	Operation instructions for automation equipment	2022.01.04(Tue)	1	5
Mechanical Automation	Scanner program installation instructions	2022.01.13(Thu)	1	5

Department	Course Name	Date	Hours	Number of People
Mechanical Automation	Steps for turning on and off the UNIX host	2022.01.14(Fri)	1	5
Mechanical Automation	PT100 parameter setting steps description	2022.02.09(Wed)	1	5
Mechanical Automation	AB-PLC program installation process description	2022.02.14(Mon)	1	5
Mechanical Automation	AB panel program installation instructions	2022.03.04(Fri)	1	5
Mechanical Automation	PR station TG318 exception troubleshooting instructions	2022.03.07(Mon)	1	5
Mechanical Automation	OR station exception troubleshooting instructions	2022.04.07(Thu)	1	5
Mechanical Automation	AGV equipment operating instructions	2022.07.04(Mon)	1	5
Mechanical Automation	AGV arm positioning correction	2022.07.05(Tue)	1	5
Mechanical Automation	AGV main wheel removal steps instructions	2022.08.02(Tue)	1	5
Mechanical Automation	AGV system power on and off step description	2022.08.08(Mon)	1	5
Mechanical Automation	Instructions for troubleshooting the abnormality of the tape machine	2022.09.02(Fri)	1	5
Electromechanical security	Explanation of the structure of the head and tail of the false twister AFK-2	2022.01.13(Thu)	1	12
Electromechanical security	Explanation of the structure of the head and tail of the false twisting machine FK-6	2022.01.14(Fri)	1	13
Electromechanical security	Explanation of the mechanical structure of the false twister FK-6	2022.02.14(Mon)	1	13
Electromechanical security	Explanation of the mechanical structure of the AFK twins of the false twister	2022.02.15(Tue)	1	12
Electromechanical security	Simple maintenance of false twister AFK-2 doffing failure	2022.03.04(Fri)	1	10
Electromechanical security	Treatment method of abnormal yarn of AFK-1 false twisting machine	2022.03.07(Mon)	1	10
Electromechanical security	Treatment method of abnormal yarn of FK-6 false twisting machine	2022.04.07(Thu)	1	12
Electromechanical security	Explanation of the mechanical structure of the false twister AFK-1	2022.07.04(Mon)	1	10
Electromechanical security	Explanation of the mechanical structure of the false twister AFK-2	2022.07.05(Tue)	1	10
Electromechanical security	Explanation of the structure of the head and tail of the false twister AFK-1	2022.07.07(Thu)	1	10
Electromechanical security	Summary of Simple Maintenance of False Twister	2022.08.02(Tue)	1	12
Electromechanical security	Explanation of the structure of the micro-motion system of the false twister	2022.08.08(Mon)	1	12
Electromechanical security	Treatment method of abnormal yarn of AFK-2 false twisting machine	2022.08.09(Tue)	1	12
Electromechanical security	Basic outline of false twister	2022.09.02(Fri)	1	12
Electromechanical electrician	ATT control system	2022.01.04(Tue)	1	3
Electromechanical electrician	AFK false twisting machine shaft speed control	2022.01.13(Thu)	1	3
Electromechanical electrician	Fire Equipment	2022.02.08(Tue)	1	3
Electromechanical electrician	Air pressure system	2022.02.14(Mon)	1	3
Electromechanical electrician	FK6 false twister speed control	2022.03.04(Fri)	1	3
Electromechanical electrician	Air pollution control equipment	2022.03.07(Mon)	1	3
Electromechanical electrician	900RT chiller equipment	2022.04.07(Thu)	1	3
Electromechanical electrician	Air compressor system introduction	2022.07.04(Mon)	1	3
Electromechanical electrician	UHV daily spot inspection and electricity safety	2022.07.05(Tue)	1	3

Department	Course Name	Date	Hours	Number of People
Electromechanical electrician	Water Treatment System Introduction	2022.08.02(Tue)	1	3
Electromechanical electrician	Ice machine operation and maintenance standards	2022.08.08(Mon)	1	3
Electromechanical electrician	False Twister Heater Explanation and Troubleshooting	2022.09.02(Fri)	1	3

(2) Employees participate in professional training organized by various organization (external training)

Department	Name	Organizer	Course Name	Date
Quality control dep.	Chen Haozhi	Industrial and Commercial Safety and Health Association (Hsinchu Vocational Training Center)	Forklift operator training course (initial training course)	2022.03.07~ 2022.03.10
Factory Warehousing dep.	Chen Haozhi	Industrial and Commercial Safety and Health Association (Hsinchu Vocational Training Center)	On-the-job training course for occupational safety and health business supervisors (refresher course)	2022.03.16
Factory Warehousing dep.	Zheng Yueting	Industrial and Commercial Safety and Health Association (Hsinchu Vocational Training Center)	On-the-job training course for occupational safety and health business supervisors (refresher course)	2022.03.16
Quality control dep.	Liu Zhengwei	Industrial and Commercial Safety and Health Association (Hsinchu Vocational Training Center)	Forklift operator training course (initial training course)	2022.04.11 ~ 2022.04.15
Quality Assurance dep.	Chen Wencun	Industrial and Commercial Safety and Health Association (Hsinchu Vocational Training Center)	On-the-job Training Course for First Aid Personnel (Recurrent Training Course)	2022.04.14
False twist dep..	Zheng Xinxuan	Industrial and Commercial Safety and Health Association (Hsinchu Vocational Training Center)	In-service Training Course for First Aid Personnel (Initial Course)	2022.04.26 ~ 2022.04.29
Quality control dep.	Gao Qiwei	Industrial and Commercial Safety and Health Association (Hsinchu Vocational Training Center)	Forklift operator training course (initial training course)	2022.05.09 ~ 2022.05.12
Electromechanical security	Huang Ansong	Industrial and Commercial Safety and Health Association (Hsinchu Vocational Training Center)	On-the-job Training Course for First Aid Personnel (Recurrent Training Course)	2022.09.15
Factory Director's Office	Jung Young Chi	On-the-job Training Course for First Aid Personnel (Recurrent Training Course)	Occupational safety and health management personnel on-the-job education and training (re-training course)	2022.09.15 ~ 2022.09.16
Factory Director's Office	Huang Yuxian	On-the-job Training Course for First Aid Personnel (Recurrent Training Course)	On-the-job Training Course for Fire Protection Officers (Recurrent Training Course)	2022.10.20
Audit dep.	LU, HSUEH-TAO	Securities and Futures Institute	Corporate Governance Practice Operation and Case Analysis	2022.12.13
Audit dep.	LU, HSUEH-TAO	Securities and Futures Institute	Discussion on Audit Practice of Information Security Governance	2022.12.14
Finance dep.	TSENG, HSING HUI	The Institute of Internal Auditors-Chinese Taiwan	Practical evolution of materiality bases for untruthful financial reports and identification of directors and supervisors' responsibilities	2022.10.18
Finance dep.	TSENG, HSING HUI	The Institute of Internal Auditors-Chinese Taiwan	Labor law knowledge necessary for supervisors at all levels: recruitment interviews, general and special management of on-the-job workers, performance appraisal	2022.10.25

(4) Labor Insurance and Retirement System:

The employees of the company are insured with labor insurance and national health insurance in accordance with relevant government laws and regulations, and provide full old-fashioned labor pensions and new-type labor pensions to individual accounts on a monthly basis, and proactively provide employees with monthly payment details.

(5) Protective Measures for Working Environment and Personal Safety of Employees:

1. The company has formulated safety and health work codes in accordance with the Labor Safety and Health Law for all employees to follow.
2. There are safety and health administrators and on-site supervisors who have obtained certificates in the factory to plan and supervise the inspection and inspection of safety and health facilities.
3. Provide all kinds of personal protective equipment that meet the standards, such as earplugs, helmets, etc., and check and supplement at any time.
4. Regularly hold labor safety and health meetings, and continuously improve and track the meeting record items, and inform all colleagues.
5. Regularly check the operation equipment, and each unit fills in the equipment automatic inspection plan check list every day. The items are: stacker, elevator, electric welding machine, high voltage/low voltage/high and low voltage electrical equipment, automatic conveyor, false twist Machines, automatic doffers, air compressors, grinders, fire safety equipment, ice water hosts, air pollution prevention and control equipment, sewage discharge prevention and control equipment, generator equipment, water dispensers, etc., if there is any equipment abnormality, it will be immediately reported to the relevant units and dealt with in parallel into tracking.
6. The Quality Assurance Course regularly inspects the equipment and environment in the factory every Monday, Wednesday and Friday, and lists the abnormal inspection in the annual statistics, and makes improvements within a time limit, and carries out in-plant equipment inspection every month. The supervisor of each unit shall act as the inspector to check all the equipment and environment in the plant, and the inspected unit shall put forward the improvement plan for the problem points one by one, keep the minutes of the monthly equipment inspection and review the improvement results at the next meeting.
7. Disinfect the whole factory and dormitory at least twice a year to reduce the number of germs and pests.
8. Regular implementation in accordance with relevant regulations: working environment inspection, drinking water quality inspection, regular tank cleaning of drinking water dispensers, waste water inspection and declaration, business waste transportation declaration, septic tank cleaning and other operations.
9. Set up emergency AED cardiac defibrillator in the factory to reduce personnel injury in critical accidents.
10. During the epidemic prevention period, personnel entering and leaving the factory area are forced to wear masks and temperature measurement records to reduce the chance of

infection.

(6) Medical

1. Employees in the factory are entitled to free physical examination every year, and on-site workers are required to undergo noise hearing test.
2. Special professional doctors and professional nurses provide on-the-spot consultation and health education services on a regular basis.
3. Regular investigation and supplement of general drugs and emergency trauma drugs in various units.
4. Special appointments for general clinics and hospitals, where employees of the company enjoy the registration discount.
5. Provide automatic blood pressure monitor for employees and visitors in the factory.
6. The company is equipped with automatic hand sterilizers and general medical masks for infectious disease management and emergency use.

(7) Fire prevention

1. According to the regulations, the company sets up civil defense teams and training implementation plans, and carries out fire drills twice a year.
2. Set up complete fire control system and equipment in the factory according to fire laws and regulations, including fire sprinkler system, all kinds of fire extinguishers, escape ladders and emergency lights, and cooperate with security inspection and spot check regularly.
3. Regularly send colleagues to participate in the training of fire protection managers and obtain relevant certificates.

(8) As of the date of publication of the annual report, there have been no labor disputes and no losses as a result of labor disputes. A monthly labor meeting has been held and the labor relations have been harmonious.

(9) Retirement System:

1. The company has the regulations for employee retirement. since 1987, the company has submitted to the Labor Bureau of the Taipei Municipal Government and the Taipei National Tax Administration of the Ministry of Finance for approval. The monthly retirement reserve is 3% of the total salary paid, which will be increased to 5% in April 1998. It will be stored and used by the special account in the Taiwan Bank of the Labor Retirement Reserve Supervisory Committee, and the company's old pension has been fully allocated to the special account. It shall be checked by the Deloitte & Touche of the service industry every year after being checked by the accountants.

   Implementation status：

Year	Number of people	Amount	Year	Number of people	Amount	Year	Number of people	Amount
2017	2	1,302	2018	1	2,009	2019	6	8,921
2020	0	0	2021	1	1,910	2022	1	1,149

2. In accordance with the provisions of financial accounting standards. Since July 1, 2005, employees have chosen to apply the pension system under the Labour Pension Ordinance, whereby the employer shall withdraw the personal pension for the worker on a monthly basis and deposit it in the individual account of the Labor Insurance Bureau. The withdrawal rate borne by the employer shall not be less than 6% of the worker's monthly salary, and shall be withdrawn and claimed in accordance with the provisions of the new system.
3. The situation of agreements between employees and employer:（N/A ）

(10) Losses suffered by labour disputes in the latest year and up to the date of publication of the annual report:（N/A ）.

(11) The estimated amount of losses suffered by current and future labor disputes and the corresponding measures: （N/A ）.

6. Information security management:

(1) Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management:

1. Information security risk management framework: The company has information personnel in the IT department responsible for the maintenance of internal and external information systems.
2. Information security policy: regularly review and improve and implement system security measures.
3. Specific management plan: strengthen network firewall and network control, data file backup management, establish a secure connection mechanism,Computer room access control, etc.
4. Resources invested in information security management: the company is small in scale and the ERP system is still simple. Currently, there are 2 staff in charge System maintenance and management.

(2) List any losses suffered by the securities firm in the most recent fiscal year and up to the publication date of the annual report due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

7. Important Contracts：None.

VI. Financial Overview

1. Five-Year Financial Summary

(1) 1. Condensed Balance Sheet - International Financial Reporting Standards (IFRS) – Consolidate

Unit: NT$ thousands

Item \ Year		Financial data for the last 5 years (Note 1)					Financial data from the current year to March 31, 2023 (Note 2)
		2018	2019	2020	2021	2022	
Current assets		3,244,380	2,487,934	2,268,787	3,349,558	2,264,287	1,795,103
Real estate, plant and equipment		2,816,289	2,584,346	2,412,167	2,232,718	2,121,291	2,081,253
Intangible assets		-	-	-	-	-	-
Other assets		1,003,793	1,021,209	1,312,072	918,079	1,058,507	1,091,501
Total assets		7,064,462	6,093,489	5,993,026	6,500,355	5,444,085	4,967,857
Current liabilities	Before distribution	2,550,237	1,779,323	1,632,882	1,701,249	1,520,636	1,191,781
	After distribution	-	-	-	1,772,975	-	-
Non-current liabilities		1,367,097	1,245,614	1,428,984	1,345,516	1,106,006	935,125
Total liabilities	Before distribution	3,917,334	3,024,937	3,061,866	3,046,765	2,626,642	2,126,906
	After distribution	-	-	-	3,118,491	-	-
Equity attributable to owners of the parent company		3,001,214	2,922,090	2,784,093	3,453,590	2,817,443	2,840,951
Share capital		3,586,289	3,586,289	3,586,289	3,586,289	3,586,289	3,586,289
Capital reserve		219,285	219,285	219,285	233,758	241,987	241,987
Retained surplus	Before distribution	(30,458)	(115,902)	(236,451)	398,883	(122,186)	(130,879)
	After distribution	-	-	-	327,157	-	-
Other equity		(260,329)	(254,009)	(271,457)	(236,695)	(360,002)	(327,801)
Treasury stock		(513,573)	(513,573)	(513,573)	(528,645)	(528,645)	(528,645)
Non-controlling equity		145,914	146,462	147,067	-	-	-
Total equity	Before distribution	3,147,128	3,068,552	2,931,160	3,453,590	2,817,443	2,840,951
	After distribution	-	-	-	3,381,864	-	-

Note 1: From the year 2018 to the year 2022, all the visas have been checked by the accountant.
Note 2: As of March 31, 2023, the financial data has been reviewed by the accountant.
Note 3: The 2022 profit and loss supplementary proposal has been approved by the board of directors and has not yet been resolved by the shareholders meeting.

2. Condensed Balance Sheet - International Financial Reporting Standards (IFRS) –Individual

Unit: NT$ thousands

Item	Year	Financial data for the last 5 years (Note 1)				
		2018	2019	2020	2021	2022
Current assets		2,875,611	2,158,822	1,860,585	2,663,124	2,045,448
Real estate, plant and equipment		1,152,704	1,088,980	1,034,953	991,302	976,572
Intangible assets		-	-	-	-	-
Other assets		1,823,885	1,705,126	1,919,121	1,988,009	1,641,762
Total assets		5,852,200	4,952,928	4,814,659	5,642,435	4,663,782
Current liabilities	Before distribution	1,581,392	972,224	690,319	936,404	805,036
	After distribution	-	-	-	1,008,130	-
Non-current liabilities		1,269,594	1,058,614	1,340,247	1,252,441	1,041,303
Total liabilities	Before distribution	2,850,986	2,030,838	2,030,566	2,188,845	1,846,339
	After distribution	-	-	-	2,260,571	-
Equity attributable to owners of the parent company		3,001,214	2,922,090	2,784,093	3,453,590	2,817,443
Share capital		3,586,289	3,586,289	3,586,289	3,586,289	3,586,289
Capital reserve		219,285	219,285	219,285	233,758	241,987
Retained surplus	Before distribution	(30,458)	(115,902)	(236,451)	398,883	(122,186)
	After distribution	-	-	-	327,157	-
Other rights		(260,329)	(254,009)	(271,457)	(236,695)	(360,002)
Treasury stock		(513,573)	(513,573)	(513,573)	(528,645)	(528,645)
Non-controlling equity		-	-	-	-	-
Total equity	Before distribution	3,001,214	2,922,090	2,784,093	3,453,590	2,817,443
	After distribution	-	-	-	3,381,864	-

Note 1: From the year 2018 to the year 2022, all the visas have been checked by the accountant.
Note 2: The 2022 profit and loss supplementary proposal has been approved by the board of directors and has not yet been resolved by the shareholders meeting.

(2) 1. Comprehensive Income Statement - International Financial Reporting Standards (IFRS) – Consolidated

Unit: NT$ thousands， only the earnings per share is NTD

Item \ Year	Financial data for the last 5 years					Current year as of March 31, 2023 (Note 2)
	2018	2019	2020	2021	2022	
Operating income	3,519,248	3,122,224	1,783,734	2,469,456	1,957,172	265,156
Operating margin	6,382	(35,339)	(85,962)	102,663	31,224	(44,963)
Operating profit and loss	(161,117)	(198,061)	(226,375)	(63,420)	(117,722)	(71,934)
Non-operating income and expenses	(208,698)	110,266	44,413	863,113	(322,755)	62,812
Net profit before tax	(369,815)	(87,795)	(181,962)	799,693	(440,477)	(9,122)
Continuing business unit Net profit for the period	(374,058)	(84,462)	(183,707)	761,472	(443,367)	(8,693)
Loss of closed business unit	-	-	-	-	-	-
Net profit before tax	(374,058)	(84,462)	(183,707)	761,472	(443,367)	(8,693)
Continuing business unit Net profit for the period	(19,918)	5,886	46,315	29,163	(129,283)	32,201
Loss of closed business unit	(393,976)	(78,576)	(137,392)	790,635	(572,650)	23,508
Net profit attributable to Parent company owner	(374,560)	(85,010)	(184,312)	637,968	(443,367)	(8,693)
Net profit attributable to Non-controlling equity	502	548	605	123,504	-	-
The total comprehensive profit and loss is attributable to Parent company owner	(394,478)	(79,124)	(137,997)	667,131	(572,650)	23,508
The total comprehensive profit and loss is attributable to Non-controlling equity	502	548	605	123,504	-	-
Earnings per share (net loss)	(1.18)	(0.27)	(0.58)	2.01	(1.40)	(0.03)

Note 1: From the year 2018 to the year 2022, all the visas have been checked by the accountant.

Note 2: As of March 31, 2023, the financial data has been reviewed by the accountant.

2. Comprehensive Income Statement - International Financial Reporting Standards (IFRS) – Individual

Unit: NT$ thousands， only the earnings per share is NTD

Item \ Year	Financial data for the last 5 years				
	2018	2019	2020	2021	2022
Operating income	2,020,018	1,698,518	888,955	1,392,690	1,255,248
Operating margin	73,728	(2,208)	(51.684)	78,392	69,633
Operating profit and loss	(19,587)	(88,257)	(125,676)	(9,644)	(13,925)
Non-operating income and expenses	(351,113)	(562)	(57,413)	649,919	(427,396)
Net profit before tax	(370,700)	(88,819)	(183,089)	640,275	(441,321)
Continuing business unit Net profit for the period	(374,560)	(85,010)	(184,312)	637,968	(443,367)
Loss of closed business unit	-	-	-	-	-
Net profit (loss) for the period	(374,560)	(85,010)	(184,312)	637,968	(443,367)
Other comprehensive gains and losses of the current period (Net after tax)	(19,918)	5,886	46,315	29,163	(129,283)
Total comprehensive profit and loss for the current period	(394,478)	(79,124)	(137,997)	667,131	(572,650)
Net profit attributable to Parent company owner	(374,560)	(85,010)	(184,312)	637,968	(443,367)
Net profit attributable to Non-controlling equity	-	-	-	-	-
The total comprehensive profit and loss is attributable to Parent company owner	(394,478)	(79,124)	(137,997)	667,131	(572,650)
The total comprehensive profit and loss is attributable to Non-controlling equity	-	-	-	-	-
Earnings per share (net loss)	(1.18)	(0.27)	(0.58)	2.01	(1.40)

Note 1: From the year 2018 to the year 2022, all the visas have been checked by the accountant.

(3) Names of accountants and their review opinions in the last 5 years

Year	Name of visa accountant	Audit opinion
2018	Deloitte Touche Tohmatsu Limited HUANG, HAI-YUEH, CHEN, CHIANG-HSUN	Unqualified opinion
2019	Deloitte Touche Tohmatsu Limited HUANG, HAI-YUEH, CHEN, CHIANG-HSUN	Unqualified opinion
2020	Deloitte Touche Tohmatsu Limited CHEN, CHIANG-HSUN, CHIH, JUI-CHUAN	Unqualified opinion
2021	Deloitte Touche Tohmatsu Limited CHEN, CHIANG-HSUN, CHIH, JUI-CHUAN	Unqualified opinion
2022	Deloitte Touche Tohmatsu Limited CHEN, CHIANG-HSUN, CHIH, JUI-CHUAN	Unqualified opinion

2. Financial analysis in the last 5 years

(1). Consolidated Financial Analysis – International Financial Reporting Standards (IFRS) - Consolidated

Analysis item (Note 3) \ Year (Note 1)		Financial analysis in the last 5 years					The current year as of March 31, 2023 (Note 2)
		2018	2019	2020	2021	2022	
Financial structure (%)	Ratio of debt to assets	55.45	49.64	51.09	46.87	48.25	42.81
	Ratio of long-term funds to real estate, plant and equipment	155.11	161.27	174.66	214.94	184.96	181.43
Debt-paying ability%	Current ratio	127.22	139.82	138.94	196.89	148.90	150.62
	Quick ratio	101.29	119.92	120.09	178.56	127.57	126.6
	Interest coverage ratio	(450.21)	(45.45)	(264.6)	2,092.21	(768.29)	35.55
Operating ability	Turnover rate of accounts receivable (times)	7.14	9.20	8.05	11.4	10.94	10.55
	Average cash collection days	51.12	39.67	45.34	32.01	33.36	34.6
	Inventory turnover rate (times)	7.36	7.22	6.93	8.62	6.19	4.11
	Turnover rate of accounts payable (times)	72.27	67.16	44.13	41.25	39.23	43.33
	Average sales days	49.59	50.55	52.66	42.34	58.96	88.81
	Turnover rate of real estate, plant and equipment (times)	1.20	1.16	0.71	1.06	0.9	0.5
	Turnover rate of total assets (times)	0.48	0.47	0.3	0.40	0.33	0.2
Profitability	Return on assets (%)	(4.39)	(0.55)	(2.38)	12.7	(6.74)	0.05
	Return on equity (%)	(11.58)	(2.85)	(6.44)	24.42	(14.14)	(0.31)
	Pre-tax net profit to paid-in capital ratio (%) (Note 7)	(10.31)	(2.45)	(5.07)	22.3	(12.28)	(0.25)
	Net profit rate (%)	(10.63)	(2.71)	(10.3)	30.84	(22.65)	(3.28)
	Earnings per share (NTD)	(1.18)	(0.27)	(0.58)	2.01	(1.40)	(0.03)
Cash flow	Cash flow ratio (%)	3.60	29.94	3.55	4.73	2.74	4.62
	Allowable cash flow ratio (%)	8.66	10.84	6.88	8.04	9.17	9.68
	Cash reinvestment ratio (%)	0.82	8.04	0.86	1.1	(0.33)	0.85
Leverage	Operating leverage	(1.56)	(0.98)	(0.46)	(4.46)	(1.45)	0.13
	Financial leverage	0.71	0.77	0.82	0.61	0.70	0.84

Note 1: From the year 2018 to the year 2022, all the visas have been checked by the accountant.

Note 2: As of March 31, 2023, the financial data has been reviewed by the accountant.

(2). Consolidated Financial Analysis – International Financial Reporting Standards (IFRS) - Individual

Analysis item (Note 3) / Year (Note 1)		Financial analysis in the last 5 years				
		2018	2019	2020	2021	2022
Financial structure (％)	Ratio of debt to assets	48.72	41.00	42.17	38.79	39.59
	Ratio of long-term funds to real estate, plant and equipment	370.50	365.54	398.51	474.73	395.13
Debt-paying ability％	Current ratio	181.84	222.05	269.53	284.40	254.08
	Quick ratio	158.98	204.48	243.75	262.86	221.69
	Interest coverage ratio	(1005.64)	(241.31)	(663.57)	3,397.67	(1780.36)
Operating ability	Turnover rate of accounts receivable (times)	7.03	8.84	6.59	9.18	9.78
	Average cash collection days	51.92	41.28	55.38	39.76	37.32
	Inventory turnover rate (times)	6.73	6.63	6.22	7.81	5.16
	Turnover rate of accounts payable (times)	47.33	42.01	24.87	24.58	25.8
	Average sales days	54.23	55.05	58.68	46.73	70.73
	Turnover rate of real estate, plant and equipment (times)	1.70	1.52	0.84	1.37	1.28
	Turnover rate of total assets (times)	0.33	0.31	0.18	0.27	0.24
Profitability	Return on assets (%)	(5.73)	(1.17)	(3.38)	12.50	(8.24)
	Return on equity (%)	(11.60)	(2.87)	(6.46)	20.46	(14.14)
	Pre-tax net profit to paid-in capital ratio (%) (Note 7)	(10.34)	(2.48)	(5.11)	17.85	(12.31)
	Net profit rate (%)	(18.54)	(5.00)	(20.73)	45.81	(35.32)
	Earnings per share (NTD)	(1.18)	(0.27)	(0.58)	2.01	(1.40)
Cash flow	Cash flow ratio (%)	9.07	32.52	(14.18)	4.11	0.68
	Allowable cash flow ratio (%)	12.75	15.66	6.65	7.02	5.01
	Cash reinvestment ratio (%)	2.06	6.55	(1.99)	0.70	(1.43)
Leverage	Operating leverage	(9.52)	(1.04)	(0.07)	(14.91)	(7.44)
	Financial leverage	0.37	0.77	0.84	0.33	0.37

Note 1: From the year 2018 to the year 2022, all the visas have been checked by the accountant.

3. The audit committee review report of the most recent financial report

LAN FA TEXTILE CO., LTD.
Audit Committee Review Report

The Company's 2022 Business Report, Financial Statements, including Consolidated and Parent Company Only ones, and the plan of appropriation of profit and loss have been prepared by the Board of Directors. An audit of the Financial Statements was conducted by CPA CHANG, CHIANG-HSUN and CPA CHIH, JUI-CHUAN of Deloitte & Touche.. The Audit Committee found no discrepancy between the Business Report and the Deficit Compensation Proposal. The Audit Committee hereby produced and sent forth the report according to the "Securities and Exchange Act" and the "Company Act", we hereby submit this report. Please be advised accordingly.

To the 2023 Annual Meeting of Shareholders of LAN FA TEXTILE CO., LTD.

The Convener of the Audit Committee: CHANG, CHING-TSUNG

Date：March 10, 2023

4. Financial statement for the most recent fiscal year

Audit Report of Accountant

LAN FA TEXTILE CO., LTD.:

Audit Opinion

The entity's balance sheets of LAN FA TEXTILE CO., LTD. of December 31, 2022 and 2021, and the entity consolidated income statement, statement of changes in entity equity, statement of entity cash flows and notes to entity's financial statements (including the summary of major accounting policies) from January 1 to December 31, 2022 and 2021, have been checked by the accountant.

In the opinion of the accountant, the above entity's financial statements have been prepared in all major respects in accordance with the financial report compilation standards for securities issuers, which are sufficient to express the entity's financial position of LAN FA TEXTILE CO., LTD. on December 31, 2022 and 2021, and entity's financial performance and entity's cash flows from January 1 to December 31, 2022 and 2021.

Basis of Audit Opinion

The accountant had carried out the inspection in accordance with the rules for checking the financial statements and the generally accepted auditing standards. The accountant's responsibility under these standards will be further explained in the paragraph of responsibility for the accountant's examination of the entity's financial statements. In accordance with the professional ethics of accountants, the personnel who are subject to the independence standards of the accounting firm have maintained their independence from LAN FA TEXTILE CO., LTD. and performed other responsibilities of the standards. The accountant believes that sufficient and appropriate audit evidence has been obtained as the basis for expressing the audit opinion.

Key Audit Items

The key audit items mean the most important items for the inspection of the entity's financial statements of LAN FA TEXTILE CO., LTD. in 2022 according to the professional judgment of the accountant. These items have been responded to in the process of examining the entity's financial statements as a whole and forming audit opinions, and the accountant does not comment on these items separately.

The key items for checking the entity's financial statements of LAN FA TEXTILE CO., LTD. in 2022 are described as follows:

<u>Key check items: authenticity of sales revenue from major sales customers</u>

The net sales revenue of LAN FA TEXTILE CO., LTD. major customers was NT$756,568 thousands accounting for 60% of the net sales revenue. It is important for individual financial reports and is affected by the pressure of performance growth and competition in the industry, the main risk is the occurrence of income, because it is listed as a key audit matter.

For the accounting policy on income, please see Note 4 (11) for details.

By learning the above-mentioned sales transactions (processed silk) and other relevant internal control procedures, the accountant designs the relevant internal control check procedures in response to the risk, in order to confirm and evaluate the effectiveness of the relevant internal control operations of sales customers in marketing goods transactions under specific credit conditions. The accountant also selects appropriate samples from the sales details of the above-mentioned sales customers to examine the original orders, external shipping documents or customer signing documents and confirm the recovery of payment; confirm the authenticity of the selling transaction.

Responsibilities of Management and Governance Unit to entity's Financial Statements

The responsibility of management is to prepare properly expressed entity's financial statements in accordance with the financial reporting standards of securities issuers, and to maintain the necessary internal controls relating to the preparation of the entity's financial statements to ensure that the entity's financial statements do not contain material misrepresentations caused by fraud or errors.

In preparing the entity's financial statements, the responsibility of management also includes the assessment of the ability of LAN FA TEXTILE CO., LTD. to continue to operate, the disclosure of related items, and the adoption of the accounting basis for continued operation, unless the management intends to liquidate the LAN FA TEXTILE CO., LTD. or cease business, or there is no practical alternative other than liquidation or closure.

The governance unit of LAN FA TEXTILE CO., LTD. (including the audit committee) is responsible for supervising the financial reporting process.

Responsibility of Accountant to Check Entity's Financial Statements

The purpose of the accountant to check the entity's financial statements is to obtain reasonable assurance as to whether there are material misrepresentations caused by fraud or error in the entity's financial statements as a whole, and to issue an audit report. Reasonable certainty is a high degree of certainty, but audits carried out in accordance with generally accepted audit standards do not guarantee that material misrepresentations in the entity's financial statements will be identified. False expression may be caused by fraud or error. It is considered significant if the individual amounts or remittances misrepresented can be reasonably expected to affect the economic decisions made by the users of the entity's financial statements.

When the accountant checks in accordance with the audit standard. The accountant also performs the following work:

1. Identify and evaluate the risk of material misrepresentation resulting from fraud or error in the entity's financial statements; design and implement appropriate measures to the assessed risks; and obtain sufficient and appropriate audit evidence to serve as the basis for audit opinions. Because fraud may involve collusion, forgery, deliberate omission, misrepresentation or internal control, the risk of material misrepresentation due to fraud is higher than that caused by error.
2. Acquire the necessary understanding of the internal controls related to the audit in order to design appropriate audit procedures in the circumstances, but not for the purpose of expressing the opinion on the effectiveness of internal controls of LAN FA TEXTILE CO., LTD.
3. Assess the appropriateness of accounting policies adopted by management and the reasonableness of accounting estimates and related disclosures.
4. Based on the audit evidence obtained, draw a conclusion as to whether there is significant uncertainty about the appropriateness of the management's adoption of the accounting basis of continuing operations and whether there is significant uncertainty about the events or circumstances that may give rise to significant doubts about the ability of the LAN FA TEXTILE CO., LTD. to continue to operate. If the accountant considers that there is material uncertainty in such events or circumstances, the accountant shall, in the audit report, remind users of the entity's financial statements to pay attention to the relevant disclosures of the entity's financial statements, or amend the audit opinion if such disclosures are inappropriate. The accountant's conclusion is based on the audit evidence obtained as of the date of the inspection report. However, future events or circumstances may cause the LAN FA TEXTILE CO., LTD. have no ability to continue to operate.
5. Assess the overall expression, structure and content of the entity's financial statements (including related notes), and whether there are related transactions and events expressed in the entity's financial statements.
6. Obtain sufficient and appropriate audit evidence for the financial information of the constituent individuals within the LAN FA TEXTILE CO., LTD. to express the opinion on entity's financial statements. The accountant is responsible for the guidance, supervision and implementation of group audit cases, and is responsible for forming audit opinions of LAN FA TEXTILE CO., LTD.

The items that the accountant communicates with the governance unit include the scope and timing of the planned audit, as well as major audit findings (including significant deficiencies in internal controls identified in the audit process).

The accountant also provides the governance unit with a statement that the personnel of the firm to which the accountant belongs to the independence standard have complied with the professional ethics of accountants of the Republic of China and communicate with the governance unit all relationships and other items (including relevant protective measures) that may be considered to affect the independence of accountants.

From the items of communication with the governance unit, the accountant decides on the key items for checking the consolidated financial statements of LAN FA TEXTILE CO., LTD. in 2022. The accountant describes these items in the audit report, unless the law does not allow public disclosure of specific items, or in rare cases, the accountant decides not to communicate specific items in the audit report, because it can be reasonably expected that the negative impact of this communication is greater than the promotion of the public interest.

Deloitte & Touche.

Accountant CHEN, CHIANG-HSUN	Accountant CHIH, JUI-CHUAN
Financial Supervisory Commission Audit No. Jin Guan Zheng Shen Tzu No. 1060023872	Financial Supervisory Commission Audit No. Jin Guan Zheng Shen Tzu No. 1060023872

MARCH 10, 2023

LAN FA TEXTILE CO., LTD.

CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

Code	Asset	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current Assets				
1100	Cash and Cash Equivalents (Note 4 and 6)	$ 125,846	3	$ 154,857	3
1110	Financial Assets Measured at Fair Value through Profit or Loss (Note 4 and 7)	1,269,766	27	1,961,217	35
1150	Notes Receivable - Non-related Parties (Note 4, 10 and 21)	9,340	-	18,948	-
1160	Notes Receivable - Related Parties (Note 4, 21 and 29)	-	-	1,002	-
1170	Accounts Receivable - Non-related Parties (Note 4, 10 and 21)	97,197	2	123,115	2
1180	Accounts Receivable - Related Parties (Note 4, 21 and 29)	-	-	1,202	-
1200	Other Accounts Payable	2,031	-	1,305	-
1210	Other Accounts Payable - Related Parties (Note 29)	280,412	6	199,469	4
1220	Income Tax Liabilities of Current Period (Note 4 and 23)	62	-	297	-
130X	Inventory (Note 4 and 11）	254,005	6	192,344	3
1421	Prepayment	6,787	-	9,364	-
1470	Other Current Assets	2	-	4	-
11XX	Total Current Assets	2,045,448	44	2,663,124	47
	Non-current Assets				
1517	Financial Assets Measured at Fair Value through Other Consolidated Profit or Loss (Note 4 and 8)	553,867	12	414,497	7
1535	Financial Assets Measured at Amortized Cost (Note 4 and 9)	79,675	2	72,329	1
1550	Investment Using Equity Method (Note 4 and 12)	863,616	18	1,349,159	24
1600	Immovable Property, Plant and Equipment (Note 4 and 13)	976,572	21	991,302	18
1755	Right-of-use Assets (Note 4 and 14)	28	-	353	-
1760	Net Investment Property (Note 4 and 15)	105,102	2	109,495	2
1840	Deferred Income Tax Assets (Note 4 and 23)	1,428	-	4,130	-
1920	Refundable Deposits	36,646	1	36,646	1
1990	Other Non-current Assets	1,400	-	1,400	-
15XX	Total Non-current Assets	2,618,334	56	2,979,311	53
1XXX	Total Assets	$ 4,663,782	100	$ 5,642,435	100
Code	Liabilities and Equity				
	Current Liabilities				
2100	Short-term Loans (Note 16)	$ 653,413	14	$ 150,000	3
2110	Short-term Notes and Bills Payable (Note 16)	49,994	1	659,645	12
2130	Contract Liabilities (Note 21 and 29)	6,191	-	920	-
2150	Notes Payable (Note 17)	8,417	-	23,420	-
2170	Accounts Payable (Note 17)	25,033	1	35,046	1
2219	Other Accounts Payable (Note 18)	61,660	1	66,753	1
2280	Lease Liabilities (Note 4 and 14)	28	-	333	-
2399	Other Current Liabilities	300	-	287	-
21XX	Total Current Liabilities	805,036	17	936,404	17
	Non-current Liabilities				
2540	Long-term Loans (Note 16)	1,006,911	22	1,214,292	22
2570	Deferred Income Tax Liabilities (Note 4 and 23)	16,975	1	14,659	-
2580	Lease Liabilities (Note 4 and 14)	-	-	28	-
2640	Long-term Accounts Receivable - Related Parties (Note 4 and 19)	1,080	-	6,175	-
2650	Net Defined Benefit Liabilities (Note 4 and12)	16,177	-	17,134	-
2670	Other Non-current Liabilities	160	-	153	-
25XX	Total Non-current Liabilities	1,041,303	23	1,252,441	22
2XXX	Total Liabilities	1,846,339	40	2,188,845	39
	Interest (Note 20)				
3110	Ordinary Share Capital	3,586,289	77	3,586,289	63
3200	Capital Surplus	241,987	5	233,758	4
	(Accumulated Losses) Retained Earnings				
3320	Special Surplus Reserve	258,887	5	413,828	7
3350	Losses to Be Made up	(381,073)	(8)	(14,945)	-
3300	Total (Accumulated Losses) Retained Earnings	(122,186)	(3)	398,883	7
3400	Other equity	(360,002)	(8)	(236,695)	(4)
3500	Treasury Stocks	(528,645)	(11)	(528,645)	(9)
3XXX	Total equity	2,817,443	60	3,453,590	61
	Total Liabilities and Equity	$ 4,663,782	100	$ 5,642,435	100

The attached notes form part of the entity's financial statements.

Chairman: YEH, CHING-TSE President: WANG, FONG-YUEH In-charge Accountant: LEE, HSUN-YI

LAN FA TEXTILE CO., LTD.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except for earnings (loss) per share amount)

		Year ended December 31			
		2022		2021	
Code		Amount	%	Amount	%
4100	Operating Revenues (Note 4, 21 and 29)	$ 1,255,248	100	$ 1,392,690	100
5110	Operating Costs (Note 11 and 22)	1,185,615	94	1,314,298	95
5900	Operating Gross Profit	69,633	6	78,392	5
	Operating Expenses (Note 22)				
6100	Selling Expenses	28,694	2	36,105	2
6200	Administrative Expenses	54,864	5	51,931	4
6000	Total Operating Expenses	83,558	7	88,036	6
6900	Net Operating Losses	(13,925)	(1)	(9,644)	(1)
	Non-operating Revenues and Expenses (Note 22)				
7100	Interest Revenues (Note 29)	4,129	-	3,024	-
7010	Other Revenues	221,378	18	83,295	6
7590	Other Benefits and Losses	(450,450)	(36)	374,178	27
7050	Financial Costs	(23,470)	(2)	(19,416)	(1)
7070	Share of Profit and Loss of Subsidiaries Using Equity Method (Note 12)	(178,983)	(14)	208,838	15
7000	Total Non-operating Revenues and Expenses	(427,396)	(34)	649,919	47
7900	Net Pre-tax (Losses) Profit	(441,321)	(35)	640,275	46
7950	Income Tax (Expenses) Benefits (Note 4 and 23)	(2,046)	(1)	(2,307)	-
8200	Net (Losses) Profit for Current Year	(443,367)	(36)	637,968	46

(Continued)

LAN FA TEXTILE CO., LTD.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

		Year ended December 31			
		2022		2021	
Code		Amount	%	Amount	%
	Other Consolidated Profits and Losses				
8310	Items that are not reclassified to profit or loss				
8311	Actuarial gains (losses) on defined benefit plans (Note 19)	$ 5,089	1	$ 440	-
8316	Unrealized loss on valuation of financial assets at fair value through other comprehensive income	(142,153)	(11)	13,464	1
8330	Share of Other Consolidated Profit and Loss of Subsidiaries Using Equity Method	(7,668)	(1)	18,908	1
8349	Income tax related to non-reclassified items (Note 23)	(1,018)	-	(88)	-
8360	Items that may be reclassified to profit or loss in the future				
8361	Exchange difference in the conversion of financial statements of foreign operating institutions	9,768	1	(1,488)	-
8380	Share of Other Consolidated Profit and Loss of Subsidiaries Using Equity Method	8,653	-	(2,371)	-
8399	Income tax related to non-reclassified items (Note 23)	(1,954)	-	298	-
8300	Other consolidated profit and loss of current year (Net amount after tax)	(129,283)	(10)	29,163	2
8500	Total consolidated profit and loss of current year	($ 572,650)	(46)	$ 667,131	48
	Profit (Loss) per share (Note 24)				
9710	Basic	($ 1.40)		$ 2.01	

The attached notes form part of the entity's financial statements.

Chairman: YEH, CHING-TSE President: WANG, FONG-YUEH In-charge Accountant: LEE, HSUN-YI

LAN FA TEXTILE CO., LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in thousands of New Taiwan dollars)

January 1 to December 31, 2022 and 2021

		Capital			Retained Earnings (Accumulated Losses)		Other Equity Interest			
Code		Number of Shares (1,000 shares)	Common Equity	Capital Surplus	Special Reserve	Deficit to Be Compensated	Financial statements translation differences of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury Stock	Total Interests
A1	Balance on January 1, 2021	358,629	$ 3,586,289	$ 219,285	$ 413,828	($ 650,279)	($ 81,768)	($ 189,689)	($ 513,573)	$ 2,784,093
D1	Net profit of 2021	-	-	-	-	637,968	-	-	-	637,968
D3	Other Consolidated Profit and Loss after Tax of 2021	-	-	-	-	352	(3,561)	32,372	-	29,163
D5	Other Consolidated Profit and Loss of 2021	-	-	-	-	638,320	(3,561)	32,372	-	667,131
M5	Actual acquisition of part of the equity of the subsidiary (Note 25)	-	-	14,472	-	-	-	-	(15,072)	(600)
O1	Other	-	-	1	-	-	-	2,965	-	2,966
Q1	Subsidiaries deal with equity instruments measured at fair value through other consolidated profit and loss	-	-	-	-	(2,986)	-	2,986	-	-
Z1	Balance on December 31, 2021	358,629	$ 3,586,289	$ 233,758	$ 413,828	($ 14,945)	($ 85,329)	($ 151,366)	($ 528,645)	$ 3,453,590
	2022 Appropriation and distribution of retained earnings:									
B5	Cash dividends	-	-	-	-	(71,726)	-	-	-	(71,726)
B7	Reversal of special surplus reserve	-	-	-	(154,941)	154,941	-	-	-	-
D1	Net Loss of 2022	-	-	-	-	(443,367)	-	-	-	(443,367)
D3	Other Consolidated Profit and Loss after Tax of 2022	-	-	-	-	4,071	16,467	(149,821)	-	(129,283)
D5	Other Consolidated Profit and Loss of 2022	-	-	-	-	(439,296)	16,467	(149,821)	-	(572,650)
M1	Dividends paid to subsidiaries to adjust capital surplus	-	-	8,229	-	-	-	-	-	8,229
Q1	Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	(10,047)	-	10,047	-	-
Z1	Balance on December 31, 2022	358,629	$ 3,586,289	$ 241,987	$ 258,887	($ 381,073)	($ 68,862)	($ 291,140)	($ 528,645)	$ 2,817,443

The attached notes form part of the entity's financial statements.

Chairman: YEH, CHING-TSE President: WANG, FONG-YUEH In-charge Accountant: LEE, HSUN-YI

LAN FA TEXTILE CO., LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in thousands of New Taiwan dollars)

Code		Year ended December 31 2022	2021
	Cash Flow of Operating Activities		
A10000	Net Profit (Losses) before Tax	($ 441,321)	$ 640,275
A20010	Income Expense Item		
A20100	Depreciation Expense	25,136	48,786
A20400	Measure the net loss of financial instruments at fair value through profit or loss (interests)	486,413	(382,675)
A20900	Financial Costs	23,470	19,416
A21200	Interest Revenues	(4,129)	(3,024)
A21300	Dividend Revenues	(206,761)	(68,678)
A22400	Share of Profit and Loss of Subsidiaries Using Equity Method	178,983	(208,838)
A22500	Dealing with losses of immovable property, plant and equipment	(1,895)	(1,895)
A23700	Inventory depreciation loss	3,654	2,197
A24100	Unrealized loss of foreign currency	(7,615)	2,868
A30000	Net changes in operating assets and liabilities		
A31115	Measure the financial assets at fair value through profit or loss (interests)	(345)	(28)
A31130	Notes Receivable (Include Related Party)	10,610	4,559
A31150	Accounts Receivable (Include Related Party)	27,120	4,503
A31180	Other Accounts Receivable	(99)	(53)
A31200	Inventory	(65,315)	(57,386)
A31230	Prepayment	2,577	31,402
A31240	Other Current Capital	2	(2)
A32125	Contract Liabilities	5,271	(7,400)
A32130	Notes Payable	(15,003)	16,806
A32150	Account Payable	(10,013)	(6,797)
A32180	Other Accounts Receivable	(5,507)	4,092
A32230	Other Current Liabilities	13	30
A32240	Liabilities of Net Defined Benefits	(6)	100
A33000	Cash from Operating	5,240	38,258
A33500	Income Tax for Refund (Payment)	235	229
AAAA	Net cash inflow (outflow) from operating activities	5,475	38,487
	Cash flow from investment activities		
B00010	Measure the financial assets at fair value through profit or loss	(337,086)	-
B00020	Deal with the financial assets at fair value through other consolidated profit or loss	48,857	77,707

(Continued)

LAN FA TEXTILE CO., LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in thousands of New Taiwan dollars)

Code		Year ended December 31 2022	2021
B00030	Returned capital from FVTOCI financial assets	$ 6,706	$ -
B00100	Acquisition of financial assets measured at fair value through profit or loss	(713,674)	(3,480,458)
B00200	Deal with financial assets measured at fair value through profit or loss	919,057	2,873,736
B02400	Subsidiary reduced capital and returned share monies	-	352,225
B02700	Purchase immovable property, plant and equipment	(5,688)	(285)
B04100	Other accounts receivable - Related party (increased) decreased	(80,319)	33,711
B07500	Interest charged	3,707	3,846
B07600	Other dividends charged	206,211	69,178
B09900	Receive dividends from subsidiaries	326,480	-
BBBB	Net cash flows from (used in) investing activities	374,251	(70,340)
	Cash flow from fund-raising activities		
C00100	Short-term Loans added	3,309,265	3,983,280
C00200	Short-term Loans decreased	(2,805,852)	(4,033,280)
C00500	Increase in short-term notes payable	2,330,000	4,940,000
C00600	December in short-term notes payable	(2,940,000)	(4,650,000)
C01600	Borrow the long-term loan	350,000	500,000
C01700	Repay the long-term loan	(557,381)	(585,708)
C03100	Refundable deposits return	7	3
C04020	Principal repayment of lease liabilities	(333)	(431)
C04500	Distribution of cash dividends	(71,726)	-
C05400	Acquired equity in subsidiary	-	(268,206)
C05600	Interests paid	(22,707)	(19,744)
C09900	Other	-	1
CCCC	Net cash flows from (used in) financing activities	(408,727)	(134,085)
DDDD	The impact of exchange rate changes on cash and cash equivalents	(10)	(35)
EEEE	Net increase of cash and cash equivalents	(29,011)	(165,973)
E00100	Cash and cash equivalents, beginning of the year	154,857	320,830
E00200	Cash and cash equivalents, end of the year	$ 125,846	$ 154,857

The attached notes form part of the entity's financial statements.

Chairman: YEH, CHING-TSE President: WANG, FONG-YUEH In-charge Accountant: LEE, HSUN-YI

LAN FA TEXTILE CO., LTD.

Notes to Individual Financial Report

January 1 to December 31, 2022 and 2021

(Unless otherwise stated, the amount shall be in NT$ thousands)

I. Company History

LAN FA TEXTILE CO., LTD. (hereinafter referred to as" the company") was established in December 1972, originally engaged in the production and sale of knitted fabrics, and has increased the production and sale business of flexible polyester textured yarn since 1985. At present, the production and sale of polyester textured yarn is the main source of operating revenue.

The company's shares have been listed and traded on the Taiwan Stock Exchange Corporation since October 26, 1994.

The individual financial report is expressed in New Taiwan Dollar, the functional currency of the company.

II. Date and Procedure for the Approval of Financial Reports

The individual financial report was approved by the board of directors on March 10, 2023.

III. Application of Newly Issued and Revised Standards and Interpretations

1. The International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC) and Standing Interpretation Committee (SIC) (hereinafter referred to as "IFRSs"), which were approved and issued by the Financial Supervisory Commission (hereinafter referred to as FSC), have been applied for the first time, the application of the revised IFRSs approved and issued by the FSC will not result in the material change in the company's accounting policy.

2. Applicable IFRSs approved by the FSC in 2023

Newly issued/amended/revised standards and explanations	Effective date on which IASB issued
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023（Note 1）
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023（Note 2）
Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"	January 1, 2023（Note 3）

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.
Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies for annual reporting periods that occur on or after January 1, 2023.
Note 3: Except for deferred taxes that were be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occurred on or after January 1, 2022.

As of the date of publication of this individual financial report, the amendments to the above standards and explanations will not have a significant impact on the financial position and financial performance of the company.

3. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

Newly issued/amended/revised standards and explanations	Effective date on which IASB issued（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
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024（Note 2）
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.
Note 2: A 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.

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact of the application of other standards and interpretations will have on the Company’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

IV. Summary Statement of Major Accounting Policies

1. Compliance Statement

This individual financial report is prepared in accordance with the financial report preparation standards of securities issuers.

2. Basis of Preparation

Except for financial instruments measured at fair value and net defined benefit liabilities based on the present value of determined benefit obligations less the fair value of plan assets, this individual financial report is prepared on a historical cost basis.

Fair value measurement is divided into levels 1 to 3 according to the observability and importance of the relevant input values:

(1) Level 1 input value: refers to the quoted price in the active market for the same assets or liabilities available on the measurement date (unadjusted).

(2) Level 2 input value: refers to the observable input value of assets or liabilities directly (i.e. price) or indirectly (i.e. from price derivation) in addition to the quotation at level 1.

(3) Level 3 input value: refers to the unobservable input value of assets or liabilities.

When preparing the individual financial report, the company adopts the equity method to deal with the investment subsidiary. In order to make the current year's profit and loss, other consolidated profit and loss and equity in the individual financial report the same as those vested in the owner of the Company in the consolidated financial statements of the Company. Some differences in accounting treatment on an individual basis and on a consolidated basis are adjustments to "investment using equity method", "profit and loss share of subsidiaries using equity method", "other comprehensive profit and loss share of subsidiaries using equity method" and related equity items.

3. Standards for distinguishing between current and non-current assets and liabilities

Current assets include:

(1) Assets held primarily for transaction purposes

(2) Assets expected to be realized within 12 months after the balance sheet date.

(3) Cash and cash equivalents (excluding those restricted for the exchange or discharge of liabilities more than 12 months after the balance sheet date).

Current liabilities include:

(1) Liabilities held primarily for transaction purposes.

(2) Liabilities due within 12 months after the balance sheet date, and

(3) Liabilities that cannot be unconditionally deferred to at least 12 months after the balance sheet date.

Those that are not the above-mentioned current assets or liabilities shall be classified as non-current assets or non-current liabilities.

4. Foreign Currency

When preparing the individual financial report, if the transaction is in a currency other than the functional currency of the company (foreign currency), it shall be converted into a functional currency record according to the exchange rate on the trading day.

Foreign currency monetary items are converted at the closing exchange rate on each balance sheet date.

Foreign currency non-monetary items measured at historical costs are converted at the exchange rate on the trading day and will not be re-converted.

When preparing individual financial reports, the assets and liabilities of the company's foreign subsidiaries are converted into New Taiwan dollars at the exchange rate on each balance sheet date. The items of income and expense are converted at the current average exchange rate, and the resulting exchange differences are shown in other consolidated profits and losses.

5. Inventory

Inventory includes raw materials, finished goods and work-in-process. Inventory is measured by the lower of cost and net realized value, and the comparison between cost and net realized value is based on individual items except for the same category of inventory.

6. Invest the subsidiary

The company adopts the equity method to deal with the investment in subsidiaries.

Subsidiary refers to the entity under the control of the company.

Under the equity method, the investment is originally recognized at cost, and the future book amount increases or decreases with the subsidiary profit and loss and other comprehensive profit and loss shares, and profit distribution enjoyed by the company. In addition, changes in the company's other rights and interests of subsidiaries are recognized according to the proportion of shareholdings.

When the company's change in the ownership interest of the subsidiary does not lead to the loss of control, it shall be dealt with as an equity matter. The difference between the carrying amount of the investment and the fair value of the consideration paid or received shall be directly recognized as equity.

When the company's share of the loss to a subsidiary is equal to or exceeds its interest in the subsidiary, it shall continue to recognize the loss in proportion to its shareholding.

When assessing the impairment, the company considers the cash-generating unit as a whole in the financial report and compares its recoverable amount with the carrying amount. Subsequently, if the recoverable amount of the asset increases, the reversal of the impairment loss shall be recognized as an advantage, provided that the carrying amount of the asset after the reversal of the impairment loss shall not exceed the carrying amount of the asset after amortization if the impairment loss is not recognized.

7. Immovable Property, Plant and Equipment

Immovable property, plant and equipment are recognized as measured by cost, and subsequently measured by the amount of cost less accumulated depreciation and accumulated impairment loss.

Except for self-owned land, depreciation is provided on a straight-line basis, that is, the balance after the cost of the asset is equally apportioned less salvage value within the expected useful life of the asset, the estimated useful life, salvage value and depreciation methods are reviewed at least on the end date of each year. The impact of changes in accounting estimates is dealt with in a deferred manner.

When immovable property, plant and equipment are excluded, the related costs, accumulated depreciation and accumulated impairment are deducted from the account, and the resulting profit or loss is recognized in the current year's profit or loss according to its nature.

8. Investment Property

Investment property is immovable property held for the purpose of earning rent or capital appreciation or both. Investment property also includes land held that has not yet been decided on its future use.

The investment property is originally measured by cost (including transaction cost), and subsequently by the amount of cost less accumulated depreciation and accumulated impairment loss.

The straight-line basis provides for depreciation, that is, the balance after the average sharing of the asset cost less the salvage value over the expected useful life of the investment property.

The investment property shall be excluded when it is disposed of or permanently no longer used, and it is not expected to generate future economic benefits from the disposition. Except for the amount of profit or loss arising from the investment immovable property, the difference between the net disposal price and the carrying amount of the asset shall be recognized as the profit or loss of the current year.

9. Asset Impairment

If an asset (mainly immovable property, plant and equipment, right-to-use assets and investment immovable property) has a significant impairment in book value measured by its relevant recoverable amount, the impairment shall be recognized as a loss.

10. Financial Instruments

Financial assets and financial liabilities are recognized in the individual balance sheet when the company becomes a party to the contract terms of the instrument.

When financial assets and financial liabilities are originally recognized, if financial assets or financial liabilities are not measured at fair value through profit or loss, they are measured by fair value plus transaction costs directly attributable to the acquisition or issue of financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issue of financial assets or financial liabilities measured at fair value through profit or loss are immediately recognized as profit or loss.

(1)Financial Assets

The customary transactions of financial assets are recognized and excluded by accounting on the trading day.

1)Measure category

The types of financial assets held by the Company are financial assets measured at fair value through profit or loss, financial assets measured at amortized cost, investments in debt instruments at fair value through other consolidated income and equity instruments at fair value through other consolidated profit or loss.

A. Financial Assets Measured at Fair Value through Profit or Loss

Financial assets measured at fair value through profit or loss are financial assets measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are compulsory equity instruments not designated by the Company to be measured at fair value through other consolidated profit or loss.

A financial asset measured at fair value through profit or loss is measured at fair value, and the benefit or loss arising from its remeasurement (excluding any dividend or interest generated by the financial asset) is recognized as profit or loss.

B. Financial Assets Measured at Amortized Cost

If the company's investment financial assets meet the following two conditions at the same time, it will be classified as Financial Assets Measured at Amortized Cost：

a. Held under a business model for the purpose of holding financial assets to collect contractual cash flows; and

b. The terms of the contract generate cash flows on a specific date, which are solely interest on the payment of principal and the amount of principal outstanding.

Financial Assets Measured at Amortized Cost(Including cash and approximately equivalent cash, receivables at amortized cost and foreign corporate bonds) after original recognition, it is measured by the total carrying amount determined by the effective interest method less the amortized cost of any impairment loss, any gain or loss on foreign currency exchange is recognized as profit or loss.

Interest income is calculated by multiplying the effective interest rate by the total carrying amount of financial assets.

C. Investment in debt instruments at fair value through other consolidated gains and losses

At the time of original recognition, the Company may make an irrevocable option to designate the investment in equity instruments that are not held for trading and that are not recognized by the acquirer for business combination as contingent consideration to be measured at fair value through other comprehensive gains and losses.

Equity instrument investments measured at fair value through other comprehensive profit or loss are measured at fair value, and subsequent changes in fair value are reported in other comprehensive profit or loss and accumulated in other equity. When the investment is disposed of, the accumulated profit or loss is transferred directly to retained earnings and is not reclassified to profit or loss.

Dividends invested in equity instruments measured at fair value through other comprehensive profit or loss are recognized in profit or loss when the Company's right to receive payment is established, unless the dividend clearly represents the recovery of part of the investment cost.

2) Impairment of Financial Assets

At each balance sheet date, the company assesses the impairment losses on Financial Assets Measured at Amortized Cost (including receivables and foreign corporate bonds) and investments in debt instruments measured at fair value through other consolidated profit or loss on the basis of expected credit losses.

Accounts receivables are recognized as allowance losses according to the expected credit losses during the period of existence. Other financial assets first assess whether the credit risk has increased significantly since the original recognition, and if it has not increased significantly, the allowance loss will be recognized as the expected credit loss of 12 months, and if it has increased significantly, the allowance loss will be recognized as the expected credit loss during the period of existence.

Expected credit loss is a weighted average credit loss weighted by the risk of default. The 12-month expected credit loss represents the expected credit loss arising from the possible default of the financial instrument within 12 months after the reporting date, the expected credit loss during the period of existence represents the expected credit loss of all possible default events of the financial instrument during the expected period.

Impairment losses on all financial assets are reduced by allowance accounts, but allowance losses on investments in debt instruments measured at fair value through other consolidated gains and losses are recognized in other consolidated income and do not reduce their carrying amounts.

3) Exclusion of Financial Assets

The company excludes financial assets only when contractual rights from the cash flow of financial assets expire, or when financial assets have been transferred and almost all risks and rewards of ownership of such assets have been transferred to other enterprises.

When Financial Assets Measured at Amortized Cost is excluded as a whole, the difference between its carrying amount and the consideration received is recognized as profit or loss. When investments in debt instruments measured at fair value through other comprehensive income are excluded as a whole, the difference between the carrying amount and the total sum of any accumulated gain or loss recognized in other comprehensive income or loss is recognized in profit or loss. When investment in equity instruments measured at fair value through other comprehensive profit or loss is excluded as a whole, the accumulated profit or loss is transferred directly to retained earnings and is not reclassified as profit or loss.

(2) Financial Liabilities

Financial liabilities are measured at amortized cost using the effective interest method.

The company excludes financial liabilities only when its obligations are discharged, cancelled or due. When financial liabilities are excluded, the difference between the carrying amount and the consideration paid (including any transferred non-cash assets or liabilities) is recognized as profit or loss.

(3) Derivative Instruments

The derivative instruments entered into by the company include forward foreign exchange contracts to manage the exchange rate risk of the company.

When a derivative contract is signed, it is originally recognized at fair value, and subsequently measured at fair value on the balance sheet date, and the benefit or loss arising from subsequent measurement is directly included in profit or loss. When the fair value of a derivative is positive, it is classified as a financial asset; when the fair value is negative, it is classified as a financial liability.

11. Revenue Recognition

After identifying the performance obligations in the client contract, the company apportion the transaction price among the performance obligations and recognize the income when the performance obligations are met.

Revenue from Commodity Sales

The income from commodity sales mainly comes from the sales of polyester processed silk. At the time of delivery of the goods, the customer has the right to set the price and use of the goods and has the primary responsibility for resale, and bears the risk of obsolescence of the goods. The company recognizes the income and accounts receivable at that time.

12. Lease

The company evaluates whether the contract belongs to (or includes) the lease on the date of establishment of the contract.

(1) The company is the lessor

When the lease terms transfer almost all risks and rewards attached to the ownership of the asset to the lessee, they are classified as financial leases. All other leases are classified as operating leases.

(2) The company is the lessee

Except for lease payments for low-value target asset leases and short-term leases with applicable exemptions, which are recognized as expenses during the lease term on a straight-line basis, other leases are recognized as right-to-use assets and lease liabilities at the lease commencement date.

The right-to-use asset is originally measured at cost (including the original measurement amount of the lease liability), followed by the cost less accumulated depreciation and accumulated impairment losses, and adjusts the re-measurement of the lease liability. The right-to-use assets are separately expressed in the individual balance sheet.

The straight-line basis of the right-to-use asset is depreciated earlier from the start of the lease to the expiration of the useful life or the expiration of the lease period.

The lease liability is originally measured by the present value of the lease payment (including fixed payment and substantial fixed payment). If the implied interest rate of the lease is easily determined, the lease payment shall be discounted at that rate. If the interest rate is not easy to determine, use the lessee to increase the borrowing rate.

Subsequently, the lease liability is measured on an amortized cost basis using the effective interest method, and the interest expense is apportioned over the lease period. If a change in the lease period results in a change in the future leases payment, the company measures the lease liability and adjusts the use right asset relatively, but if the carrying amount of the use right asset has been reduced to zero, the remaining re-measure amount is recognized in profit or loss. Lease liabilities are expressed separately in the individual balance sheet.

13. Borrowing Cost

The borrowing cost directly attributable to the acquisition, construction or production of an asset that meets the requirements shall be part of the cost of the asset until almost all necessary activities for the intended use or sale of the asset have been completed.

The investment income earned by a specific loan from a temporary investment prior to the occurrence of capital expenditure that meets the requirements shall be deducted from the borrowing cost that meets the capitalization standards.

Apart from the above, all other borrowing costs are recognized as profit or loss in the current year.

14. Employee Benefit

(1) Short-term Employee Benefit

Liabilities related to short-term employee benefits are measured by the non-discounted amount expected to be paid in exchange for employee services.

(2) Post-retirement Benefit

To determine that the pension allocated to the retirement scheme is recognized as an expense during the period of service provided by the employee.

To determine the defined benefit cost of a benefit retirement plan (including service cost, net interest and r re-measure) is an actuary based on the projected unit benefit method. Service costs (including current service costs and net interest on net defined benefit liabilities are recognized as employee benefit expenses when incurred. Re-measures (including actuarial gains and losses and compensation for plan assets after deducting interest) are recognized in other consolidated profit or loss and included in other equity at the time of occurrence and are not reclassified to profit or loss in subsequent periods.

The net defined benefit liability is the appropriation deficit of the defined benefit retirement plan.

15. Income Tax

Income tax expense is the sum of current income tax and deferred income tax.

(1) Current Income Tax

The income tax payable in the current period is based on the income taxed in the current period. As some of the income and expense losses are taxable or deductible items for other periods or are not taxable or deductible under the relevant tax laws, taxable income is different from the pre-tax net profit reported in the consolidated income statement. The company's current income tax related liabilities are calculated at the statutory tax rate on the balance sheet date.

The addition of income tax to the undistributed surplus calculated in accordance with the provisions of the income tax law shall be recognized in the annual resolution of the shareholders' meeting.

The adjustment of income tax payable in previous years shall be included in the current income tax.

(2) Deferred Income Tax

Deferred income tax is calculated on the basis of the temporary difference between the carrying amount of assets and liabilities and the tax basis on which taxable income is calculated. Deferred income tax liabilities are generally recognized for all taxable temporary differences, while deferred income tax assets are recognized when taxable income tax credits are likely to be used to deduct temporary differences.

Taxable temporary differences related to investment subsidiaries are recognized as deferred income tax liabilities, except where the company can control the point of reversal of temporary differences and such temporary differences are likely not to reverse in the foreseeable future. Temporary differences related to such investments can be deducted only if they are likely to have sufficient taxable income to achieve temporary differences and are recognized as deferred income tax assets to the extent that they are expected to be reversed in the foreseeable future.

The carrying amount of deferred income tax assets is re-examined on each balance sheet date, and the carrying amount is reduced for those who are no longer likely to have sufficient taxable places to recover all or part of the assets. Assets that were not previously recognized as deferred income tax assets will also be re-examined on each balance sheet date, and the carrying amount will be increased if the taxable assets will be able to recover all or part of the assets in the future.

Deferred income tax assets and liabilities are measured by the tax rate at which the expected liability is discharged, or the asset is realized.

(3) Current and Deferred Income Tax

Current and deferred income tax are recognized as profit or loss, but current and deferred income tax related to items recognized in other consolidated profit or loss are recognized as other consolidated profit or loss.

V. Main Sources of Uncertainty about Major Accounting Judgements, Estimates and Assumptions

When adopting accounting policies, the management must make relevant judgments, estimates and assumptions based on historical experience and other relevant factors for those who are difficult to obtain relevant information from other sources. The actual results may differ from the estimates.

The company takes the economic impact of COVID-19 epidemic into consideration of material accounting estimates, and management will continue to review the estimates and basic assumptions. If the revision of the estimate affects only the current period, it is recognized in the current period of the revision; if the revision of the accounting estimate affects both the current and future periods, it is recognized in the current and future periods of the revision.

Major sources of uncertainty in estimates and assumptions

Impairment of immovable property, plant and equipment

The impairment of immovable property, plant and equipment is assessed on the basis of the recoverable amount of the assets (i.e. the higher of the fair value of the assets less the cost of sale and the value of their use). Changes in market prices or future cash flows will affect the recoverable amount of these assets and may cause the company to recognize additional impairment losses or reverse recognized impairment losses.

VI. Cash and Cash Equivalents

	December 31, 2022	December 31, 2021
Cash on Hand and Revolving Funds	$ 105	$ 105
Bank Check and Current Deposit	125,741	154,752
	$ 125,846	$ 154,857

The market interest rates for bank demand deposits and commercial promissory notes at the balance sheet date are as follows:

	December 31, 2022	December 31, 2021
Bank Current Deposit	0.005%~1.05%	0.001%~0.08%

VII. Financial instruments measured at fair value through profit or loss

	December 31, 2022	December 31, 2021
Financial Assets-Current		
Compulsory measurement at fair value through profit or loss		
Non-derivative Financial Assets		
- Domestic Listed (OTC) Stocks	$1,249,283	$ 1,949,402
- Domestic Emerging Stocks	20,483	11,815
	$ 1,269,766	$ 1,961,217

The main purpose of the company's forward foreign exchange transactions in 2022 and 2021 is to avoid risks arising from exchange rate fluctuations in foreign currency assets and liabilities. The forward foreign exchange contracts held by the company do not meet the effective hedging conditions, so hedging accounting is not applicable. The company incurred losses of NT$ 345 thousand and NT$ 28 thousand in derivatives trading in 2022 and 2021 respectively.

On 2022 and December 31, 2021, there were no outstanding forward foreign exchange contracts.

VIII. Financial Assets Measured at Fair Value through Other Consolidated Profit or Loss

	December 31, 2022	December 31, 2021
Non-current		
Equity Instrument Investment	$ 553,867	$ 414,497

Equity Instrument Investment

	December 31, 2022	December 31, 2021
Non-current		
Domestic Investment		
Listed (OTC) Stocks	$ 491,564	$ 352,110
Unlisted (OTC) Stocks	62,303	62,387
Subtotal	$ 553,867	$ 414,497

The company invests for medium-and long-term strategic purposes and expects to make a profit through long-term investment. The management of the company considers that the short-term fair value fluctuations of these investments are inconsistent with the aforementioned long-term investment planning if they are included in profit or loss, and therefore choose to designate these investments to be measured at fair value through other comprehensive profits and losses.

In 2022and 2021, the company adjusted its investment position to diversify the risk and sold listed (OTC) shares at fair value of NT$ 48,857 thousand and NT$ 77,707 thousand, while related other interests-unrealized benefits of financial assets measured at fair value through other comprehensive loss of NT$10,047 thousand and profit of NT$ 2,986 thousand were transferred to retained earnings.

For the unrealized evaluation profit and loss information of financial assets measured at fair value through other comprehensive profit and loss, please refer to Note 20 (5).

IX. Financial Assets Measured at Amortized Cost

	December 31, 2022	December 31, 2021
Non-current		
Foreign Investment		
Corporate Bonds	$ 79,675	$ 72,329

In September 2020, the company obtained the international bonds from Saudi Arabian government with the face value of USD 1,000 thousand and bonds from Apple with the face value of USD 1,000 thousand at a premium of NT$ 78,760 thousand. The maturity dates are October 2046 and February 2047 respectively. The coupon rates are 4.50% and 4.25% respectively, and the effective interest rates are 3.03% and 2.37% respectively.

The company only invests in debt instruments whose credit rating is above investment grade (inclusive) and the derogation assessment is of low credit risk, and the credit rating information is provided by independent rating agencies. The company continues to track external rating information to monitor changes in credit risk of invested debt instruments, and to review other information such as bond yield curve and significant information on debtors, in order to assess whether the credit risk of investment in debt instruments has increased significantly since the original recognition.

The company takes into account the current financial position of the debtors and the forecast of the prospects of their industries to measure the expected credit loss of 12 months or the duration of the investment in debt instruments. As of December 31, 2022 and 2021, the company assessed that the credit risk of the debtor was low and had sufficient capacity to repay the cash flow of the contract, so the expected credit loss was not mentioned.

X. Notes Receivable, Accounts Receivable and Overdue Receivables

	December 31, 2022	December 31, 2021
Notes Receivable		
Measured at Amortized Cost		
Total Book Value	$ 9,579	$ 19,187
Minus: Allowance for Loss	(239)	(239)
	$ 9,340	$ 18,948
Accounts Receivable		
Measured at Amortized Cost		
Total Book Value	$ 99,928	$ 125,846
Minus: Allowance for Loss	(2,731)	(2,731)
	$ 97,197	$ 123,115
Overdue Receivables	$ 15,903	$ 15,903
Minus: Allowance for Loss	(15,903)	(15,903)
	$ -	$ -

1. Notes Receivable

Notes receivable at amortized cost

The credit period for the sale of goods by the company is 30 to 90 days.

The company recognizes the allowance loss of notes receivable according to the expected credit loss during the period of existence. The expected credit loss during the period of existence is calculated by using the reserve matrix, which takes into account the customer's past default record and current financial situation, industrial economic situation, as well as GDP forecast and industry outlook. As the company's historical experience of credit loss shows that there is no significant difference in the type of loss among different customer groups, the reserve matrix does not further distinguish the customer base and only sets the expected credit loss rate on the basis of the number of days overdue in receivables.

There is no change in the allowance loss in 2022 and 2021, and the company measures the allowance loss of notes receivable according to the reserve matrix as follows:

December 31, 2022

	Not Overdue
Expected Credit Loss Rate	2.50%
Total Book Value	$ 9,579
Allowance for Loss (Expected Credit Loss During the Period of Existence)	(239)
Amortized Cost	$ 9,340

December 31, 2021

	Not Overdue
Expected Credit Loss Rate	1.25%
Total Book Value	$ 19,187
Allowance for Loss (Expected Credit Loss During the Period of Existence)	(239)
Amortized Cost	$ 18,948

2. Accounts Receivable

Accounts receivable measured at amortized cost

The credit period for the sale of goods by the company is 30 to 90 days.

The company recognizes the allowance loss of accounts receivable based on the expected credit loss during the period of existence. The expected credit loss during the period of existence is calculated by using the reserve matrix, which takes into account the customer's past default record and current financial situation, industrial economic situation, as well as GDP forecast and industry outlook. As the company's historical experience of credit loss shows that there is no significant difference in the type of loss among different customer groups, the reserve matrix does not further distinguish the customer base and only sets the expected credit loss rate on the basis of the number of days overdue in receivables.

There is no change in the allowance loss in 2022 and 2021, and the company's allowance loss on accounts receivable measured by the provision matrix is as follows:

December 31, 2022

	Not Overdue
Expected Credit Loss Rate	2.73%
Total Book Value	$ 99,928
Allowance for Loss (Expected Credit Loss During the Period of Existence)	(2,731)
Amortized Cost	$ 97,197

December 31, 2021

	Not Overdue
Expected Credit Loss Rate	2.17%
Total Book Value	$ 125,846
Allowance for Loss (Expected Credit Loss During the Period of Existence)	(2,731)
Amortized Cost	$ 123,115

3. Overdue Receivables

The company transfers overdue accounts receivable with customer complaints to demand collection and provides for 100% allowance for loss. There is no change in the allowance for 2022 and 2021.

XI. Inventory

	December 31, 2022	December 31, 2021
Finished Products	$ 193,346	$ 100,624
Work In Process	8,470	14,105
Raw Materials	52,189	77,615
	$ 254,005	$ 192,344

The cost of sales related to inventory in 2022 and 2021 was NT$ 1,185,615 thousand and NT$ 1,314,298 thousand respectively.

Operating costs in 2022 and 2021 included a loss was NT$ 3,654 thousand and NT$ 2,197 thousand from inventory depreciation.

XII. Investment Using Equity Method

Investment in Subsidiaries

	December 31, 2022	December 31, 2021
LAN FA HOLDING LIMITED	$ 320,173	$ 492,043
KING LAN FA Industrial Co., Ltd. (hereinafter referred to as KING LAN FA Company)	92,288	418,537
LAN TSE Investment Co., Ltd. (hereinafter referred to as LAN TSE Company)	161,399	150,066
LAN JIE Development Co., Ltd. (hereinafter referred to as LAN JIE Company)	208,844	206,291
LAN HSIN Investment Co., Ltd. (hereinafter referred to as LAN HSIN Company)	80,912	82,222
LAN CHING Development Co., Ltd. (hereinafter referred to as LAN CHING Company)	(16,177)	(17,134)
	847,439	1,332,025
Add: Balance of Investment Credit with the Equity Method	16,177	17,134
	$ 863,616	$ 1,349,159

	Ownership Interest and Percentage of Voting Rights	
Name of Subsidiary	December 31, 2022	December 31, 2021
LAN FA HOLDING LIMITED	100.00	100.00
KING LAN FA Company	100.00	100.00
LAN TSE Company	100.00	100.00
LAN JIE Company	100.00	100.00
LAN HSIN Company	100.00	100.00
LAN CHING Company	100.00	100.00

On September 17, 2021, the Company obtained 34.81% of the non-controlling interests of KING LAN FA Company, resulting in an increase in the shareholding ratio from 65.19% to 100%. Please refer to Note 25.

The share of profits and losses and other consolidated profits and losses of subsidiaries using the equity method in 2022 and 2021 are recognized on the basis of the financial statements audited by accountants of each subsidiary in the same period.

XIII. Immovable Property, Plant and Equipment-Owner-occupation

	Self-owned Land	Building	Machinery Equipment	Hydroelectric Equipment	Transportation Equipment	Other Equipment	Advance Payment for Equipment	Total
Cost								
Balance on January 1, 2022	$ 659,395	$ 557,475	$ 540,742	$ 7,599	$ -	$ 6,523	$ 26	$1,771,760
Add	-	-	-	-	4,928	335	425	5,688
Disposal	-	-	(10,659)	-	-	(3,430)	-	(14,089)
Reclassification	-	-	-	-	-	26	(26)	-
Balance on December 31, 2022	$ 659,395	$ 557,475	$ 530,083	$ 7,599	$ 4,928	$ 3,454	$ 425	$1,763,359
Accumulated Depreciation								
Balance on January 1, 2022	$ -	$ 246,922	$ 523,136	$ 5,947	$ -	$ 4,453	$ -	$ 780,458
Disposal	-	-	(10,659)	-	-	(3,430)	-	(14,089)
Depreciation Expense	-	11,321	7,086	650	247	1,114	-	20,418
Balance on December 31, 2022	$ -	$ 258,243	$ 519,563	$ 6,597	$ 247	$ 2,137	$ -	$ 786,787
Net Amount on December 31, 2022	$ 659,395	$ 299,232	$ 10,520	$ 1,002	$ 4,681	$ 1,317	$ 425	$ 976,572
Cost								
Balance on January 1, 2021	$ 659,395	$ 563,161	$ 584,562	$ 7,599	$ 102	$ 7,047	$ -	$1,821,866
Add	-	-	-	-	-	160	125	285
Disposal	-	(5,686)	(43,820)	-	(102)	(783)	-	(50,391)
Reclassification	-	-	-	-	-	99	(99)	-
Balance on December 31, 2021	$ 659,395	$ 557,475	$ 540,742	$ 7,599	$ -	$ 6,523	$ 26	$1,771,760
Accumulated Depreciation								
Balance on January 1, 2021	$ -	$ 241,257	$ 536,689	$ 5,297	$ 72	$ 3,598	$ -	$ 786,913
Disposal	-	(5,686)	(43,820)	-	(102)	(783)	-	(50,391)
Depreciation Expense	-	11,351	30,267	650	30	1,638	-	43,936
Balance on December 31, 2021	$ -	$ 246,922	$ 523,136	$ 5,947	$ -	$ 4,453	$ -	$ 780,458
Net Amount on December 31, 2021	$ 659,395	$ 310,553	$ 17,606	$ 1,652	$ -	$ 2,070	$ 26	$ 991,302

The immovable property, plant and equipment of the company are determined on the basis of cost and depreciated on the basis of the following durable years:

Building	
Main Building of Factory	25 to 56 years
Electromechanical Power Equipment	51 years
Machinery Equipment	5 to 16 years
Hydroelectric Equipment	9 to 26 years
Transportation Equipment	5years
Other Equipment	3 to 10 years

For information on the mortgages of immovable property, plant and equipment provided to the treasury of various financial banks as financing guarantees, please refer to Note 30

XIV. Lease Agreement

1. Right-of-use Assets

	Housing and Building	Other Equipment	Total
Cost			
Balance on January 1, 2022	$ 1,328	$ 375	$ 1,703
Depose	-	(375)	(375)
Balance on December 31, 2022	1,328	-	1,328
Accumulated Depreciation			
Balance on January 1, 2022	975	375	1,350
Depose	-	(375)	(375)
Depreciation	325	-	325
Balance on December 31, 2022	1,300	-	1,300
Net Amount on December 31, 2022	$ 28	$ -	$ 28
Cost			
Balance on January 1, 2021 and December 31, 2021	$ 1,328	$ 375	$ 1,703
Accumulated Depreciation			
Balance on January 1, 2021	650	272	922
Depreciation	325	103	428
Balance on December 31, 2021	975	375	1,350
	$ 353	$ -	$ 353

Except for the depreciation charges recognized above, there was no significant sublease or impairment of the company's right-to-use assets in 2022and 2021.

2. Lease Liabilities

	December 31, 2022	December 31, 2021
Book Amount of Lease Liabilities		
Current	$ 28	$ 333
Non-current	$ -	$ 28

The discount rate of lease liabilities was 1.56% on December 31, 2022and 2021

3. Other Lease Information

	2022	2021
Short-term Lease Expense	$ 1,657	$ 1,523
Total Cash (Outflow) from Leases	($ 1,993)	($ 1,963)

The company chooses to apply the recognition exemption to other equipment leases that meet the requirements of short-term leases and does not recognize the relevant right-to-use assets and lease liabilities for such leases.

XV. Investment Property

	Land	Housing and Building	Total
Cost			
Balance on January 1, 2022	$ 27,450	$ 211,662	$ 239,112
Add	-	-	-
Balance on December 31, 2022	$ 27,450	$ 211,662	$ 239,112
Accumulated Depreciation and Impairment			
Balance on January 1, 2022	$ -	$ 129,617	$ 129,617
Depreciation Expense	-	4,393	4,393
Balance on December 31, 2022	$ -	$ 134,010	$ 134,010
Net Amount on December 31, 2022	$ 27,450	$ 77,652	$ 105,102
Cost			
Balance on January 1, 2021	$ 27,450	$ 211,662	$ 239,112
Add	-	-	-
Balance on December 31, 2021	$ 27,450	$ 211,662	$ 239,112
Accumulated Depreciation and Impairment			
Balance on January 1, 2021	$ -	$ 125,195	$ 125,195
Depreciation Expense	-	4,422	4,422
Balance on December 31, 2021	$ -	$ 129,617	$ 129,617
Net Amount on December 31, 2021	$ 27,450	$ 82,045	$ 109,495

The fair values of investment property on December 31, 2022, and 2021 are NT$ 829,271 thousand and NT$ 721,181 thousand respectively, which are evaluated by the independent evaluation company.

Except for the self-owned land, the investment property of the company is depreciated on a straight-line basis on the basis of the following durable years:

Housing and Building	
Main Building of Factory	41 to 56 years
Engineering System	26 to 31 years

The total amount of lease payments to be received in the future for leasing investment immovable property under operating leases is as follows:

	December 31, 2022	December 31, 2021
First Year	$ 5,000	$ 15,000
Second Year	-	5,000
	$ 5,000	$ 20,000

All the investment property of the company are self-owned. For the mortgage information provided by investment property to various financial banks as financing guarantees, please refer to Note 30

XVI. Loan

1. Short-term Loans

	December 31, 2022	December 31, 2021
Secured loan		
-Bank Loan	$385,000	$ -
-Purchase loan	268,413	-
	$653,413	$ -
Unsecured Loan		
- Credit Limit Loan	$ -	$150,000

The interest rates for short-term loans were 1.50%~1.58% and 0.94% on December 31, 2022 and 2021 respectively.

2. Short-term Notes and Bills Payable

	December 31, 2022	December 31, 2021
Commercial Paper Payable	$ 50,000	$ 660,000
Minus: Discount of Short-term Notes Payable	(6)	(355)
	$ 49,994	$ 659,645

Details of outstanding short-term notes are as follows:

December 31, 2022

Guarantee / Acceptance Agency	Face Amount	Discounted Amount	Carrying Amount	Collateral
Commercial Paper Payable				
China Bills Finance Cop.	$ 50,000	$ 6	$ 49,994	NA

December 31, 2021

Guarantee / Acceptance Agency	Face Amount	Discounted Amount	Carrying Amount	Collateral
Commercial Paper Payable				
Dah Chung Bills Finance Cop.	$140,000	$ 87	$ 139,913	NA
China Bills Finance Cop.	130,000	3	129,997	NA
Mega Bills Finance Cop.	110,000	81	109,919	NA
Grand Bills Finance Cop.	100,000	16	99,984	NA
TAIWAN COOPERATIVE Bills Finance Cop.	100,000	113	99,887	NA
International Bills Finance Cop.	80,000	55	79,945	NA
	$660,000	$ 355	$ 659,645	

The market interest rate range of short-term notes payable at the balance sheet date is as follows:

	December 31, 2022	December 31, 2021
Interest Rate on Short-term Bills Payable	0.542%	0.3%~0.762%

3. Long-term Loans

	December 31, 2022	December 31, 2021
Secured Loan (Note 30)		
Bank Loan	$ 800,000	$ 700,000
Unsecured Loan		
Bank Loan	206,911	514,292
	$ 1,006,911	$ 1,214,292

The company's loans include:

	Nature	December 31, 2022	December 31, 2021
Secured Loan of Mega International Commercial Bank	From September 15, 2020 to September 5, 2025, the principal will be repaid once in 5 years.	300,000	300,000
	From December 15, 2021 to December 15, 2026, the principal will be repaid once in 5 years.	300,000	300,000
Secured Loan of Taiwan Cooperative Bank	From December 28, 2021 to December 28, 2024, the principal will be repaid once in 3 years. The company has paid in full in advance.	-	100,000
	From September 29, 2022 to September 29, 2025, the principal will be repaid once in 3 years. The company has started repayment in advance on October 6, 2022.	50,000	-
	From November 2, 2022 to September 29, 2025, the principal will be repaid once in 3 years.	80,000	-
	From November 9, 2022 to September 29, 2025, the principal will be repaid once in 3 years.	70,000	-
Unsecured Loan of Taiwan Cooperative Bank	From July 3, 2020 to July 3, 2024, the principal and interest will be amortized equally on a monthly basis in 24 installments from the third year. The company has started repayment in advance on December 15, 2021.	73,647	198,443
Unsecured Loan of Taiwan Cooperative Bank	From July 3, 2020 to July 3, 2025, the principal and interest will be amortized equally on a monthly basis in 36 installments from the third year. The company has started repayment in advance on December 15, 2021.	133,264	215,849
Unsecured Loan of Bank Sino Pac	From December 3, 2021 to December 3, 2023, repay the principal quarterly after one year. The company has paid in full in advance.	-	100,000
Total Bank Loan		$1,006,911	$1,214,292

The interest rates for long-term loans were 1.65%-1.97% and 1.20%-1.41% respectively on December 31, 2022 and 2021.

XVII. Notes Payable and Accounts Payable

	December 31, 2022	December 31, 2021
Notes Payable-From Business	$ 8,417	$ 23,420
Accounts Payable-From Business	$ 25,033	$ 35,046

1. Notes Payable

The notes payable by the company are mainly notes issued for the payment of materials and general expenses.

2. Accounts Payable

The average credit period is 30 days and the company has a financial risk management policy to ensure that all payments are repaid within the pre-agreed credit period.

XVIII. Other Accounts Payable

	December 31, 2022	December 31, 2021
Payable Salaries, Bonuses and Remuneration	$ 37,690	$ 38,711
Utilities Payable	8,636	10,165
Taxes Payable	3,028	3,067
Business Taxes Payable	857	652
Interests Payable	1,076	662
Others	10,373	13,496
	$ 61,660	$ 66,753

XIX. Post-retirement Benefits Plan

1. Determine the allocation plan

The pension system of the ”Labor Pensions Regulation ”applied by the company is a defined retirement scheme administered by the government, which transfers the pension to the individual account of the Labor Insurance Bureau according to 6% of the employee's monthly salary.

2. Determine the benefit plan

The pension system administered by the company in accordance with the ”Labor Standards Law” is a defined benefit retirement plan managed by the government. The payment of employee pension is based on the length of service and the average salary of 6 months prior to the approved retirement date. The company shall allocate a pension of 5% of the employee's total monthly salary to the Labor Retirement Reserve Supervision Board to deposit in the special account of the Bank of Taiwan in the name of the committee. Before the end of the year, if the estimated balance of the special account is insufficient to pay the workers who are expected to meet the retirement conditions in the next year, the difference will be allocated once before the end of March of the next year. The special account is managed by the Labor Fund Operation Bureau of the Ministry of Labor, and the company has no right to affect the investment management strategy.

The amount of defined benefit plans included in the individual balance sheet is listed as follows:

	December 31, 2022	December 31, 2021
Current Value of Determined benefit Obligations	$ 34,438	$ 37,757
Fair Value of Plan Assets	(33,358)	(31,582)
Allocation Deficit	1,080	6,175
Net Determined benefit Liabilities	$ 1,080	$ 6,175

Changes in net defined benefit liabilities are as follows:

	Current Value of Determined benefit Obligations	Fair Value of Plan Assets	Net Determined benefit Liabilities
Balance on January 1, 2021	$ 39,187	($ 32,672)	$ 6,515
Service Cost			
Current Service Cost	323	-	315
Interest Expense (Revenues)	147	(123)	24
Recognized in profits and losses	470	(123)	347
Number of Re-measurement			
Compensation for Planned Assets (except for the amount included in net interest)	-	(450)	(450)
Actuarial Losses-Changes in Demographic Assumptions	508	-	508
Actuarial Benefit-Experience Adjustment	(498)	-	(498)
Recognized in other consolidated profits and losses	10	(450)	(440)
Employees' Allocation	-	(247)	(247)
Benefits Payment	(1,910)	1,910	-
Balance on December 31, 2021	$ 37,757	($ 31,582)	$ 6,175
Balance on January 1, 2022	$ 37,757	($ 31,582)	$ 6,175
Service Cost			
Current Service Cost	197	-	197
Interest Expense (Revenues)	189	(159)	30
Recognized in profits and losses	386	(159)	227
Benefits Payment			
Number of Re-measurement			
Compensation for Planned Assets (except for the amount included in net interest)	-	(2,533)	(2,533)
Actuarial Losses-Changes in Demographic Assumptions	(2,394)	-	(2,394)
Actuarial Benefit-Experience Adjustment	(162)	-	(162)
Recognized in other consolidated profits and losses	(2,556)	(2,533)	(5,089)

Employees' Allocation	-	(233)	(233)
Benefits Payment	(1,149)	1,149	-
Balance on December 31, 2022	$ 34,438	($ 33,358)	$ 1,080

The amount of defined benefit plans recognized in profit and loss by function is summarized as follows:

	2022	2021
Operating Costs	$ 13	$ 26
Selling Expenses	19	28
Administrative Expenses	195	293
	$ 227	$ 347

As a result of the pension system of the ”Labor Standards Law”, the company is exposed to the following risks:

(1) Investment risk: through self-use and entrusted operation, the Labor Fund Operation Bureau of the Ministry of Labor invests the labor pension fund in domestic (foreign) equity securities and debt securities and bank deposits respectively, however, the distribution amount of the company's planned assets is calculated at a rate not lower than the 2-year time deposit interest rate of the local bank.

(2) Interest rate risk: the decrease in the interest rate of government bonds/corporate bonds will increase the present value of defined benefit obligations, but the return on debt investment of planned assets will also increase, which will partially offset the impact of net defined benefit liabilities.

(3) Salary risk: the calculation for determining the present value of benefit obligations is based on the future salary of the plan member. Therefore, the increase in the salary of plan members will increase the present value of determining benefit obligations.

The present value of the company's determined benefit obligations is carried out by a qualified actuary and the major assumptions for measuring the date are as follows:

	December 31, 2022	December 31, 2021
Discount Rate	1.375%	0.500%
Expected Rate of Increase in Salary	2.000%	2.000%

If there are reasonably possible changes in the material actuarial assumptions, all other assumptions remain the same, the amount of increase (decrease) in the present value of the determined benefit obligations is as follows:

	December 31, 2022	December 31, 2021
Discount Rate		
Increased 0.25%	($ 638)	($ 724)
Decreased 0.25%	$ 658	$ 749
Expected Rate of Increase in Salary		

Increased 0.25%	$ 643	$ 726
Decreased 0.25%	($ 626)	($ 705)

As actuarial assumptions may be related to each other, only a single assumption is unlikely to change, so the above sensitivity analysis may not reflect the actual changes in the present value of benefit obligations.

	December 31, 2022	December 31, 2021
Expected amount to be allocated within 1 year	$ 232	$ 252
Average expiration period of determined benefit obligations	7.6Years	7.8 Years

XX. Rights and Interests

1. Equity

Common Stock

	December 31, 2022	December 31, 2021
Authorized Shares (thousand shares)	470,000	470,000
Authorized Equity	$ 4,700,000	$ 4,700,000
Shares Issued and Fully Received (thousand shares)	358,629	358,629
Equity Issued	$ 3,586,289	$ 3,586,289

The issued common shares have a par value of NT$ 10 each and each share has the right to vote and receive dividends.

2. Capital Reserves

	December 31, 2022	December 31, 2021
May be used to cover losses, distribute cash or allocate equity		
Share Premium	$ 53,822	$ 53,822
The difference between the actual acquisition price of the subsidiary's equity and the book value	14,472	14,472
Only be used to cover losses		
Treasury Stock Trading	173,692	165,463
Other	1	1
	$ 241,987	$ 233,758

The above treasury stock transactions are the shares held by the parent company by the subsidiary, and the cash dividends paid by the parent company to the subsidiary company are classified as ”Capital Reserve-Treasury Stock Transaction ”in accordance with the provisions of (91) Ji Mi Zi No. 340 Letter.

The capital reserve can be used to make up for losses. The excess of shares issued in excess of par value may also be used to issue cash or allocate share capital when there is no loss in the company, subject to a certain percentage of paid-in share capital each year.

3. Retention of surplus and dividend policy

(1) The dividend policy of the articles of association of the company is as follows:

1) If there is a surplus in the company's annual final accounts, in addition to paying taxes in accordance with the law, it shall first make up for the losses in previous years, and then set aside 10% of its balance as the statutory surplus reserve and deduct the special surplus reserve, the remaining surplus shall be added to the accumulated undistributed surplus of previous years as distributable surplus, which shall be retained by the board of directors according to the operational needs, if the net profit after tax is positive for the current period. The shareholders' dividends and bonuses shall be distributed at not less than 10% of the surplus available for distribution in the current period, and the proposed distribution shall be distributed by resolution of the shareholders meeting.

2) The company's dividend policy takes into account the company's capital expenditure and operating turnover requirements, adopts a balanced dividend policy, and the dividend is paid in principle in a parallel manner of stock and cash. The annual cash dividend shall not be less than 10% of the shareholder dividend and dividend distributed in the current year, but if the cash dividend is less than NT$ 0.1 per share, the stock dividend shall be paid.

The appropriation of earnings for 2021, which were proposed by the shareholders held a meeting on June 24, 2022 was as follows:

	For the Year Ended December 31, 2021
(Reversal) Special reserve	($154,941)
Cash dividends	$ 71,726
Cash dividends per share (NT$)	$ 0.2

(2) Legal reserve

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company’s paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company’s paid-in capital, the excess may be transferred to capital or distributed in cash.

(3) Special Surplus Reserve

1) Deduction of other rights and interests

When distributing the surplus, the company must, in accordance with the law, set aside a special surplus reserve for the balance of other equity deductions (including the unrealized gains and losses of financial commodities and the exchange differences translated into the financial statements of foreign operating institutions). If the amount of the reduction in other rights and interests is subsequently reduced, the reduced amount may be transferred from the special surplus reserve to the unallocated surplus.

2)Treasury Stock

The company shall not distribute the special surplus reserve of the same amount according to the proportion of shares held by the subsidiary at the end of the period due to the difference between the market price and the book value of the shares held by the subsidiary at the end of the period. If there is a rebound in the subsequent evaluation, the amount may be reversed to the special surplus reserve according to the shareholding ratio.

(4) The estimated basis and actual allotment of the remuneration of the employees and directors of the company can be found in Note 22 (8).

4. Special Surplus Reserve

	2022	2021
Balance at Beginning of Year	$ 413,828	$ 413,828
Reversal Special reserve	(154,941)	-
Balance at Ending of Year	$ 258,887	$ 413,828

The special surplus reserve system includes the accumulated translation adjustment transferred to retained earnings of NT$ 130,176 thousand when the company first adopted IFRSs; the special surplus reserve is added to the difference in the net deduction of other shareholders' equity incurred in previous years; and the special surplus reserve is calculated on the basis of the proportion of shares held by subsidiaries at the end of the period due to the difference in the market price of the shares held by the parent company below the book value.

5. Other Equity Items

(1) Exchange difference in the translation of financial statements of foreign operating institutions

	2022	2021
Balance at Beginning of Year	($ 85,329)	($ 81,768)
Arising in the Current Year		
Translation Difference of Foreign Operating Institutions	7,814	(1,190)
Share of Subsidiaries Using Equity Method	8,653	(2,371)
Other Consolidated Profits and Losses in the Current Year	16,467	(3,561)
Balance at Ending of Year	($ 68,862)	($ 85,329)

The relevant exchange differences arising from the conversion of the net assets of foreign operators from their functional currencies to the expressed currencies of the company (i.e. New Taiwan dollars) are directly recognized as the exchange differences in the translation of the financial statements of foreign operators under other consolidated profits and losses.

(2) Unrealized evaluation of profit or loss of financial assets measured at fair value through other consolidated profits and losses

	2022	2021
Balance at Beginning of Year	($ 151,366)	($ 189,689)
Arising in the Current Year		
unrealized Profit or Loss		
Share of Subsidiaries Using Equity Method	(7,668)	18,908
Equity Instrument	(142,153)	13,464
Other Consolidated Profits and Losses in the Current Year	(149,821)	32,372
Accumulated profit and loss of the instrument of disposal of equity is transferred to the retained earnings.	10,047	2,986
Other	-	2,965
Balance at Ending of Year	($ 291,140)	($ 151,366)

6. Treasury Stock

The purchase of the shares of the company by the subsidiaries of the company in order to safeguard the credit of the company and the rights and interests of shareholders shall be regarded as the purchase of treasury shares.

The relevant information about the shares held by the subsidiary at the balance sheet date is as follows:

December 31, 2022

	Proportion of Shares Held by the Company％	Shareholding (1,000 shares)	Amount of Treasury Stock （NT$ THOUSAND）	Market Price （NT$ THOUSAND）
KING LAN FA Company	100.00	4,176	$ 43,297	$ 34,413
LAN TSE Company	100.00	19,511	238,841	160,777
LAN HSIN Company	100.00	11,535	170,139	95,047
LAN CHING Company	100.00	5,922	76,368	48,794
		41,144	$ 528,645	$ 339,031

December 31, 2021

	Proportion of Shares Held by the Company	Shareholding (1,000 shares)	Amount of Treasury Stock (NT$ THOUSAND)	Market Price (NT$ THOUSAND)
KING LAN FA Company	100.00	4,176	$ 43,297	$ 53,665
LAN TSE Company	100.00	19,511	238,841	250,726
LAN HSIN Company	100.00	11,535	170,139	148,223
LAN CHING Company	100.00	5,922	76,368	76,092
		41,144	$ 513,573	$ 528,706

The shares held by a subsidiary of the company shall be treated as treasury shares, and the rights of the general shareholders shall be the same as those of the general shareholders, except that they may not participate in the cash capital increase of the company and have no right to vote.

XXI. Revenue

	2022	2021
Revenue of Customer Contract		
Revenue of Commodity Sales	$ 1,255,248	$ 1,392,690

1. Contract Balance

	December 31, 2022	December 31, 2021	January 1, 2021
Receivables	$ 106,537	$ 144,267	$ 153,329
Contract Liabilities			
Revenue of Commodity Sales	$ 6,191	$ 920	$ 8,320

The change in contract liabilities mainly comes from the difference between the time when the performance obligation is satisfied and the time when the customer pays.

The amount of performance obligations that have been met at the beginning of the year as income in the current period is as follows:

	2022	2021
Contract Liabilities from the Beginning of Year		
Commodity Sales	$ 48	$ 7,202

2. Segmentation of Customer Contract Revenue

The company is a single industrial sector, all the revenues are from commodity sales.

XXII. Net Profit (Loss)

The net loss includes the following items:

1. Interest Revenues

	2022	2021
Corporate bonds	$ 2,092	$ 2,011
Bank Deposits	550	158
Other(Note 29)	1,487	855
	$ 4,129	$ 3,024

2. Other Revenues

	2022	2021
Dividend Revenue	$ 206,761	$ 68,678
Rent Revenue	14,617	14,617
	$ 221,378	$ 83,295

3. Other Revenues and Losses

	2022	2021
Net gain (loss) on financial instruments at fair value through profit or loss	($486,413)	$ 382,675
Net Loss on Foreign Currency Exchange	33,256	(9,496)
Dealing with losses of immovable property, plant and equipment	1,895	1,895
Others	812	(896)
	($ 450,450)	$ 374,178

Net foreign exchange gains (losses)

	2022	2021
Total Profits of Foreign Currency Exchange	$ 80,086	$ 41,778
Total Losses of Foreign Currency Exchange	(46,830)	(51,274)
Net Profit and Loss	$ 33,256	($ 9,496)

4. Financial Costs

	2022	2021
Interest of Bank Loan	$ 21,230	$ 16,384
Interest of Commercial Paper Payable	2,237	3,023
Interest of Lease Liabilities	3	9
	$ 23,470	$ 19,416

5. Depreciation

Depreciation expenses are summarized by function

	2022	2021
Operating Costs	$ 19,017	$ 42,793
Operating Expenses	1,726	1,571
	$ 20,743	$ 44,364
Other profit and loss-other	$ 4,393	$ 4,422

6. Investment Property Profit and Loss

	2022	2021
Rent Revenue of Investment Property	$ 14,286	$ 14,286
Direct Operating Expense of Investment Property	(6,328)	(6,357)
	$ 7,958	$ 7,929

7. Employees' Benefit Expenses

	2022	2021
Retirement Benefits (Note 19)		
Determined Allocation Plan	$ 3,254	$ 3,183
Determined Benefit Plan	227	347
	3,481	3,530
Other Employee Benefits		
Salary Expense	106,224	111,077
Other Personnel Expense	18,960	19,256
	125,184	130,333
Total Employees' Benefit Expense	$ 128,665	$ 133,863
Summary by Function		
Operating Costs	$ 81,333	$ 81,978
Operating Expenses	47,332	51,885
	$ 128,665	$ 133,863

8. Employee Remuneration and Director Remuneration

The company allocates employee remuneration and director remuneration at the pre-tax benefit of 1.5% and not more than 2.5% respectively before deducting the distribution of employee and director remuneration in the current year, provided that the amount of compensation shall be retained in advance when the company still has accumulated losses.

The company still has accumulated losses to be made up for in 2022 and 2021, so employee remuneration and director remuneration are not estimated.

If there is any change in the amount after the release of the annual individual financial report, it shall be dealt with according to the change in accounting estimates and adjusted to be recorded in the following year.

The board of directors of the company held meetings on March 10, 2023 and March 21, 2022, and decided not to pay employee remuneration and director remuneration in 2022 and 2021.

The company did not allocate employee remuneration and director remuneration in 2021 and 2020, which is no different from the amount recognized in the financial reports of 2021 and 2020.

For information on the remuneration of employees and directors as decided by the board of directors of the company, please check on the” MOPS” of the Taiwan Stock Exchange Corporation.

XXIII. Income Tax

1. The main components of income tax expenses (benefits) recognized as profit and loss

	2022	2021
Deferred Income Tax		
Arising in the Current Year	$ 2,046	$ 2,307
Income Tax Expenses Recognized in the Profit or Loss	$ 2,046	$ 2,307

The adjustment of accounting revenues and income tax benefits in 2022 and 2021 is as follows:

	2022	2021
Net Profit (Loss) before Tax of Continuing Business Unit	($ 441,321)	$ 640,275
Income Tax Benefits Calculated at Statutory Tax Rate for Net Loss before Tax	($ 88,264)	$ 128,055
Benefit that cannot be deducted in tax from the loss or addition of fees	96,516	(88,972)

Profits and Losses on Securities Transaction and Dividend Revenues	(41,129)	(47,241)
Unrecognized Deductions for Temporary Differences and Loss Deductions	34,923	10,465
Income Tax Expenses Recognized in Profit and Loss	$ 2,046	$ 2,307

2. Income Tax Recognized in Other Consolidated Profit or Loss

	2022	2021
Deferred Income Tax		
Arising in the Current Year		
- Number of Re-measurement of Determined Benefits	($ 1,018)	($ 88)
- Exchange Difference in the Translation of Financial Statements of Foreign Operating Institutions	(1,954)	298
Income Tax Recognized in Other Consolidated Profit or Loss	($ 2,972)	$ 210

3. Current Income Tax Assets

	December 31, 2022	December 31, 2021
Current Income Tax Assets		
Tax Refund Receivable	$ 62	$ 297

4. Deferred Income Tax Assets and Liabilities

Changes in deferred income tax assets and liabilities are as follows:

2022

	Balance at Beginning of Year	Recognized in the Profit and Loss	Recognized in Other Consolidated Profit and Loss	Balance at Ending of Year
Deferred Income Tax Assets				
Temporary Differences				
Deferred Unrealized Benefits	$ 1,547	($ 379)	$ -	$ 1,168
Determined Benefit Retirement Plan	1,279	(1)	(1,018)	260
Unrealized Exchange Loss	1,304	(1,304)	-	-
	$ 4,130	($ 1,684)	($ 1,018)	$ 1,428
Deferred Income Tax Liabilities				
Temporary Differences				
Exchange Balance of Foreign Operating Institutions	$ 14,659	$ -	$ 1,954	$ 16,613
Unrealized conversion benefit	-	362	-	362
	$ 14,659	$ 362	$ 1,954	$ 16,975

2021

	Balance at Beginning of Year	Recognized in the Profit and Loss	Recognized in Other Consolidated Profit and Loss	Balance at Ending of Year
Deferred Income Tax Assets				
Temporary Differences				
Deferred Unrealized Benefits	$ 1,926	($ 379)	$ -	$ 1,547
Determined Benefit Retirement Plan	1,347	20	(88)	1,279
Unrealized Exchange Loss	3,252	(1,948)	-	1,304
	$ 6,525	($ 2,307)	($ 88)	$ 4,130
Deferred Income Tax Liabilities				
Temporary Differences				
Exchange Balance of Foreign Operating Institutions	$ 14,957	$ -	($ 298)	$ 14,659

5. Deductible temporary differences, unused loss deductions and unused investment deductions for deferred income tax assets that are not recognized in the individual balance sheet.

	December 31, 2022	December 31, 2021
Loss Deduction		
Expire in 2029	$ 5,819	$ 19,463
Expire in 2030	71,787	71,787
	$ 77,606	$ 91,250
Deductible Temporary Difference		
Investment Losses Recognized by Equity Method	$ 1,485,049	$ 1,300,822
Allowance for Loss	17,620	17,243
Loss of Inventory Falling Price	8,251	4,597
	$ 1,510,920	$ 1,322,662

6. Approval of Income Tax

The income tax declaration of the company's profit-oriented business shall be examined and approved by the taxing authorities before 2020.

XXIV. Earnings (loss) per share

Net profit (loss) and weighted average number of ordinary shares used to calculate earnings (loss) per share are as follows:

Net Loss	2022	2021
Net Loss of Current Year	($ 443,367)	$ 637,968
Net loss used to calculate basic loss per share	($ 443,367)	$ 637,968

Number of Shares		Unit: thousand shares
	2022	2021
Weighted Average Number of Common Shares Used to Calculate Basic Earnings Per Share	317,485	317,485

XXV. Partial acquisition of investment subsidiaries - does not affect control

The company obtained its 34.81% shareholding in King Lan Fa Company on September 17, 2021, resulting in an increase in the shareholding ratio from 65.19% to 100%.

Since the above transactions did not change the Company's control over these subsidiaries, the Company treated them as equity transactions. Please refer to Note 27 to the Company's 2022 Consolidated Financial Report for the explanation of the partial acquisition of King Lan Fa Company.

XXVI. Cash Flow Information

The company carried out the investment and financing activities of some of the following cash transactions in 2022 and 2021.

(1) Investing activities from cash transactions

		2022		2021
Receive part of the cash dividend				
dividend income		$ 206,761		$ 68,678
Changes in cash dividends receivable (List other receivables)		(550)		500
receive cash		$ 206,211		$ 69,178

(2) Changes in Liabilities Arising from Financing Activities

2022

	January 1, 2022	Cash Flow	December 31, 2022
Short-term Loans	$ 150,000	$ 503,413	$ 653,413
Short-term notes payable	659,645	(609,651)	49,994
Long-term loan	1,214,292	(207,381)	1,006,911
Deposit received			
Deposits Received	153	7	160
Lease Liabilities	361	(333)	28
	$ 2,024,451	($ 313,945)	$ 1,710,506

2021

	January 1, 2021	Cash Flow	December 31, 2021
Short-term Loans	$ 200,000	($ 50,000)	$ 150,000
Short-term notes payable	369,911	289,734	659,645
Long-term loan	1,300,000	(85,708)	1,214,292
Deposit received	150	3	153
Lease Liabilities	792	(431)	361
	$ 1,870,853	$ 153,598	$ 2,024,451

XXVII. Capital Risk Management

The company conducts capital management to ensure that shareholders' compensation is maximized by optimizing the balance of debt and equity while continuing to operate.

On the advice of the key management, the company has balanced its overall capital structure by paying dividends, issuing new shares, buying back shares and issuing new debts or repaying old debts.

XXVIII. Financial Instruments

1. Fair Value Information - Financial Instruments Not Measured by Fair Value.

Except as stated below, the management of the company considers that the carrying number of financial instruments not measured at fair value approaches their fair value.

December 31, 2022

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial Assets					
Financial Assets Measured at Amortized Cost（Note）					
-Foreign Corporate Bonds	$ 79,675	$ -	$ 55,317	$ -	$ 55,317

December 31, 2021

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial Assets					
Financial Assets Measured at Amortized Cost（Note）					
-Foreign Corporate Bonds	$ 72,329	$ -	$ 66,257	$ -	$ 66,257

2. Fair Value Information - Financial Instruments Measured at Fair Value on a Repetitive Basis

(1) Level of Fair Value

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial Assets Measured at Fair Value through Profit or Loss				
Equity Instrument Investment				
- Domestic Listed (OTC) Stocks	$ 1,249,283	$ -	$ -	$ 1,249,283
-Domestic emerging stocks	20,483	-	-	20,483
	$ 1,269,766	$ -	$ -	$ 1,269,766
Financial Assets Measured at Fair Value through Other Consolidated Profit or Loss				
Equity Instrument Investment				
- Domestic Listed (OTC) Stocks	$ 491,564	$ -	$ -	$ 491,564
- Domestic Unlisted (OTC) Stocks	-	-	62,303	62,303
Total	$ 491,564	$ -	$ 62,303	$ 553,867

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial Assets Measured at Fair Value through Profit or Loss				
Equity Instrument Investment				
- Domestic Listed (OTC) Stocks	$ 1,949,402	$ -	$ -	$1,949,402
-Domestic emerging stocks	$ 11,815	$ -	$ -	$ 11,815
	$ 1,961,217	$ -	$ -	$1,961,217
Financial Assets Measured at Fair Value through Other Consolidated Profit or Loss				
Equity Instrument Investment				
- Domestic Listed (OTC) Stocks	$ 352,110	$ -	$ -	$352,110
- Domestic Unlisted (OTC) Stocks	-	-	62,387	62,387
Total	$ 352,110	$ -	$ 62,387	$ 414,497

There was no transfer between level 1 fair value measurement and level 2 fair value measurement in 2022 and 2021.

(2) Regulation of financial instruments measured at level 3 fair values

2022

	Financial Assets Measured at Fair Value through Other Consolidated Profit or Loss
	Equity Instrument
Balance at Beginning of Year	$ 62,387
Recognized in Other Consolidated Profits and Losses	6,622
Capital reduction	(6,706)
Balance at Ending of Year	$ 62,303

2021

	Financial Assets Measured at Fair Value through Other Consolidated Profit or Loss
	Equity Instrument
Balance at Beginning of Year	$ 48,850
Recognized in Other Consolidated Profits and Losses	13,537
Balance at Ending of Year	$ 62,387

(3) Evaluation Technology and Input Value of Level 2 Fair Value Measurement

Derivative instruments-forward foreign exchange contracts adopt the discounted cash flow method, which is discounted at the observable forward rate at the end of the period and the exchange rate set in the contract.

(4) Evaluation Technology and Input Value of Level 3 Fair Value Measurement

1) The investment of domestic unlisted (OTC) stocks adopts the simulated listed company law and the adjusted net assets method, taking into account liquidity depreciation and uncontrolled equity depreciation to determine the value of the target company. Significant unobservable input values are liquidity depreciation and uncontrolled equity depreciation.

3. Types of Financial Instruments

	December 31, 2022	December 31, 2021
Financial Assets		
Measure the financial assets at fair value through profit or loss (interests)	$ 1,269,766	$ 1,961,217
Financial Assets Measured at Amortized Cost (Note 1)	631,147	608,873
Financial Assets Measured at Fair Value through Other Consolidated Profit or Loss		
Equity Instrument Investment		
Debt Instrument Investment	553,867	414,497
Financial Liabilities		
Measured at Amortized Cost (Note 2)	1,763,960	2,106,826

Note 1: The balance includes financial assets measured at amortized cost, such as Cash and Cash Equivalents, Financial Assets Measured at Amortized Cost, Notes Receivable and Accounts Receivable (Include Related Party), Other Receivables (Include Related Party) and Refundable Deposits.

Note 2: The balance includes financial liabilities measured at amortized cost such as short-term loans, short-term bills payable, notes payable, accounts payable, other payables, long-term loans due within one year and long-term loans, but excludes financial liabilities measured at amortized cost such as business tax payable, taxes payable and short-term employee benefits payable.

4. Purpose and Policy of Financial risk Management

The company's main financial instruments include accounts receivable, accounts payable, loans and lease liabilities. The financial management department of the company coordinates access to the domestic and international financial markets, analyzes the risks and manages the financial risks related to the operation of the company according to the degree and scope of the risks. Such risks include market risk (including exchange rate risk, interest rate risk and other price risk), credit risk and liquidity risk.

(1) Market Risk

The main financial risks borne by the company's operating activities are the risk of changes in the exchange rate of foreign currencies, the risk of changes in interest rates and the risk of changes in the share prices of equity commodities. The stock value of the equity commodity invested will change with the fluctuation of the stock price of the invested individual stock.

The company's exposure to market risks in financial instruments and its management and measurement of such risks have not changed.

1) Exchange Rate Risk

For the carrying amounts of monetary assets and monetary liabilities denominated in currencies outside the balance sheet date of the company, please refer to Note 32.

Sensitivity Analysis

The company is mainly affected by fluctuations in the exchange rate of the US dollar.

The following table shows the sensitivity analysis of the company when the individual functional currency appreciates and depreciates by 5% against the relevant foreign currencies. 5% is the assessment of the reasonable possible range of changes in the exchange rate of foreign currencies within the company. The following table shows the amount by which the net profit before tax will be reduced when the functional currency appreciates 5% relative to the relevant currencies; when the individual functional currency appreciates 5% relative to the relevant foreign currencies, the impact on the pre-tax net profit will be the same amount in the opposite direction.

	Influence of US Dollar	
	2022	2021
Profit and Loss	($ 19,533)	($ 14,584)

The above is mainly derived from the US dollar-denominated bank deposits and receivables of the company which are still outstanding on the balance sheet date and are not hedged in cash flow.

The decrease in the company's sensitivity to the US dollar exchange rate during the year was mainly due to a decrease in US dollar-denominated receivables for the year.

2) Interest Rate Risk

The carrying amounts of the financial assets and financial liabilities of the company insured by interest rate exposure on the balance sheet date are as follows:

	December 31, 2022	December 31, 2021
Fair Value Interest Rate Risk		
-Financial Assets	$ 360,087	$ 271,798
-Financial Liabilities	50,022	660,006
Cash Flow Interest Rate Risk		
-Financial Assets	34,117	22,199
-Financial Liabilities	1,660,324	1,364,292

Sensitivity Analysis

The following sensitivity analysis is based on the interest rate exposure of non-derivative instruments on the balance sheet date. The rate of change used by the company is an increase or decrease of 25 basis points in the interest rate, which is also an assessment of the reasonable range of possible changes in the interest rate.

If the interest rate increases/decreases by 25 basis points and all other variables remain unchanged, the company's net loss before tax in 2022 will increase/decrease by NT$ 4,066 thousand, mainly due to the company's exposure to demand deposit and borrowing interest rate risk.

If the interest rate increases/decreases by 25 basis points and all other variables remain unchanged, the company's net loss before tax in 2021 will increase/decrease by NT$ 3,355 thousand, mainly due to the company's exposure to demand deposit and borrowing interest rate risk.

3) Other Price Risk

The company's equity price exposure is caused by the investment of equity securities. The management of the company manages risks by holding different risk portfolios.

Sensitivity Analysis

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

If equity prices rise/fall 5%, pre-tax profit or loss in 2022 will increase/decrease by NT$ 63,488 thousand due to the rise/fall in the fair value of financial assets measured by fair value through profit or loss. Other consolidated profit and loss before tax in 2022 will increase/decrease by NT$ 27,693 thousand due to the increase/decrease in the fair value of financial assets measured at fair value through other consolidated income or loss.

If equity prices rise/fall 5%, pre-tax profit or loss in 2021 will increase/decrease by NT$ 98,061 thousand due to the rise/fall in the fair value of financial assets measured by fair value through profit or loss. Other consolidated profit and loss before tax in 2021 will increase/decrease by NT$ 20,725 thousand due to the increase/decrease in the fair value of financial assets measured at fair value through other consolidated income or loss.

(2) Credit Risk

Credit risk refers to the risk that the other party of the transaction defaults on its contractual obligations and causes financial losses to the company. As at the balance sheet date, the maximum credit risk exposure insurance of the company that may result in financial losses due to the failure of the counterparty to perform its obligations mainly comes from the book amount of financial assets recognized in the individual balance sheet.

The policy of the company is to trade only with reputable parties and to obtain sufficient guarantees if necessary to mitigate the risk of financial losses arising from default.

The credit risk of the company is mainly concentrated in the top five customers of the company this year. As of December 31, 2022 and 2021, the ratio of receivables from the above-mentioned customers was 80% and 58% respectively.

(3) Liquidity Risk

The company manages and maintains sufficient cash and cash equivalents to support the company's operations and mitigate the impact of cash flow fluctuations. The company's management supervises the use of bank financing lines and ensures compliance with the terms of the loan contract.

Bank borrowing is an important source of liquidity for the company. As of 31 December 2022, and 2021, the unused bank financing limit of the company were NT$ 3,168,382 thousand and NT$ 3,016,404 thousand respectively.

The following table is an analysis of the maturity of the remaining contracts of non-derivative financial liabilities agreed by the company during the repayment period, which is based on the earliest date on which the company may be required for repayment and based on undiscounted cash flows of financial liabilities.

December 31, 2022

	Require Immediate Payment or Less Than 1 Month	1 to 3 Months	3 Months to 1 Year	1 to 5 Years	More Than 5 Years
Non-derivative Financial Liabilities					
Non-interest-bearing Liabilities	$ 53,482	$ -	$ -	$ 160	$ -
Short-term Loans	825	241,277	415,479	-	-
Short-term Notes Payable	50,000	-	-	-	-
Long-term Loan (including due within one year)	1,546	3,092	14,170	1,044,515	-
Lease Liabilities	28	-	-	-	-
	$ 105,881	$ 244,369	$ 429,649	$1,044,675	$ -

December 31, 2021

	Require Immediate Payment or Less Than 1 Month	1 to 3 Months	3 Months to 1 Year	1 to 5 Years	More Than 5 Years
Non-derivative Financial Liabilities					
Non-interest-bearing Liabilities	$ 82,736	$ -	$ -	$ 153	$ -
Short-term Loans	110,075	40,020	-	-	-
Short-term Notes Payable	270,329	389,671	-	-	-
Long-term Loan (including due within one year)	1,314	2,627	12,042	1,255,637	-
Lease Liabilities	28	56	252	28	-
	$ 464,482	$ 432,374	$ 12,294	$1,255,818	$ -

The amount of floating interest rate instruments for the above non-derivative financial assets and liabilities will change due to the difference between the floating interest rate and the estimated interest rate on the balance sheet date.

Financing Amount

	December 31, 2022	December 31, 2021
Secured Bank Amount		
- Used Amount	$ 1,483,027	$ 798,904
- Unused Amount	1,145,293	1,108,696
	$ 2,628,320	$ 1,907,600
Unsecured Bank Amount		
- Used Amount	$ 256,905	$ 1,323,937
- Unused Amount	2,023,089	1,907,708
	$ 2,279,994	$ 3,231,645

XXIX. Related Party Transaction

1. Name and Relationship of Related Party

Name of Related Party	Relationship with the Company
Evertex Fabrinology Limited	Chairman of the Company is its Director (Substantive Party)
Hangzhou LAN FA TEXTILE CO., LTD. (Hangzhou Lan Fa Company)	Indirectly-held Subsidiary

The major transactions between the company and related party are as follows:

2. Operating Transaction

	Commodity Sale	
	2022	2021
Substantive Party	$ 8,179	$ 11,400

The company's sales price and collection period for related parties are comparable to those of ordinary customers.

The balance of accounts receivable from related parties (including bills and accounts) and contract liabilities on the balance sheet date is as follows

Account Item	Type of Related Party	December 31, 2022	December 31, 2021
Notes Receivable	Substantive Party	$ -	$ 1,002
Accounts Receivable	Substantive Party	-	1,202
		$ -	$ 2,204
Contract liabilities	Substantive Party	$ 1,644	$ -

The related-party receivables outside the circulation is not guaranteed. The related-party receivables in 2022 and 2021 were not overdue and no allowance for losses.

3. Loan to Related Party

	December 31, 2022	December 31, 2021
Other Accounts Receivable		
Indirectly-held Subsidiary		
Hangzhou Lan Fa Company	$ 280,412	$ 199,469

	2022	2021
Interest Revenues		
Indirectly-held Subsidiary		
Hangzhou Lan Fa Company	$ 1,487	$ 855

The company provides short-term loans to Hangzhou Lan Fa company, the interest rate is similar to the market interest rate. Loans to indirectly held subsidiaries in 2022 and 2021 are unsecured loans. On December 31, 2022 and 2021, the above other receivables, including interest receivable, were NT$ 969 thousand and NT$ 101 thousand respectively.

For the fund loans and situation of indirectly held subsidiaries in 2022, please refer to Table 1 of Note 33.

4. Salary of Major Management

The total remuneration for directors and other major management in 2022 and 2021 was as follows:

	2022	2021
Bonus	$ 9,670	$ 9,004
Salary	6,490	6,468
Business Execution Expense	2,229	1,260
	$ 18,389	$ 16,732

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

XXX. Mortgaged Assets

The following assets of the company have been provided as guarantees for financing to various banks.

	December 31, 2022	December 31, 2021
Immovable Property, Plant and Equipment		
Land	$ 609,236	$ 609,236
Housing and Building	287,872	298,197
	897,108	907,433
Investment real estate		
Land	8,664	8,664
Housing and Building	75,594	79,653
	84,258	88,317
	$ 981,366	$ 995,750

XXXI. Significant or Indebted and Unrecognized Contractual Commitments

In addition to those stated in other notes, the company has the following significant commitments at the balance sheet date:

Significant Commitments

As of December 31, 2022, the amount of unused credit issued by the company due to the purchase of raw materials is NT$ 29,614 thousand.

XXXII. Information on Foreign Currency Financial Assets and Liabilities with Significant Impact

The following information is summarized in terms of foreign currencies other than the functional currencies of the company, and the exchange rates disclosed refer to the exchange rates at which those foreign currencies are converted to functional currencies. The information of foreign currency assets with significant impact is as follows:

December 31, 2022

Financial Assets	Foreign Currency	Exchange Rate	Carrying Amount
Monetary Items			
US Dollars	$ 12,722	30.708(USD:TWD)	$ 390,667
Non-monetary Items			
Subsidiaries with the Equity Law			
US Dollars	10,426	30.708(USD:TWD)	320,173

December 31, 2021

Financial Assets	Foreign Currency	Exchange Rate	Carrying Amount
Monetary Items			
US Dollars	$ 10,534	27.690 (USD:TWD)	$ 291,686
Non-monetary Items			
Subsidiaries with the Equity Law			
US Dollars	17,770	27.690 (USD:TWD)	492,043

Significant foreign exchange profits and losses (which have been provided to major operational decision makers and unrealized now) are as follows:

	2022		2021	
Foreign Currency	Exchange Rate	Net Exchange Profit and Loss	Exchange Rate	Net Exchange Profit and Loss
US Dollars	29.883 (USD:TWD)	$ 33,256	27.690 (USD:TWD)	($ 9,496)

XXXII. Disclosures in Notes

1. Major transactions and 2. Information Related to Re-investment:

(1) Loan to Others: Table 1.

(2) Endorsement for Others: Table 2.

(3) Holding a List of Marketable Securities at the End of the Period (Excluding Investment Subsidiaries): Table 3.

(4) The cumulative amount of buying or selling the same securities amounts to NT$ 300 million or more than 20% of the paid-in capital: Table 4.

(5) The amount of immovable property acquired has reached to NT$ 300 million or more than 20% of the paid-in capital: NA.

(6) The amount of immovable property disposed has reached to NT$ 300 million or more than 20% of the paid-in capital: NA.

(7) The amount of commodity purchased and sold with the related party has reached to NT$ 100 million or more than 20% of the paid-in capital: NA.

(8) Related-party Receivables has reached to NT$ 100 million or more than 20% of the paid-in capital: Table 5.

(9) Engage in derivatives transaction: NOTE 7.

(10) Information of the Invested Company (Excluding Invested Companies in China): Table 6.

3. Investment Information in China

(1) The name, main business items, paid-in capital, investment method, capital remittance, shareholding ratio, investment profit and loss, investment book value and remitted investment profit and loss of the invested company in China: Table 7

(2) The following major transactions with China invested companies directly or indirectly through the third area, as well as their prices, terms of payment, unrealized profits and losses:

1) Balance and percentage at the end of the period of purchase amount and percentage and related payables: NA.

2) Balance and percentage at the end of the period of sale amount and percentage and related payables: NA.

3) The amount of property transactions and the amount of profit and loss generated: NA.

4) Balance and purpose at the end of the period of note endorsement that guarantees or provides collateral: Table 2.

5) Maximum balance, balance at the end of the period, interest rate range and total interest of the current period of financing: Table 1.

6) Other transactions that have a significant impact on the current profit or loss or financial situation, such as the provision or receipt of labor services, etc.: NA.

4. Major Shareholder Information: Name, amount and proportion of shareholders with a shareholding ratio of more than 5%: Table 8.

LAN FA TEXTILE CO., LTD.

Loan to Others

January 1 to December 31, 2022

Table 1

Unit: NT$ thousands or thousand US dollars

No.	Company that Lends Money	Object	Inter-company Items	Related Party	Current Maximum Balance	Ending Balance	Actual Expenditure Amount	Interest Rate Range	Loan Nature	Amount of Business Transactions	Necessary Reason for Short-term Financing Funds	Allowance for Bad Debts	Collateral		Loan Limit of Funds to Individual Objects	Total Loan Limit
													Name	Value		
0	LAN FA TEXTILE CO., LTD.	Hangzhou Lan Fa Company	Other Accounts Receivable-Related Party	Y	$ 279,443 (USD9,100) (Note 3)	$ 279,443 (USD9,100) (Note 3)	$ 279,443 (USD9,100) (Note 3, 4)	1.5%	short-term Financing Fund	$ -	Financing Required for Operating Turnover	NA	NA	NA	$ 845,233 (Note 2)	$1,126,977 (Note 2)

Note 1: The investee company is numbered according to the order of the company.

Note 2: The amount of capital loan of the company is limited to 40% of the net value of the company, and the entity loan amount is limited to 30% of the net value of the company.

Note 3: Converted at the exchange rate of December 31, 2022.

Note 4: The amount of funds actually used for financing is NT$ 969 thousands as of December 31, 2022. The interest income in 2022 was NT$ 1,487 thousands.

LAN FA TEXTILE CO., LTD.

Endorsement for Others

January 1 to December 31, 2022

Table 2

No. (Note 1)	Company Name of Endorser	Object Guaranteed by Endorsement		Limit for Endorsement of A Single Enterprise (Note 3)	Balance of Current Maximum Endorsement	Balance of Endorsement at End of the Period	Actual Expenditure Amount	Amount Guaranteed by Endorsement of Property Guarantee	Ratio of the Cumulative Endorsement Guarantee Amount to the Net Value of the Latest Financial Statements (%)	Maximum Limit of Endorsement (Note 3)	Parent Company's Endorsement to Subsidiary	Subsidiary's Endorsement to Parent Company	Endorsement to China	Remarks
		Company Name	Relationship (Note 2)											
0	The Company	LAN HSIN Company	2	$1,793,145	$ 80,000	$ 50,000	$	$	1.77	Paid-in Capital of NT$ 3,586,289 thousand for the Company	Y	N	N	
0	〃	LAN TSE Company	2	1,793,145	190,000	90,000			3.19		Y	N	N	
0	〃	LAN CHING Company	2	1,793,145	130,000	130,000	23,000		4.61		Y	N	N	
0	〃	LAN JIE Company	2	1,793,145	90,000	90,000	-		3.19		Y	N	N	
0	〃	HANGZHOU LAN FA TEXTILE CO., LTD.	2	1,793,145	880,063	849,542	208,609		30.15		Y	N	Y	
		Total				$ 1,209,542	$ 231,609							

Note 1: The company fills in 0.

Note 2: There are seven kinds of relationship between the endorsement guarantee object and the parent company, the comparison is as follows:

1. A company that does business.
2. The company that directly or indirectly holds more than 50% of the voting shares.
3. The company that directly or indirectly holds more than 50% of the voting shares.
4. Companies that directly or indirectly hold more than 90% of the voting shares.
5. Based on the needs of contracting projects, the same industry or co-founded companies that guarantee each other in accordance with the provisions of the contract.
6. The company that is guaranteed by endorsement through all the contributing shareholders according to the shareholding ratio because of the joint investment relationship.
7. The performance bond and joint guarantee of pre-sale house sales contracts are carried out among the industry in accordance with the norms of the Consumer Protection Law.

Note 3: According to the measures for the implementation of the endorsement guarantee of the company, the total amount of the endorsement guarantee shall not exceed the paid-in capital of the company, and the endorsement guarantee of a single enterprise shall not exceed 1/2 of the paid-in capital of the company.

LAN FA TEXTILE CO., LTD.

Holding of Marketable Securities at the End of the Period (Do not include investment in subsidiaries)

December 31, 2022

Table 3

Unit: NT$ thousands, thousand shares

Holding Company	Types and Names of Marketable Securities	Relationship with Issuers of Securities	Amount Items	End of the Period				Remarks
				Number of Shares	Carrying Amount	Shareholding Ratio %	Fair Value (Note 1)	
Company	Stocks							
	Asia Cement Corporation	NA	Financial Assets Measured at Fair Value through Profit or Loss	1,379	$ 56,539	0.04	$ 56,539	
	Formosa Plastics Corporation	〃	〃	1,200	104,160	0.02	104,160	
	Nan Ya Plastics Corporation	〃	〃	4,299	305,229	0.05	305,229	
	United Microelectronics Corporation	〃	〃	1,300	52,910	0.01	52,910	
	Taiwan Semiconductor Manufacturing Company Limited	〃	〃	200	89,700	-	89,700	
	Nan Ya Technology Corporation	〃	〃	500	25,600	0.02	25,600	

Holding Company	Types and Names of Marketable Securities	Relationship with Issuers of Securities	Amount Items	End of the Period				Remarks
				Number of Shares	Carrying Amount	Shareholding Ratio %	Fair Value （Note 1）	
	EVERGREEN MARINE CORP. (TAIWAN) LTD.	NA	Financial Assets Measured at Fair Value through Profit or Loss	1,244	202,772	0.06	202,772	
	TAIWAN NAVIGATION CO., LTD.	〃	〃	100	$ 2,690	0.02	$ 2,690	
	Fubon Financial Holding Co., Ltd.	〃	〃	6,830	384,549	0.05	384,549	
	Cathay Financial Holding Co., Ltd.	〃	〃	216	8,653	-	8,653	
	Concord Securities Co. Ltd.	〃	〃	530	5,131	0.09	5,131	
	Long Time Technology Co. Ltd.	〃	〃	505	20,483	0.42	20,483	
	Nan Ya Printed Circuit Board Corporation	〃	〃	50	11,350	0.01	11,350	
	Subtotal				$1,269,766			
	Evertex Fabrinology Limited	The chairman of the company is its director	Financial Assets Measured at Fair Value through Other Consolidated Profit or Loss	1,224	$ 22,277	1.43	$ 22,277	
	Formosa Taffeta Co., Ltd.	NA	〃	5,000	133,750	0.30	133,750	

Holding Company	Types and Names of Marketable Securities	Relationship with Issuers of Securities	Amount Items	End of the Period				Remarks
				Number of Shares	Carrying Amount	Shareholding Ratio %	Fair Value （Note 1）	
	Yang Ming Marine Transport Corporation	NA	Financial Assets Measured at Fair Value through Other Consolidated Profit or Loss	2,361	154,646	0.07	154,646	
	Formosa Technical Co., Ltd.	〃	〃	4,723	180,891	1.07	180,891	
	JIH SUN MONEY MARKET FUND	〃	〃	780	20,179	2.00	20,179	
	TUNTEX PETROCHEMICALS, INC.	〃	〃	51	351	0.03	351	
	CHU SING INDUSTRIAL CO., LTD.	〃	〃	29	1,505	3.32	1,505	
	YI TONG FIBER CO., LTD.	〃	〃	671	36,907	1.52	36,907	
	CC&C TECHNOLOGIES, INC.	〃	〃	336	3,361	0.99	3,361	
					$553,867			
	BOND							
	International Bonds of the Government of Saudi Arabia	〃	Financial Assets Measured at Amortized cost	-	$ 41,288	-	28,208	
	Apple Inc. corperation bonds	〃	〃	-	38,387	-	27,109	
	Subtotal				$ 79,675			

Holding Company	Types and Names of Marketable Securities	Relationship with Issuers of Securities	Amount Items	End of the Period				Remarks
				Number of Shares	Carrying Amount	Shareholding Ratio %	Fair Value （Note 1）	
Subsidiaries-KING LAN FA	Stocks EVERGREEN MARINE CORP. (TAIWAN) LTD.	NA	Financial Assets Measured at Fair Value through Other Consolidated Profit or Loss	40	$ 6,520	-	6,520	
	LAN FA TEXTILE CO., LTD.	The Company	〃	4,176	34,143 $ 40,933	1.16	34,143	
Subsidiaries-LAN TSE	Stock Senao International Co., Ltd.	NA	Financial Assets Measured at Fair Value through Profit or Loss	40	$ 1,228	0.02	$1,228	
	Cathay Financial Holding Co., Ltd.	〃	〃	1	25	-	25	
	Subtotal				$ 1,253			
	LAN FA TEXTILE CO., LTD.	The Company	Financial Assets Measured at Fair Value through Other Consolidated Profit or Loss	19,511	$ 160,777	5.44	160,777	
	LAN DER DEVELOPMENT CO., LTD.	NA	〃	1,904	16,865	7.46	16,865	Including 1,410 thousand special shares
	SHENQ-TZER DEVELOPMENT CO., LTD.	NA	〃	1,963	20,772	5.36	20,772	Including 1,599 thousand special shares
	Subtotal				$ 198,414			

Holding Company	Types and Names of Marketable Securities	Relationship with Issuers of Securities	Amount Items	End of the Period				Remarks
				Number of Shares	Carrying Amount	Shareholding Ratio %	Fair Value (Note 1)	
Subsidiaries-LAN JIE	Stock LAN DER DEVELOPMENT CO., LTD.	NA	Financial Assets Measured at Fair Value through Other Consolidated Profit or Loss	2,138	18,943	8.88	18,943	Including 1,771 thousand special shares
	SHENQ-TZER DEVELOPMENT CO., LTD.	〃	〃	2,424	25,647	12.12	25,647	Including 1,599, thousand special shares
	Subtotal				$ 44,590			
Subsidiaries-LAN CHING	Stock LAN FA TEXTILE CO., LTD.	The Company	Financial Assets Measured at Fair Value through Other Consolidated Profit or Loss	5,922	$ 48,794	1.65	$ 48,794	
	LAN DER DEVELOPMENT CO., LTD.	NA	〃	423	3,748	2.99	3,748	Including 226 thousand special shares
	SHENQ-TZER DEVELOPMENT CO., LTD.	〃	〃	191	2,022	1.79	2,022	Including 70 thousand special shares
	Subtotal				$ 54,564			

(Brought down)

Holding Company	Types and Names of Marketable Securities	Relationship with Issuers of Securities	Account Items	End of the Period				Remarks
				Number of Shares	Carrying Amount	Shareholding Ratio %	Fair Value (Note 1)	
Subsidiaries-LAN HSIN	Stocks							
	LAN FA TEXTILE CO., LTD.	The Company	Financial Assets Measured at Fair Value through Other Consolidated Profit or Loss	11,535	$ 95,047	3.22	95,047	
	LAN DER DEVELOPMENT CO., LTD.	NA	〃	75	668	0.07	668	Including 71 thousand special shares
	YEH YING Investment Co., LTD.	〃	〃	1,365	11,221	10.26	11,221	
	SHENQ-TZER DEVELOPMENT CO., LTD.	〃	〃	74	787	0.07	787	Including 70 thousand special shares
	LUNG CHIU Investment Co., LTD.	〃	〃	401	3,969	3.25	3,969	
	Subtotal				$ 111,692			

Note 1: Listed and OTC stocks shall follow the closing price of December 31, 2022: For emerging stocks, the average price on December 31, 2022 is the market price.

Note 2: For information about investment in subsidiaries, please refer to Table 6 and 7.

LAN FA TEXTILE CO., LTD.

The cumulative amount of buying or selling the same securities amounts to NT$ 300 million or more than 20% of the paid-in capital

January 1 to December 31, 2022

Table 4 Unit: NT$ thousands, thousand shares

Buying and selling company	Types and names of marketable securities	Account Items	Transaction Objects	Relationship	Beginning of the Period		Buy		Sell				Other adjustment items		End of the Period	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Price	Book value	Punishment Profit and Loss	Number of Shares	Amount	Number of Shares	Amount
The Company	Stock EVERGREEN MARINE CORP. (TAIWAN) LTD.	Financial Assets Measured at Fair Value through Profit or Loss	note	NA	1,910	$ 272,175	3,000	$ 406,729	1,800	$ 291,654	$238,627	$ 53,027	(1,866) (note1)	($237,505) (note1)	1,244	$ 202,772
	Yang Ming Marine Transport Corp.	Financial Assets Measured at Fair Value through Other Consolidated Profit or Loss	〃	〃	-	-	2,861	337,049	500	48,857	58,904	(10,047)	-	(123,499))	2,361	154,646

Note ： It is bought and sold in the open market.

Note 1：Include reduce capital and refund cash.

LAN FA TEXTILE CO., LTD.

The amount of related-party receivables amounts have reached to NT$ 100 million or more than 20% of the paid-in capital

December 31, 2022

Table 5

Company of receivables	Name of Transaction Object	Relationship	Balance of receivables from related parties （Note 2）	Turnover Rate	Overdue receivables from related parties		The amount recovered after the period of the related-party receivable	Allowance for loss
					Amount	Treatment		
LAN FA TEXTILE CO., LTD.	HANGZHOU LANFA TEXTILE CO., LTD	Subsidiaries	$280,412	Note	$	-	$	$

Note：The loan and the amount of interest receivable are not applicable.

LAN FA TEXTILE CO., LTD.

Information, Region and Other Relevant Information of the Invested Company (Excluding Invested Companies in China)

January 1 to December 31, 2022

Table 6 Unit: NT$ thousands, thousand shares

Name of investment company	Name of invested company	Region	Main business items	Original investment amount		Hold at the end of the period			Current profit and loss of invested company	Investment profit and loss recognized for the current period	Remarks
				End of current period	End of last period	Number of Shares	Ratio %	Carrying Amount			
The Company	KING LAN FA Industrial Co., Ltd.	Taipei	1. Trading of cloth and textiles, etc. 2. Entrusting builders to build residential rental and sale business	$ 202,946	$ 202,946	8,800	100.00	$ 92,288	$ 6,080	$ 5,245	(Note 1)
	LAN TSE Investment Co., Ltd.	〃	General Investment	299,947	299,947	41,342	100.00	161,399	1,805	(2,097)	(Note 1)
	LAN JIE Development Co., Ltd.	〃	〃	100,080	100,080	24,078	100.00	208,844	1,499	1,499	
	LAN HSIN Investment Co., Ltd.	〃	〃	211,256	211,256	25,214	100.00	80,912	2,554	247	(Note 1)
	LAN CHING Development Co., Ltd.	〃	〃	129,902	129,902	13,150	100.00	(16,177)	840	(344)	(Note 1)
	LAN FA HOLDING LIMITED	Trust Net Chambers, P.O.Box 1225, Apia, Samoa	International Investment Industry	1,589,570	1,589,570	48,587	100.00	320,173	(183,533)	(183,533)	(Note 3)
LAN FA HOLDING LIMITED	MARYLAND INVESTMENT LIMITED	Trust Net Chambers, P.O.Box 1225, Apia, Samoa	〃	1,589,570	1,589,570	48,587	98.98	324,510	(185,425)	(183,536)	Subsidiaries (Note 2)
LAN TSE Investment Co., Ltd.	SPRING INVESTMENT LIMITED	Omar Hodge Building, Wickhams Cay I, P.O. BOX 362, Road Town, Tortola, British Virgin Islands	〃	52,262	52,262	1,500	100.00	111,708	(2,782)	(2,782)	Subsidiaries (Note 2)
SPRING INVESTMENT LIMITED	MARYLAND INVESTMENT LIMITED	Trust Net Chambers, P.O.Box 1225, Apia, Samoa	〃	16,917	16,917	500	1.02	3,340	(185,425)	(1,889)	Subsidiaries (Note 2)

Note 1：The company treats the shares held by its subsidiaries as treasury shares, so the investment book amount under the equity method is deducted as the net amount of treasury shares.

Note 2：Investment profits and losses recognized by subsidiaries directly or indirectly.

Note 3The carrying amount of the investment using the equity method is the net amount after deducting the unrealized benefits of downstream transactions.

LAN FA TEXTILE CO., LTD.

Investment Information in China

January 1 to December 31, 2022

Table 8

Unit: NT$ thousands or thousand US dollars

1. The name, main business items, paid-in capital, investment method, capital remittance, shareholding ratio, investment profit and loss, investment book value and remitted investment profit and loss of the invested company in China:

Name of the invested company in Chinese xdt&	Main business item	Paid-in capital	Investment method (Note 1)	The amount of accumulated investment remitted from Taiwan at the beginning of current period	Remit or recover the amount of investment in the current period		The amount of accumulated investment remitted from Taiwan at the beginning of current period	Profit and loss of the invested company for the current period	The proportion of shares directly or indirectly invested by the Company	Investment profits and losses recognized for the current period	Method of Recognition (Note 2)	Book value of investment at the end of the period	Investment income remitted back to Taiwan as of the current period
					Remit	Recover							
Hangzhou LAN FA TEXTILE CO., LTD.	Stretch yarn, polyester textured yarn	$1,596,461 (USD49,230)	(2)	$1,589,570 (USD48,587)	$ -	$ -	$1,589,570 (USD48,587)	($ 185,425)	100%	($ 185,425)	(2)；2	$ 327,592 (USD10,668)	$ -

2. Limit for investment in China:

The cumulative amount of investment remitted from Taiwan to China at the end of current period	The Investment Review Board of the Ministry of Economic Affairs approved the amount of investment.	According to the quota of investment in China as stipulated by the Investment Review Board of the Ministry of Economic Affairs
USD48,587	USD48,730	Note 3

Note 1: The investment methods can be divided into the following four types, which can be marked as follows:

(1) To invest companies in China through remittances from the third region.

(2) To set up a company through investment in the third region and re-invest companies in China.

(3) Re-invest companies in China by investing existing companies in the third region.

(4) Other ways of EX: entrusting investment.

Note 2: In the column of investment profit and loss recognized in current period:

(1) If there is no investment profit or loss in preparation, it should be noted.

(2) The basis for the recognition of investment profit and loss is divided into the following three types, which shall be noted.

A. The financial statements audited by the international accounting firm that has a cooperative relationship with the accounting firm of the Republic of China.

B. The financial statements audited by accountants of the parent company in Taiwan.

C. Others.

Note 3: According to the revised ”Principles for the Examination of Investment or Technical Cooperation in China ”on August 29, 2008, since the parent company obtained letter No. 11020401240 issued by the Bureau of Industry of the Ministry of Economic Affairs on January 11, 2021, it is in line with the operating scope of the operating headquarters, so there is no need to set up an investment limit.

3. Re-invest companies in China through MARYLAND INVESTMENT LIMITED, a subsidiary of the third region company LAN FA HOLDING LIMITED.

LAN FA TEXTILE CO., LTD.

Major Shareholder Information

December 31, 2022

Table 9

Name of major shareholders	Shares	
	Number of shares held (shares)	Shareholding ratio
ZEXIN Investment Co., LTD	34,998,156	9.75%
LAN CHI Investment Co., LTD	30,571,673	8.52%
YEH FA Investment Co., LTD	22,205,398	6.19%
CHUAN FA Investment Co., LTD	20,211,668	5.63%
LAN TSE Investment Co., Ltd.	19,511,764	5.44%

Note: The information of major shareholders in this table is calculated by the Taiwan Depository & Clearing Corporation on the last business day at the end of the quarter, calculating that the total amount of common shares and special shares held by shareholders who have completed non-physical login delivery (including treasury shares) reached more than 5%.

5. Consolidated financial report of the recent year audited and certified by certified accountant

Declaration Statement

December 31, 2022

March 10, 2023

According to "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises", for the year of 2022 (from January 1, 2022 to December 31, 2022), the affiliated companies of LAN FA TEXTILE CO., LTD. which should be included when preparing the Consolidated Financial Statements of Affiliated Enterprises are the same as those which shall be included in the Consolidated Financial Statements of the parent and subsidiaries prepared under No.10 of International Financial Reporting Standards, and all of the related information which shall be disclosed in the Consolidated Financial Statements of Affiliated Enterprises had been disclosed in the above Consolidated Financial Statements of the parent and subsidiaries. Therefore, separate Consolidated Financial Statements of Affiliated Enterprises are not prepared.

Declared herein.

Company Name: LAN FA TEXTILE CO., LTD.

Responsible Person: YEH, CHING-TSE

Audit Report of Accountant

LAN FA TEXTILE CO., LTD.:

Audit Opinion

The consolidated balance sheets of LAN FA TEXTILE CO., LTD. and its subsidiaries (LAN FA TEXTILE GROUP) of December 31, 2022 and 2021, and the consolidated income statement, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements (including the summary of major accounting policies) from January 1 to December 31, 2022 and 2021, have been checked by the accountant.

In the opinion of the accountant, the above consolidated financial statements have been prepared in all major respects in accordance with the financial report compilation standards for securities issuers and the international financial report standards, international accounting standards, interpretation and interpretation announcements approved and issued by the Financial Supervisory Commission, which are sufficient to express the consolidated financial position of LAN FA TEXTILE CO., LTD. and its subsidiaries on December 31, 2022 and 2021, and consolidated financial performance and consolidated cash flows from January 1 to December 31, 2022 and 2021.

Basis of Audit Opinion

The accountant had carried out the inspection in accordance with the rules for checking the financial statements and the generally accepted auditing standards. The accountant's responsibility under these standards will be further explained in the paragraph of responsibility for the accountant's examination of the consolidated financial statements. In accordance with the professional ethics of accountants, the personnel who are subject to the independence standards of the accounting firm have maintained their independence from LAN FA TEXTILE GROUP and performed other responsibilities of the standards. The accountant believes that sufficient and appropriate audit evidence has been obtained as the basis for expressing the audit opinion.

Key Audit Items

The key audit items mean the most important items for the inspection of the consolidated financial statements of LAN FA TEXTILE Group in 2022 according to the professional judgment of the accountant. These items have been responded to in the process of examining the consolidated financial statements as a whole and forming audit opinions, and the accountant does not comment on these items separately. The key items for checking the consolidated financial statements of LAN FA TEXTILE Group in 2022 are described as follows:

<u>Key check items: authenticity of sales revenue from major sales customers</u>

The net sales revenue to major customers of LAN FA TEXTILE GROUP was NT$1,091,237,000, accounting for 56% of the consolidated net sales revenue, which is significant to the consolidated financial statements, and is affected by the pressure of performance growth and competition in the industry, the main risk lies in the occurrence of revenue, because it is listed as a key audit matter.

Due to the inherent high risk of revenue recognition, the volume of sales transactions between LAN FA TEXTILE GROUP and customers under specific credit conditions is relatively low, but the transaction volume is high and there are many new sales customers. therefore, the accountant thinks the authenticity of sales income transactions between LAN FA TEXTILE Group and customers under the above specific credit conditions as a key check item.

For the accounting policy on income, please see Note 4 (11) for details.

By learning the above-mentioned sales transactions (processed silk) and other relevant internal control procedures, the accountant designs the relevant internal control check procedures in response to the risk, in order to confirm and evaluate the effectiveness of the internal control operations related to sales transactions conducted by major sales customers. The accountant also selects appropriate samples from the sales details of the above-mentioned sales customers, examines the original order, external shipping documents or customers' receipt documents and payment collection conditions, and confirms the authenticity of the sales transaction.

Other Items

LAN FA TEXTILE CO., LTD. has prepared individual financial reports for 2022 and 2021, which have been filed with the audit report issued by the accountant for reference.

Responsibilities of Management and Governance Unit to Consolidated Financial Statements

The responsibility of management is to prepare properly expressed consolidated financial statements in accordance with the financial reporting standards of securities issuers and the international financial reporting standards, international accounting standards, interpretation and interpretation announcements approved by the Financial Supervisory Commission, and to maintain the necessary internal controls relating to the preparation of the consolidated financial statements to ensure that the consolidated financial statements do not contain material misrepresentations caused by fraud or errors.

In preparing the consolidated financial statements, the responsibility of management also includes the assessment of the ability of LAN FA TEXTILE Group to continue to operate, the disclosure of related items, and the adoption of the accounting basis for continued operation, unless the management intends to liquidate the LAN FA TEXTILE Group or cease business, or there is no practical alternative other than liquidation or closure.

The governance unit of LAN FA TEXTILE Group (including the audit committee) is responsible for supervising the financial reporting process.

Responsibility of Accountant to Check Consolidated Financial Statements

The purpose of the accountant to check the consolidated financial statements is to obtain reasonable assurance as to whether there are material misrepresentations caused by fraud or error in the consolidated financial statements as a whole, and to issue an audit report. Reasonable certainty is a high degree of certainty, but audits carried out in accordance with generally accepted audit standards do not guarantee that material misrepresentations in the consolidated financial statements will be identified. False expression may be caused by fraud or error. It is considered significant if the individual amounts or remittances misrepresented can be reasonably expected to affect the economic decisions made by the users of the consolidated financial statements.

When checking in accordance with generally accepted audit standards, the accountant shall use professional judgment and maintain professional doubts. The accountant also performs the following work:

1. Identify and evaluate the risk of material misrepresentation resulting from fraud or error in the consolidated financial statements; design and implement appropriate measures to the assessed risks; and obtain sufficient and appropriate audit evidence to serve as the basis for audit opinions. Because fraud may involve collusion, forgery, deliberate omission, misrepresentation or internal control, the risk of material misrepresentation due to fraud is higher than that caused by error.
2. Acquire the necessary understanding of the internal controls related to the audit in order to design appropriate audit procedures in the circumstances, but not for the purpose of expressing the opinion on the effectiveness of internal controls over financial reporting.
3. Assess the appropriateness of accounting policies adopted by management and the reasonableness of accounting estimates and related disclosures.
4. Based on the audit evidence obtained, draw a conclusion as to whether there is significant uncertainty about the appropriateness of the management's adoption of the accounting basis of continuing operations and whether there is significant uncertainty about the events or circumstances that may give rise to significant doubts about the ability of the LAN FA TEXTILE GROUP to continue to operate. If the accountant considers that there is material uncertainty in such events or circumstances, he shall, in the audit report, remind users of the consolidated financial statements to pay attention to the relevant disclosures of the consolidated financial statements, or amend the audit opinion if such disclosures are inappropriate. The accountant's conclusion is based on the audit evidence obtained as of the date of the inspection report. However, future events or circumstances may cause the LAN FA TEXTILE GROUP have no ability to continue to operate.
5. Assess the overall expression, structure and content of the consolidated financial statements (including related notes), and whether there are related transactions and events expressed in the

consolidated financial statements.

6. Obtain sufficient and appropriate audit evidence for the financial information of the constituent individuals within the group to express an opinion on the consolidated financial statements. The accountant is responsible for the guidance, supervision and implementation of group audit cases, and is responsible for forming group audit opinions.

The items that the accountant communicates with the governance unit include the scope and timing of the planned audit, as well as major audit findings (including significant deficiencies in internal controls identified in the audit process).

The accountant also provides the governance unit with a statement that the personnel of the firm to which the accountant belongs to the independence standard have complied with the professional ethics of accountants of the Republic of China, and communicate with the governance unit all relationships and other items (including relevant protective measures) that may be considered to affect the independence of accountants.

From the items of communication with the governance unit, the accountant decides on the key items for checking the consolidated financial statements of LAN FA TEXTILE Group in 2022. The accountant describes these items in the audit report, unless the law does not allow public disclosure of specific items, or in rare cases, the accountant decides not to communicate specific items in the audit report, because it can be reasonably expected that the negative impact of this communication is greater than the promotion of the public interest.

Deloitte & Touche

Accountant CHEN, CHIANG-HSUN Accountant CHIH, JUI-CHUAN

Financial Supervisory Commission Audit No. Jin Guan Zheng Shen Tzu No. 1060023872

Financial Supervisory Commission Audit No. Jin Guan Zheng Shen Zi No. 1060023872

MARCH 10, 2023

<u>*Notice to Readers*</u>

Notice to Readers The accompanying Consolidated Financial Statements are intended only to present the Consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such Consolidated Financial Statements are those generally accepted and applied in the Republic of China. For the convenience of readers, the independent auditors' report and the accompanying Consolidated Financial Statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and Consolidated Financial Statements shall prevail

LAN FA TEXTILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)

Code	Asset	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current Assets				
1100	Cash and Cash Equivalents (Note 6)	$ 447,489	8	$ 698,161	11
1110	Financial Assets Measured at Fair Value through Profit or Loss (Note 7)	1,271,019	24	1,991,307	31
1136	Financial assets measured at amortized cost (Note 4 and 9)	80,147	2	131,554	2
1150	Notes Receivable - Non-related Parties (Note 4, 10 and 22)	9,943	-	25,014	-
1160	Notes Receivable - Related Parties (Note 4, 22 and 30)	-	-	1,002	-
1170	Accounts Receivable - Non-related Parties (Note 4, 10 and 22)	127,529	2	187,289	3
1180	Accounts Receivable - Related Parties (Note 4, 22 and 30)	-	-	1,202	-
1200	Other receivables (Note 10)	3,289	-	1,573	-
1220	Income Tax Assets of Current Period (Note 4 and 24)	70	-	303	-
130X	Inventory (Note 4 and 11)	306,202	6	278,870	4
1410	Prepayment (Note 12)	18,255	-	32,938	1
1479	Other Current Assets	344	-	345	-
11XX	Total Current Assets	2,264,287	42	3,349,558	52
	Non-current Assets				
1517	Financial Assets Measured at Fair Value through Other Consolidated Profit or Loss (Note 4 and 8)	665,029	12	520,958	8
1535	Financial Assets Measured at Amortized Cost (Note 4 and 9)	79,675	1	72,329	1
1600	Immovable Property, Plant and Equipment (Note 4 and 14)	2,121,291	39	2,232,718	34
1755	Right-of-use Assets (Note 4 and 15)	67,950	1	68,978	1
1760	Net Investment Property (Note 4 and 16)	192,567	4	197,479	3
1840	Deferred Income Tax Assets (Note 4 and 24)	2,711	-	7,576	-
1920	Refundable Deposits	41,196	1	41,187	1
1990	Other Non-current Assets	9,379	-	9,572	-
15XX	Total Non-current Assets	3,179,798	58	3,150,797	48
1XXX	Total Assets	$ 5,444,085	100	$ 6,500,355	100
Code	Liabilities and Equity				
	Current Liabilities				
2100	Short-term Loans (Note 17)	$ 1,230,408	23	$ 789,426	12
2110	Short-term Notes and Bills Payable (Note 17)	72,983	1	684,629	11
2130	Contract Liabilities (Note 22 and 30)	17,641	-	12,551	-
2150	Notes Payable (Note 18)	8,469	-	23,420	-
2170	Accounts Payable (Note 18)	27,248	1	39,063	1
2219	Other Accounts Payable (Note 19)	147,441	3	150,787	2
2220	Other payables to related parties (Note 30)	8,987	-	-	-
2230	Income Tax Liabilities of Current Period (Note 4 and 24)	550	-	207	-
2280	Lease Liabilities (Note 4 and 15)	28	-	333	-
2320	Long-term Loans Due within One Year (Note 17)	6,202	-	-	-
2399	Other Current Liabilities	679	-	833	-
21XX	Total Current Liabilities	1,520,636	28	1,701,249	26
	Non-current Liabilities				
2540	Long-term Loans (Note 17)	1,068,927	20	1,297,670	20
2570	Deferred Income Tax Liabilities (Note 4 and 24)	16,975	-	14,659	-
2580	Lease Liabilities (Note 4 and 15)	-	-	28	-
2622	Long-term Accounts Receivable - Related Parties (Note 30)	-	-	8,055	-
2640	Net Defined Benefit Liabilities (Note 4 and 20)	1,080	-	6,175	-
2670	Other Non-current Liabilities	19,024	-	18,929	1
25XX	Total Non-current Liabilities	1,106,006	20	1,345,516	21
2XXX	Total Liabilities	2,626,642	48	3,046,765	47
	Interests Vested in the Owners of the Parent Company (Note 21)				
3110	Ordinary Share Capital	3,586,289	66	3,586,289	55
3200	Capital Surplus	241,987	5	233,758	4
	(Accumulated Losses) Retained Earnings				
3320	Special Surplus Reserve	258,887	5	413,828	6
3350	Losses to Be Made up	(381,073)	(7)	(14,945)	-
3300	Total (Accumulated Losses) Retained Earnings	(122,186)	(2)	398,883	6
3400	Other equity	(360,002)	(7)	(236,695)	(4)
3500	Treasury Stocks	(528,645)	(10)	(528,645)	(8)
31XX	Total equity attributable to owners of the Company	2,817,443	52	3,453,590	53
3XXX	Total equity	2,817,443	52	3,453,590	53
	Total Liabilities and Equity	$ 5,444,085	100	$ 6,500,355	100

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

Chairman: YEH, CHING-TSE President: WANG, FONG-YUEH In-charge Accountant: LEE, HSUN-YI

LAN FA TEXTILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

		Year ended December 31			
		2022		2021	
Code		Amount	%	Amount	%
4100	Operating Revenues (Note 4, 22 and 30)	$ 1,957,172	100	$ 2,469,456	100
5110	Operating Costs (Note 11 and 23)	1,925,948	98	2,366,793	96
5900	Gross profit from operations	31,224	2	102,663	4
	Operating Expenses (Note 23)				
6100	Selling Expenses	73,046	4	87,497	4
6200	General and administrative expenses	75,900	4	78,586	3
6000	Total Operating Expenses	148,946	8	166,083	7
6900	Net Operating Losses	(117,722)	(6)	(63,420)	(3)
	Non-operating income and expenses (Note 23)				
7100	Interest income	6,380	-	3,803	-
7010	Other income	225,774	12	84,266	4
7020	Other gains and losses	(504,180)	(26)	815,185	33
7050	Financial Costs (Note 30)	(50,729)	(3)	(40,141)	(2)
7000	Total non-operating income and expenses	(322,755)	(17)	863,113	35
7900	Net Pre-tax (Losses) Profit	(440,477)	(23)	799,693	32
7950	Income Tax (Expenses) Benefits (Note 4 and 24)	(2,890)	-	(38,221)	(1)
8200	Net Profit (Losses) for Current Year	(443,367)	(23)	761,472	31

(Continued)

LAN FA TEXTILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

Code		Year ended December 31 2022 Amount	%	2021 Amount	%
	Other Consolidated Profits and Losses				
8310	Other comprehensive loss that will not be reclassified to profit or loss				
8311	Actuarial gains (losses) on defined benefit plans (Note 20)	$ 5,089	-	$ 440	-
8316	Unrealized loss on valuation of financial assets at fair value through other comprehensive income	(149,821)	(7)	32,372	1
8349	Income tax related to non-reclassified items (Note 24)	(1,018)	-	(88)	-
8360	Other comprehensive loss that will be reclassified to profit or loss				
8361	Financial statements translation differences of foreign operations operating	20,584	1	(4,451)	-
8399	Income tax related to items that may be reclassified (Note 24)	(4,117)	-	890	-
8300	**Total other comprehensive loss for the year**	(129,283)	(6)	29,163	1
8500	**Total comprehensive income (loss) for the year**	($ 572,650)	(29)	$ 790,635	32
	Profit (loss) attributable to:				
8610	Owners of the parent	($ 443,367)	(23)	$ 637,968	26
8620	Non-controlling Interests	-	-	123,504	5
8600		($ 443,367)	(23)	$ 761,472	31
	Total consolidated profit and loss is attributable to:				
8710	Owners of the parent company	($ 572,650)	(29)	$ 667,131	27
8720	Non-controlling Interests	-	-	123,504	5
8700		($ 572,650)	(29)	$ 790,635	32
	Earing (Loss) per share (Note 25)				
	From the continuing business entity				
9710	Basic	($ 1.40)		$ 2.01	

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

Chairman: YEH, CHING-TSE President: WANG, FONG-YUEH In-charge Accountant: LEE, HSUN-YI

LAN FA TEXTILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in thousands of New Taiwan dollars)

January 1 to December 31, 2022 and 2021

		Equity attributable to owners of the parent (Note 21)										
		Capital			Retained Earnings (Accumulated Losses)		Other Equity Interest					
Code		Number of Shares (1,000 shares)	Amount	Capital surplus	Special reserve	Losses to be Made up	Financial statements translation differences of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury Stock	Total	Non-controlling Interests	Total equity
A1	Balance at January 1, 2021	358,629	$3,586,289	$ 219,285	$ 413,828	($ 650,279)	($ 81,768)	($ 189,689)	($ 513,573)	$2,784,093	$ 147,067	$2,931,160
D1	Net Profit of 2021	-	-	-	-	637,968	-	-	-	637,968	123,504	761,472
D3	Other Consolidated Profit and Loss after Tax of 2021	-	-	-	-	352	(3,561)	32,372	-	29,163	-	29,163
D5	Other Consolidated Profit and Loss of 2021	-	-	-	-	638,320	(3,561)	32,372	-	667,131	123,504	790,635
M5	Actual acquisition of part of the equity of the subsidiary (Note 26)	-	-	14,472	-	-	-	-	(15,072)	(600)	(267,606)	(268,206)
O1	Other	-	-	1	-	-	-	2,965	-	2,966	(2,965)	1
Q1	Deal with equity instruments measured at fair value through other consolidated profit and loss (note8)	-	-	-	-	(2,986)	-	2,986	-	-	-	-
Z1	Balance at December 31, 2021	358,629	3,586,289	233,758	413,828	(14,945)	(85,329)	(151,366)	(528,645)	3,453,590	-	3,453,590
	Appropriation of 2021 earnings											
B5	Reversal of Special reserve	-	-	-	-	(71,726)	-	-	-	(71,726)	-	(71,726)
B17	Cash dividends	-	-	-	(154,941)	154,941	-	-	-	-	-	-
D1	Net Loss of 2022	-	-	-	-	(443,367)	-	-	-	(443,367)	-	(443,367)
D3	Other Consolidated Profit and Loss after Tax of 2022	-	-	-	-	4,071	16,467	(149,821)	-	(129,283)	-	(129,283)
D5	Other Consolidated Profit and Loss of 2022	-	-	-	-	(439,296)	16,467	(149,821)	-	(572,650)	-	(572,650)
M1	Dividends paid to subsidiaries to adjust capital surplus	-	-	8,229	-	-	-	-	-	8,229	-	8,229
Q1	Disposal of equity instruments measured at fair value through other comprehensive income (note8)	-	-	-	-	(10,047)	-	10,047	-	-	-	-
Z1	Balance on December 31, 2022	358,629	$3,586,289	$ 241,987	$ 258,887	($ 381,073)	($ 68,862)	($ 291,140)	($ 528,645)	$2,817,443	$ -	$2,817,443

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

Chairman: YEH, CHING-TSE　　President: WANG, FONG-YUEH　　In-charge Accountant: LEE, HSUN-YI

LAN FA TEXTILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in thousands of New Taiwan dollars)

Code		Year ended December 31 2022	2021
	Cash Flow from Operating Activities		
A10000	Net Profit (Losses) before Tax	($ 440,477)	$ 799,693
A20010	Income Expense Item		
A20100	Depreciation Expense	152,123	184,345
A20400	Measure the net loss of financial instruments at fair value through profit or loss (interests)	482,884	(419,075)
A20900	Financial Costs	50,729	40,141
A21200	Interest Revenues	(6,380)	(3,803)
A21300	Dividend Revenues	(210,346)	(68,740)
A22500	Dealing with losses of immovable property, plant and equipment	22	-
A23100	Gain on disposal of investment properties	-	(389,939)
A23700	Inventory depreciation loss	-	10,911
A24100	Unrealized loss of foreign currency exchange (interest)	(19,133)	(4,576)
A30000	Net changes in operating assets and liabilities		
A31115	Measure the financial assets at fair value through profit or loss (interests)	(54)	1,035
A31130	Notes Receivable	16,171	879
A31150	Accounts Receivable	62,134	(2,568)
A31180	Other Accounts Receivable	(101)	(53)
A31200	Inventory	(25,689)	(52,056)
A31230	Prepayment	15,106	36,816
A31240	Other Current Capital	1	(1)
A32125	Contract Liabilities	4,844	(31,930)
A32130	Notes Payable	(14,951)	16,806
A32150	Account Payable	(11,890)	(6,581)
A32180	Other Accounts Receivable	(12,926)	4,512
A32230	Other Current Liabilities	(154)	402
A32240	Liabilities of Net Defined Benefits	(6)	100
A33000	Cash from Operating	41,907	116,318
A33500	Income Tax for Payment	(268)	(35,798)
AAAA	Net cash inflow from operating activities	41,639	80,520
	Cash flow from investment activities		
B00010	Measure the financial assets at fair value through profit or loss	(350,055)	-
B00020	Deal with the financial assets at fair value through other consolidated profit or loss	48,857	77,707

(Continued)

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

Code		Year ended December 31 2022	2021
B00030	Returned capital from FVTOCI financial assets	$ 7,306	$ -
B00040	Acquisition of financial assets measured at amortized cost	59,688	(2,306)
B00100	Acquisition of financial assets measured at fair value through profit or loss	(695,015)	(3,564,690)
B00200	Deal with financial assets measured at fair value through profit or loss	932,479	3,197,025
B02700	Purchase immovable property, plant and equipment	(6,977)	(846)
B02800	Proceeds from disposal of property, plant and equipment	155	-
B05500	Proceeds from disposal of investment properties	-	724,757
B06800	Other non-current assets decreased	194	1,503
B07500	Interest charged	5,838	4,649
B07600	Other dividends charged	209,796	69,240
BBBB	Net cash input (output) of investment activities	212,266	507,039
	Cash flow from fund-raising activities		
C00100	Short-term Loans added	4,163,505	5,358,397
C00200	Short-term Loans decreased	(3,745,932)	(5,451,694)
C00500	Increase in short-term notes payable	2,524,000	5,417,000
C00600	December in short-term notes payable	(3,136,000)	(5,167,000)
C01600	Borrow the long-term loan	350,000	500,000
C01700	Repay the long-term loan	(581,729)	(585,708)
C03000	Refundable deposits (return) charged	85	(501)
C03500	Increase in financing payable	61,801	55,540
C03600	Decrease in financing payable	(56,600)	(58,152)
C03700	Decrease in Long-term payables-related parties	-	(79,464)
C04020	Principal repayment of lease	(333)	(431)
C04500	Distribution of cash dividends	(63,497)	-
C05600	Interests paid	(47,772)	(40,339)
C05800	Non-controlling interest	-	(268,206)
CCCC	Net cash inflow (outflow) from fund-raising activities	(532,472)	(320,558)
DDDD	The impact of exchange rate changes on cash and cash equivalents	27,895	29,927
EEEE	Net increase (decrease) of cash and cash equivalents	(250,672)	296,928
E00100	Cash and cash equivalents balance at the beginning of the year	698,161	401,233
E00200	Cash and cash equivalents balance at the end of the year	$ 447,489	$ 698,161

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

Chairman: YEH, CHING-TSE President: WONG, FONG-YUEH In-charge Accountant: LEE, HSUN-YI

LAN FA Textile Co., Ltd. and Subsidiaries

Notes to Consolidated Financial Statements

January 1 to December 31, 2022 and 2021

(Unless otherwise specified, the amount shall be in NT$ thousands)

I. LAN FA Textile Co., Ltd. (hereinafter referred to as parent company; for the parent company and entities controlled by the parent company, hereinafter referred to as merged company) was established in December 1972, originally engaged in the production and sale of knitted fabrics and has increased the production and sale business of flexible polyester textured yarn since 1985. At present, the production and sale of polyester textured yarn is the main source of operating revenue.

The parent company's shares have been listed and traded on the Taiwan Stock Exchange Corporation since October 26, 1994.

The consolidated financial statement is expressed in New Taiwan Dollar, the functional currency of the company.

Airdate and Procedure for the Approval of Financial Reports

The consolidated financial statement was approved by the board of directors on March 10, 2023.

III. Application of Newly Issued and Revised Standards and Interpretations

1.The International Financial Reporting Standards (IFRS)), International Accounting Standards((IAS), International Financial Reporting Interpretations Committee (IFRIC) and Standing Interpretation Committee (SIC) (hereinafter referred to as "IFRSs"), which were approved and issued by the Financial Supervisory Commission (hereinafter referred to as FSC), have been applied for the first time, the application of the revised IFRSs approved and issued by the FSC will not result in the material change in the company's accounting policy.

2. Applicable IFRSs approved by the Financial Supervisory Commission (hereinafter referred to as" he FSC") in 2023

Newly issued/amended/revised standards and explanations	Effective date on which IASB issued
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies for annual reporting periods that occur on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occurred on or after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group's financial position and financial performance.

3. IFRSs that has been released by IASB but has not been approved and released by the FSC

Newly issued/amended/revised standards and explanations	Effective date on which IASB issued（Note1）
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
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

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

Note 2: A 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.

As of the date of release of the consolidated financial statements, the merged company continues to evaluate the impact of the amendments to the above standards and explanations on the financial position and financial performance, which will be disclosed upon completion of the evaluation.

IV. Summary Statement of Major Accounting Policies

1. Compliance Statement

The consolidated financial statement is compiled in accordance with the financial report standards for securities issuers and the IFRSs approved and issued by the Financial Supervisory Commission.

2. Basis of Preparation

Except for financial instruments measured at fair value and net defined welfare liabilities based on the present value of determined welfare obligations less the fair value of plan assets, the consolidated financial statements is prepared on a historical cost basis.

Fair value measurement is divided into levels 1 to 3 according to the observability and importance of the relevant input values:

(1) Level 1 input value: refers to the quoted price in the active market for the same assets or liabilities available on the measurement date (unadjusted).

(2) Level 2 input value: refers to the observable input value of assets or liabilities directly (i.e., price) or indirectly (i.e. from price derivation) in addition to the quotation at level 1.

(3) Level 3 input value: refers to the unobservable input value of assets or liabilities.

3. Standards for distinguishing between current and non-current assets and liabilities

Current assets include:

(1) Assets held primarily for transaction purposes.

(2) Assets expected to be realized within 12 months after the balance sheet date.

(3) Cash and cash equivalents (excluding those restricted for the exchange or discharge of liabilities more than 12 months after the balance sheet date).

Current liabilities include:

(1) Liabilities held primarily for transaction purposes;

(2) Liabilities due within 12 months after the balance sheet date, and

(3) Liabilities that cannot be unconditionally deferred to at least 12 months after the balance sheet date.

Those that are not the above-mentioned current assets or liabilities shall be classified as non-current assets or non-current liabilities.

4. Basis of Consolidation

This consolidated financial statement includes the financial statements of the parent company and the entities (subsidiaries) controlled by the parent company. The financial statements of the subsidiaries have been appropriately adjusted to bring its accounting policies in line with those of the merged company. At the time of the preparation of the consolidated financial statements, all transactions, account balances, profits and losses between the various entities have been written off. The non-controlling interest of the subsidiaries is expressed separately from that of the owner of the parent company.

For the details, shareholding ratio and business items of subsidiaries, please refer to Table 7 and Table 8 of Note 13and Note 34

5. Foreign Currency

When the merged company prepares the consolidated financial statements, transactions in currencies (foreign currencies) other than the entity functional currency (the currency of the main economic environment in which the entity operates) shall be converted into functional currency records according to the exchange rate on the transaction date.

Foreign currency monetary items are converted at the closing exchange rate on each balance sheet date.

If the foreign currency non-monetary item measured at fair value is converted at the exchange rate on the date on which the fair value is determined, the exchange difference resulting from is listed as the current year's profit and loss, and only the fair value change is listed in other comprehensive profit and loss, the resulting exchange difference is listed in other comprehensive profit and loss.

Foreign currency non-monetary items measured at historical costs are converted at the exchange rate of the transaction date and are not re-converted.

Exchange differences resulting from delivery or conversion of monetary items are listed in profit and loss in the period in which they occur.

The functional currency of the parent company is NTD. At the time of preparing the consolidated financial statements, the assets and liabilities of the foreign operating institutions of the merged company are converted into NTD at the exchange rate of each balance sheet date. The items of profit and loss are converted at the current average exchange rate, and the resulting exchange differences are listed as other comprehensive profits and losses.

6. Inventory

Inventory includes raw materials, finished goods and work-in-process. Inventory is measured by the lower of cost and net realized value, and the comparison between cost and net realized value is based on individual items except for the same category of inventory.

7. Immovable Property, Plant and Equipment

Immovable property, plant and equipment are recognized as measured by cost and subsequently measured by the amount of cost less accumulated depreciation and accumulated impairment loss.

Except for self-owned land, remaining property, plant and equipment are depreciated on a straight-line basis over their useful lives, that is, the balance after the cost of the asset is equally apportioned less salvage value within the expected useful life of the asset, the estimated useful life, salvage value and depreciation methods are reviewed at least on the end date of each year. The impact of changes in accounting estimates is dealt with in a deferred manner.

When immovable property, plant and equipment are excluded, the related costs, accumulated depreciation and accumulated impairment are deducted from the account, and the resulting profit or loss is recognized in the current year's profit or loss according to its nature.

8. Investment Property

Investment property is immovable property held for the purpose of earning rent or capital appreciation or both. Investment property also includes land held that has not yet been decided on its future use.

The investment property is originally measured by cost (including transaction cost), and subsequently by the amount of cost less accumulated depreciation and accumulated impairment loss.

The straight-line basis provides for depreciation, that is, the balance after the average sharing of the asset cost less the salvage value over the expected useful life of the investment property.

The investment property shall be excluded when it is disposed of or permanently no longer used and it is not expected to generate future economic benefits from the disposition. Except for the amount of profit or loss arising from the investment immovable property, the difference between the net disposal price and the carrying amount of the asset shall be recognized as the profit or loss of the current year.

9. Asset Impairment

If an asset (mainly immovable property, plant and equipment, right-to-use assets and investment immovable property) has a significant impairment in book value measured by its relevant recoverable amount, the impairment shall be recognized as a loss.

10. Financial Instruments

Financial assets and financial liabilities are recognized in the consolidated balance sheet when the merged company becomes a party to the contract terms of the instrument.

When financial assets and financial liabilities are originally recognized, if financial assets or financial liabilities are not measured at fair value through profit or loss, they are measured by fair value plus transaction costs directly attributable to the acquisition or issue of financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issue of financial assets or financial liabilities measured at fair value through profit or loss are immediately recognized as profit or loss.

(1) Financial Assets

The customary transactions of financial assets are recognized and excluded by accounting on the trading day.

1) Measure category

The types of financial assets held by the merged company are financial assets measured at fair value through profit or loss, financial assets measured at amortized cost, investments in debt instruments at fair value through other consolidated income and equity instruments at fair value through other consolidated profit or loss.

A. Financial Assets Measured at Fair Value through Profit or Loss

Financial assets measured at fair value through profit or loss are financial assets measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are compulsory equity instruments not designated by the Company to be measured at fair value through other consolidated profit or loss.

A financial asset measured at fair value through profit or loss is measured at fair value, and the benefit or loss arising from its remeasurement (excluding any dividend or interest generated by the financial asset) is recognized as profit or loss.

B. Financial Assets Measured at Amortized Cost

If the merged company's investment financial assets meet the following two conditions at the same time, it will be classified as Financial Assets Measured at Amortized Cost：

a. Held under a business model for the purpose of holding financial assets to collect contractual cash flows; and

b. The terms of the contract generate cash flows on a specific date, which are solely interest on the payment of principal and the amount of principal outstanding.

Financial Assets Measured at Amortized Cost (Including cash and approximately equivalent cash, receivables at amortized cost and foreign corporate bonds) after original recognition, it is measured by the total carrying amount determined by the effective interest method less the amortized cost of any impairment loss, any gain or loss on foreign currency exchange is recognized as profit or loss.

Interest income is calculated by multiplying the effective interest rate by the total carrying amount of financial assets.

Cash equivalents includes fixed time deposit and commercial promissory notes that are highly liquid within 3 months from the date of acquisition, can be converted into fixed cash at any time and have little risk of value change, and are used to meet short-term cash commitments.

C. Investment in equity instruments measured at fair value through other comprehensive gains and losses.

At the time of the original recognition, the merged company may make an irrevocable option to invest in equity instruments that are not held for transaction and which are not recognized by the acquirer of the business merger as a consideration, and specify that they are measured at fair value through other consolidated profits and losses.

Equity instrument investments measured at fair value through other comprehensive profit and loss are measured at fair value, and subsequent fair value changes are reported in other comprehensive profit or loss and accumulated in other equity. At the time of investment disposition, the accumulated profit and loss is transferred directly to the retained surplus and is not reclassified as profit or loss.

Shares invested through other equity instruments measured at fair value through other consolidated income instruments are recognized in profit or loss when the right to receive money from the company is established, unless the dividend clearly represents the recovery of part of the investment cost.

2) Impairment of Financial Assets

Impairment losses on financial assets (including receivables and foreign corporate bonds) measured at amortized cost are assessed on each balance sheet date by the Consolidated Company based on expected credit losses.

Accounts receivables are recognized as allowance losses according to the expected credit losses during the period of existence. Other financial assets first assess whether the credit risk has increased significantly since the original recognition, and if it has not increased significantly, the allowance loss will be recognized as the expected credit loss of 12 months, and if it has increased significantly, the allowance loss will be recognized as the expected credit loss during the period of existence.

Expected credit loss is a weighted average credit loss weighted by the risk of default. The 12-month expected credit loss represents the expected credit loss arising from the possible default of the financial instrument within 12 months after the reporting date, the expected credit loss during the period of existence represents the expected credit loss of all possible default events of the financial instrument during the expected period.

Impairment losses on all financial assets are reduced by allowance accounts, but allowance losses on investments in debt instruments measured at fair value through other consolidated gains and losses are recognized in other consolidated income and do not reduce their carrying amounts.

3) Exclusion of Financial Assets

The merged company excludes financial assets only when contractual rights from the cash flow of financial assets expire, or when financial assets have been transferred and almost all risks and rewards of ownership of such assets have been transferred to other enterprises.

When Financial Assets Measured at Amortized Cost is excluded as a whole, the difference between it carrying amount and the consideration received is recognized as profit or loss. When investments in debt instruments measured at fair value through other comprehensive income are excluded as a whole, the difference between the carrying amount and the total sum of any accumulated gain or loss recognized in other comprehensive income or loss is recognized in profit or loss. When investment in equity instruments measured at fair value through other comprehensive profit or loss is excluded as a whole, the accumulated profit or loss is transferred directly to retained earnings and is not reclassified as profit or loss.

(2) Financial Liabilities

Financial liabilities are measured at amortized cost using the effective interest method.

The merged company excludes financial liabilities only when its obligations are discharged, cancelled or due. When financial liabilities are excluded, the difference between the carrying amount and the consideration paid (including any transferred non-cash assets or liabilities) is recognized as profit or loss.

(3) Derivative Instruments

The derivative instruments entered into by the company include forward foreign exchange contracts to manage the exchange rate risk of the company.

When a derivative contract is signed, it is originally recognized at fair value, and subsequently measured at fair value on the balance sheet date, and the benefit or loss arising from subsequent measurement is directly included in profit or loss. When the fair value of a derivative is positive, it is classified as a financial asset; when the fair value is negative, it is classified as a financial liability.

11. Revenue Recognition

After identifying the performance obligations in the client contract, the merged company apportion the transaction price among the performance obligations and recognize the income when the performance obligations are met.

Revenue from Commodity Sales

The income from commodity sales mainly comes from the sales of polyester processed silk. At the time of delivery of the goods, the customer has the right to set the price and use of the goods and has the primary responsibility for resale, and bears the risk of obsolescence of the goods. The company recognizes the income and accounts receivable at that time.

12. Lease

The merged company evaluates whether the contract belongs to (or includes) the lease on the date of establishment of the contract.

(1) The merged company is the lessor

When the lease terms transfer almost all risks and rewards attached to the ownership of the asset to the lessee, they are classified as financial leases. All other leases are classified as operating leases.

(2) The merged company is the lessee

Except for lease payments for low-value target asset leases and short-term leases with applicable exemptions, which are recognized as expenses during the lease term on a straight-line basis, other leases are recognized as right-to-use assets and lease liabilities at the lease commencement date.

The right-to-use asset is originally measured at cost (including the original measurement amount of the lease liability), followed by the cost less accumulated depreciation and accumulated impairment losses, and adjusts the remeasurement of the lease liability. The right-to-use assets are separately expressed in the entity's balance sheet.

The straight-line basis of the right-to-use asset is depreciated earlier from the start of the lease to the expiration of the useful life or the expiration of the lease period.

The lease liability is originally measured by the present value of the lease payment (including fixed payment and substantial fixed payment). If the implied interest rate of the lease is easily determined, the lease payment shall be discounted at that rate. If the interest rate is not easy to determine, use the lessee to increase the borrowing rate.

Subsequently, the lease liability is measured on an amortized cost basis using the effective interest method, and the interest expense is apportioned over the lease period. If a change in the lease period results in a change in the future leases payment, the merged company measures the lease liability and adjusts the use right asset relatively, but if the carrying amount of the use right asset has been reduced to zero, the re-measure amount is recognized in profit or loss. Lease liabilities are expressed separately in the entity's balance sheet.

13. Borrowing Cost

The borrowing cost directly attributable to the acquisition, construction or production of an asset (that is, assets that must take a considerable period of time to reach their intended use or sale status) that meets the requirements shall be part of the cost of the asset until almost all necessary activities for the intended use or sale of the asset have been completed.

The investment income earned by a specific loan from a temporary investment prior to the occurrence of capital expenditure that meets the requirements shall be deducted from the borrowing cost that meets the capitalization standards.

Apart from the above, all other borrowing costs are recognized as profit or loss in the current year.

14. Employee Benefit

(1) Short-term Employee Benefit

Liabilities related to short-term employee benefits are measured by the non-discounted amount expected to be paid in exchange for employee services.

(2) Post-retirement Benefit

To determine that the pension allocated to the retirement scheme is recognized as an expense during the period of service provided by the employee.

To determine the defined benefit cost of a welfare retirement plan (including service cost, net interest and remeasurement) is an actuary based on the projected unit welfare method. Service costs (including current service costs and net interest on net defined benefit liabilities are recognized as employee welfare expenses when incurred. Remeasures (including actuarial gains and losses and compensation for plan assets after deducting interest) are recognized in other consolidated profit or loss and included in other equity at the time of occurrence and are not reclassified to profit or loss in subsequent periods.

The net defined benefit liability is the appropriation deficit of the defined welfare retirement plan.

15. Income Tax

Income tax expense is the sum of current income tax and deferred income tax.

(1) Current Income Tax

The merging company determines the current income (loss) in accordance with the laws and regulations formulated by each income tax reporting jurisdiction and calculates the payable (recoverable) income tax accordingly.

The addition of income tax to the undistributed surplus calculated in accordance with the provisions of the income tax law shall be recognized in the annual resolution of the shareholders' meeting.

The adjustment of income tax payable in previous years shall be included in the current income tax.

(2) Deferred Income Tax

Deferred income tax is calculated on the basis of the temporary difference between the carrying amount of assets and liabilities and the tax basis on which taxable income is calculated. Deferred income tax liabilities are generally recognized for all taxable temporary differences, while deferred income tax assets are recognized when taxable income tax credits are likely to be used to deduct temporary differences.

Taxable temporary differences related to investment subsidiaries are recognized as deferred income tax liabilities, except where the merged company can control the point of reversal of temporary differences and such temporary differences are likely not to reverse in the foreseeable future. Temporary differences related to such investments can be deducted only if they are likely to have sufficient taxable income to achieve temporary differences and are recognized as deferred income tax assets to the extent that they are expected to be reversed in the foreseeable future.

The carrying amount of deferred income tax assets is re-examined on each balance sheet date, and the carrying amount is reduced for those who are no longer likely to have sufficient taxable places to recover all or part of the assets. Assets that were not previously recognized as deferred income tax assets will also be re-examined on each balance sheet date, and in the future, it is likely to generate tax deductible, increase the book amount.

Deferred tax assets and liabilities are measured at the tax rates that will be expected when the liabilities are settled or the assets are realized, based on the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax liabilities and assets are measured to reflect the tax consequences of the manner in which the consolidated company expects to recover or settle the carrying amounts of its assets and liabilities at the balance sheet date.

(3) Current and Deferred Income Tax

Current and deferred income tax are recognized as profit or loss, but current and deferred income tax related to items recognized in other consolidated profit or loss are recognized as other consolidated profit or loss.

V. Main Sources of Uncertainty about Major Accounting Judgments', Estimates and Assumptions

When adopting accounting policies, the management must make relevant judgments, estimates and assumptions based on historical experience and other relevant factors for those who are difficult to obtain relevant information from other sources. The actual results may differ from the estimates.

The merged company takes the economic impact of COVID-19 epidemic into consideration of material accounting estimates, and management will continue to review the estimates and basic assumptions. If the revision of the estimate affects only the current period, it is recognized in the current period of the revision; if the revision of the accounting estimate affects both the current and future periods, it is recognized in the current and future periods of the revision.

Major sources of uncertainty in estimates and assumptions

Impairment of immovable property, plant and equipment

The impairment of immovable property, plant and equipment is assessed on the basis of the recoverable amount of the assets (i.e. the higher of the fair value of the assets less the cost of sale and the value of their use). Changes in market prices or future cash flows will affect the recoverable amount of these assets and may cause the company to recognize additional impairment losses or reverse recognized impairment losses.

VI. Cash and Cash Equivalents

	December 31, 2022	December 31, 2021
Cash on Hand and Revolving Funds	$ 172	$ 170
Bank Check and Current Deposit	167,231	188,762
Cash Equivalents		
Commercial Papers	136,387	38,025
Time deposits with an original maturity of less than 3 months	143,699	471,204
	$ 447,489	$ 698,161

The market interest rates for current deposits, commercial promissory notes and time deposits with an original maturity of less than 3 months at the balance sheet date are as follows:

	December 31, 2022	December 31, 2021
Bank Current Deposit	0.001%～1.05%	0.001%～0.35%
Commercial Papers	0.75%～0.9%	0.24%～0.25%
Time deposits with an original maturity of less than 3 months	0.88%～4.6%	0.25%～0.38%

VII. Financial instruments measured at fair value through profit or loss

	December 31, 2022	December 31, 2021
Financial Assets－Current		
Compulsory measurement at fair value through profit or loss		
Derivatives (no hedging specified)		
－Forward foreign exchange contract	$ -	$ 218
Non-derivative Financial Assets		
－ Domestic Listed (OTC) Stocks	1,250,536	1,979,274
－Unlisted (OTC) Stocks	20,483	11,815
	$ 1,271,019	$ 1,991,307

The main purpose of the merged company's forward foreign exchange transactions in 2022 and 2021 is to avoid risks arising from exchange rate fluctuations in foreign currency assets and liabilities. The forward foreign exchange contracts held by the merged company do not meet the effective hedging conditions, so hedging accounting is not applicable. The company incurred losses of NT$ 272 thousands and profits of NT$ 930 thousands in derivatives trading in 2022 and 2021 respectively.

No outstanding forward foreign exchange contracts on December 31, 2022. The unexpired forward foreign exchange contracts which are not subject to hedging accounting on December 31, 2021 are as follows:

December 31, 2021

	Currency Code	Time to Maturity	Contract Amount (NT$ thousands)
Forward Exchange contract	USD to RMB	January 14, 2022 to March 25, 2022	USD 2,100/RMB 13,455

VIII. Financial Assets Measured at Fair Value through Other Consolidated Profit or Loss

	December 31, 2022	December 31, 2021
Non-current		
Equity Instrument Investment	$ 665,029	$ 520,958

Equity Instrument Investment

	December 31, 2022	December 31, 2021
Non-current		
Domestic Investment		
Listed (OTC) Stocks	$ 498,084	$ 352,110
Unlisted (OTC) Stocks	166,945	168,848
Subtotal	$ 665,029	$ 520,958

The merged company invests for medium-and long-term strategic purposes and expects to make a profit through long-term investment. The management of the merged company considers that the short-term fair value fluctuations of these investments are inconsistent with the aforementioned long-term investment planning if they are included in profit or loss, and therefore choose to designate these investments to be measured at fair value through other comprehensive profits and losses.

In 2022 and 2021, the merged company adjusted its investment position to diversify the risk and sold listed (OTC) shares at fair value of NT$ 48,857 thousand NT$ 77,707 thousands, while related other interests-unrealized benefits of financial assets measured at fair value through other comprehensive loss of NT$ 10,047 thousands and loss of NT$ 2,986 thousands were transferred to retained earnings.

For the unrealized evaluation profit and loss information of financial assets measured at fair value through other comprehensive profit and loss, please refer to Note 21(5).。

IX. Financial Assets Measured at Amortized Cost

	December 31, 2022	December 31, 2021
Current		
Time deposits with an original maturity of less than 3 months	$ 80,147	$ 131,554
Non-current		
Foreign Investment		
Corporate Bonds	$ 79,675	$ 72,329

(1) The market interest rate range on the balance sheet date for time deposits with an original maturity of more than 3 months is as follows:

	December 31, 2022	December 31, 2021
Current		
Time deposits with an original maturity of more than 3 months	0.925%~3.1%	0.3%~0.54%

(2) In September 2020, the merged company obtained the international bonds from Saudi Arabian government with the face value of NT$ THOUSAND thousands and bonds from Apple with the face value of NT$ THOUSAND thousands at a premium of NT$ 78,760 thousands. The maturity dates are October 2046 and February 2047 respectively. The coupon rates are 4.50% and 4.25% respectively, and the effective interest rates are 3.03% and 2.37% respectively.

The merged company only invests in debt instruments whose credit rating is above investment grade (inclusive) and the derogation assessment is of low credit risk, and the credit rating information is provided by independent rating agencies. The merged company continues to track external rating information to monitor changes in credit risk of invested debt instruments, and to review other information such as bond yield curve and significant information on debtors, in order to assess whether the credit risk of investment in debt instruments has increased significantly since the original recognition.

The merged company takes into account the current financial position of the debtors and the forecast of the prospects of their industries to measure the expected credit loss of 12 months or the duration of the investment in debt instruments. As of December 31, 2022 and 2021, the company assessed that the credit risk of the debtor was low and had sufficient capacity to repay the cash flow of the contract, so the expected credit loss was not mentioned.

X. Notes Receivable, Accounts Receivable and Overdue Receivables

	December 31, 2022	December 31, 2021
Notes Receivable		
Measured at Amortized Cost		
Total Book Value	$ 10,182	$ 25,253
Minus: Allowance for Loss	(239)	(239)
	$ 9,943	$ 25,014
Accounts Receivable		
Measured at Amortized Cost		
Total Book Value	$ 130,260	$ 190,020
Minus: Allowance for Loss	(2,731)	(2,731)
	$ 127,529	$ 187,289
Overdue Receivables	$ 16,950	$ 16,950
Minus: Allowance for Loss	(16,950)	(16,950)
	$ -	$ -

1. Notes Receivable

Notes receivable at amortized cost

The credit period for the sale of goods by the merged company is 30 to 90 days.

The merged company recognizes the allowance loss of notes receivable according to the expected credit loss during the period of existence. The expected credit loss during the period of existence is calculated by using the reserve matrix, which takes into account the customer's past default record and current financial situation, industrial economic situation, as well as GDP forecast and industry outlook. As the merged company's historical experience of credit loss shows that there is no significant difference in the type of loss among different customer groups, the reserve matrix does not further distinguish the customer base and only sets the expected credit loss rate on the basis of the number of days overdue in receivables.

There is no change in the allowance loss in 2022 and 2021, and the merged company measures the allowance loss of notes receivable according to the reserve matrix as follows:

December 31, 2022

	Not Overdue
Expected Credit Loss Rate	2.35%
Total Book Value	$ 10,182
Allowance for Loss (Expected Credit Loss During the Period of Existence)	(239)
Amortized Cost	$ 9,943

December 31, 2021

	Not Overdue
Expected Credit Loss Rate	0.95%
Total Book Value	$ 25,253
Allowance for Loss (Expected Credit Loss During the Period of Existence)	(239)
Amortized Cost	$ 25,014

On December 31, 2022 and 2021, the balances of notes receivable for more than 90 days were NT$ 603 thousands and NT$ 5,763 thousand respectively, both of which were banker's acceptance drafts.

2. Accounts Receivable

Accounts receivable measured at amortized cost

The credit period for the sale of goods by the merged company is 30 to 90 days.

The merged company recognizes the allowance loss of accounts receivable based on the expected credit loss during the period of existence. The expected credit loss during the period of existence is calculated by using the reserve matrix, which takes into account the customer's past default record and current financial situation, industrial economic situation, as well as GDP forecast and industry outlook. As the merged company's historical experience of credit loss shows that there is no significant difference in the type of loss among different customer groups, the reserve matrix does not further distinguish the customer base and only sets the expected credit loss rate on the basis of the number of days overdue in receivables.

There is no change in the allowance loss in 2022 and 2021, and the merged company's allowance loss on accounts receivable measured by the provision matrix is as follows:

December 31, 2022

	Not Overdue
Expected Credit Loss Rate	2.10%
Total Book Value	$ 130,260
Allowance for Loss (Expected Credit Loss During the Period of Existence)	(2,731)
Amortized Cost	$ 127,529

December 31, 2021

	Not Overdue
Expected Credit Loss Rate	1.44%
Total Book Value	$ 190,020
Allowance for Loss (Expected Credit Loss During the Period of Existence)	(2,731)
Amortized Cost	$ 187,289

3. Overdue Receivables

The merged company transfers overdue accounts receivable with customer complaints to demand collection and provides for 100% allowance for loss. There is no change in the allowance for 2022 and 2021.

4. Other receivables

Other receivables listed in the accounts of the consolidated company are mainly dividends and interest receivables. The policy adopted by the merged company is to only conduct transactions with creditworthy objects, and to obtain sufficient guarantees under necessary circumstances to mitigate the risk of financial losses due to default. Credit rating information refers to the rating of transaction objects based on historical transaction records. The merged company continuously monitors the credit risk and the credit rating of the counterparty.

The expected credit loss rate of other receivables is 0%. As of January 1 to December 31, on2022 and 2021.

XI. Inventory

	December 31, 2022	December 31, 2021
Finished Products	$ 232,147	$ 158,685
Work In Process	12,354	19,184
Raw Materials	61,701	101,001
	$ 306,202	$ 278,870

The nature of the cost of goods sold is as follows:

	2022	2021
Cost of inventories sold	$1,885,432	$2,355,882
idle capacity cost	40,516	-
Inventory falling price loss	-	10,911
	$1,925,948	$2,366,793

XII. Prepayment

	December 31, 2022	December 31, 2021
Payment in advance	$ 9,559	$ 22,203
Excess VAT paid	4,521	4,323
Other prepaid expenses	4,175	6,412
	$ 18,255	$ 32,938

XIII. Subsidiaries

Subsidiaries listed in the consolidated financial statements

The main preparation for this consolidated financial statement is as follows:

Name of Investment Company	Name of subsidiaries	Nature of Business	Proportion of Ownership (%) December 31, 2022	Proportion of Ownership (%) December 31, 2021
Parent Company	KING LAN FA Industrial Co., Ltd. (hereinafter referred to as KING LAN FA Company)	Trading of cloth and textiles, entrusting builders to build residential rental and sale business	100.00	100.00
	LAN JIE Development Co., Ltd. (hereinafter referred to as LAN JIE Company)	General Investment	100.00	100.00
	LAN TSE Investment Co., Ltd. (hereinafter referred to as LAN TSE Company)	General Investment	100.00	100.00
	LAN CHING Development Co., Ltd. (hereinafter referred to as LAN CHING Company)	General Investment	100.00	100.00
	LAN HSIN Investment Co., Ltd. (hereinafter referred to as LAN HSIN Company)	General Investment	100.00	100.00

	LAN FA HOLDING LIMITED	International Industry	Investment	100.00	100.00
LAN FA HOLDING LIMITED	MARYLAND INVESTMENT LIMITED	International Industry	Investment	98.98	98.98
LAN TSE Company	SPRING INVESTMENT LIMITED	International Industry	Investment	100.00	100.00
SPRING INVESTMENT LIMITED	MARYLAND INVESTMENT LIMITED	International Industry	Investment	1.02	1.02
MARYLAND INVESTMENT LIMITED	Hangzhou LAN FA TEXTILE CO., LTD（hereinafter referred to as Hangzhou LAN FA Company）	Stretch Yarn, Textured Yarn	Polyester	100.00	100.00

On September 17, 2021, the merged company acquired 34.81% of the non-controlling interests of KING LAN FA Company, resulting in an increase in the shareholding ratio from 65.19% to 100%. Please refer to Note 26.

XIV. Property, plant and equipment－Owner-occupation

	Land	Buildings and Structures	Machine	Hydroelectric Equipment	Transportation Equipment	Other Equipment	Advance Payment for Equipment	Total
Cost								
Balance on January 1, 2022	$ 659,395	$ 809,530	$ 2,879,056	$ 248,128	$ 10,521	$ 131,747	$ 565	$4,738,942
Add	-	-	-	487	4,928	334	1,228	6,977
Disposal	-	-	(10,659)	-	(1,770)	(3,430)	-	(15,859)
Reclassification	-	-	-	549	-	26	(575)	-
Net Exchange Difference	-	5,381	38,730	4,455	215	2,664	13	51,458
Balance on December 31, 2022	$ 659,395	$ 814,911	$ 2,907,127	$ 253,619	$ 13,894	$ 131,341	$ 1,231	$4,781,518
Accumulated Depreciation								
Balance on January 1, 2022	$ -	$ 304,046	$ 1,979,640	$ 177,719	$ 8,796	$ 36,023	$ -	$2,506,224
Disposal	-	-	(10,659)	-	(1,593)	(3,430)	-	(15,682)
Depreciation Expense	-	16,802	117,151	6,024	649	3,863	-	144,489
Net Exchange Difference	-	1,250	19,779	3,302	181	684	-	25,196
Balance on December 31, 2022	$ -	$ 322,098	$ 2,105,911	$ 187,045	$ 8,033	$ 37,140	$ -	$2,660,227
Balance on December 31, 2022	$ 659,395	$ 492,813	$ 801,216	$ 66,574	$ 5,861	$ 94,201	$ 1,231	$2,121,291
Cost								
Balance on January 1, 2021	$ 659,395	$ 815,786	$2,926,977	$ 248,599	$ 10,647	$ 132,529	$ -	$4,793,933
Add	-	-	-	-	-	182	664	846
Disposal	-	(5,686)	(43,820)	-	(102)	(783)	-	(50,391)
Reclassification	-	-	-	-	-	99	(99)	-
Net Exchange Difference	-	(570)	(4,101)	(471)	(24)	(280)	-	(5,446)
Balance on December 31, 2021	$ 659,395	$ 809,530	$ 2,879,056	$ 248,128	$ 10,521	$ 131,747	$ 565	$4,738,942
Accumulated Depreciation								
Balance on	$ -	$ 293,101	$ 1,886,195	$ 161,869	$ 8,308	$ 32,293	$ -	$2,381,766

January 1, 2021								
Disposal	-	(5,686)	(43,820)	-	(102)	(783)	-	(50,391)
Depreciation Expense	-	16,729	138,619	16,108	607	4,567	-	176,630
Net Exchange Difference	-	(98)	(1,354)	(258)	(17)	(54)	-	(1,781)
Balance on December 31, 2021	$ -	$ 304,046	$ 1,979,640	$ 177,719	$ 8,796	$ 36,023	$ -	$2,506.224
Net Amount on December 31, 2021	$ 659,395	$ 505,484	$ 899,416	$ 70,409	$ 1,725	$ 95,724	$ 565	$2,232,718

The immovable property, plant and equipment of the merged company are determined on the basis of cost and depreciated on the basis of the following durable years:

Housing and Building	
Main Building of Factory	20 to 56 years
Electromechanical Power Equipment	45 to 51 years
Machinery Equipment	5 to 16 years
Hydroelectric Equipment	5 to 26 years
Transportation Equipment	5 years
Other Equipment	2 to 15 years

For information on the mortgages of immovable property, plant and equipment provided to the treasury of various financial banks as financing guarantees, please refer to Note 31.

XV. Lease Agreement

1. Right-of-use Assets

	Land	Housing and Building	Other Equipment	Total
Cost				
Balance on January 1, 2022	$ 74,992	$ 1,328	$ 375	$ 76,695
Disposals	-	-	(375)	(375)
Net Exchange Difference	1,603	-	-	1,603
Balance on December 31, 2022	76,595	1,328	-	77,923
Accumulated Depreciation				
Balance on January 1, 2022	$ 6,367	$ 975	$ 375	$ 7,717
Disposals	-	-	(375)	(375)
Depreciation	2,156	325	-	2,481
Net Exchange Difference	150	-	-	150
Balance on December 31, 2022	8,673	1,300	-	9,973
	$ 67,922	$ 28	$ -	$ 67,950
Cost				
Balance on January 1, 2021	$ 75,162	$ 1,328	$ 375	$ 76,865
Net Exchange Difference	(170)	-	-	(170)
Balance on December 31, 2021	74,992	1,328	375	76,695
Accumulated Depreciation				
Balance on January 1, 2021	4,254	650	273	5,177
Depreciation	2,115	325	102	2,542

Net Exchange Difference	(2)	-	-	(2)
Balance on December 31, 2021	6,367	975	375	7,717
	$ 68,625	$ 353	$ -	$ 68,978

The land is the land use right of the merged company located in Hangzhou City, Zhejiang Province, and its use term is 50 years according to the contract, from May 18, 2004 to May 18, 2054.

Except for the depreciation charges recognized above, there was no significant sublease or impairment of the merged company's right-to-use assets in 2022 and 2021

For the mortgage information provided by the right-of-use assets to various financial banks as financing guarantees, please refer to Note 31.

2. Lease Liabilities

	December 31, 2022	December 31, 2021
Book Amount of Lease Liabilities		
Current	$ 28	$ 333
Non-current	$ -	$ 28

The discount rate of lease liabilities was 1.56% in 2022 and 2021.

3. Other Lease Information

	2022	2021
Short-term Lease Expense	$ 1,657	$ 1,523
Total Cash (Outflow) from Leases	($ 1,993)	($ 1,963)

The merged company chooses to apply the recognition exemption to other equipment leases that meet the requirements of short-term leases and does not recognize the relevant right-to-use assets and lease liabilities for such leases.

XVI. Investment Property

	Land	Housing and Building	Total
Cost			
Balance on January 1, 2022	$ 95,866	$ 240,603	$ 336,469
Net Exchange Difference	-	317	317
Balance on December 31, 2022	$ 95,866	$ 240,920	$ 336,786
Accumulated Depreciation			
Balance on January 1, 2022	$ -	$ 138,990	$ 138,990
Depreciation Expense	-	5,153	5,153
Net Exchange Difference	-	76	76
Balance on December 31, 2022	$ -	$ 144,219	$ 144,219

Net Amount on December 31, 2022	$ 95,866	$ 96,701	$ 192,567
Cost			
Balance on January 1, 2021	$ 430,684	$ 240,636	$ 671,320
Disposals	(334,818)	-	(334,818)
Net Exchange Difference	-	(33)	(33)
Balance on December 31, 2021	$ 95,866	$ 240,603	$ 336,469
Accumulated Depreciation			
Balance on January 1, 2021	$ -	$ 133,822	$ 133,822
Depreciation Expense	-	5,173	5,173
Net Exchange Difference	-	(5)	(5)
Balance on December 31, 2021	$ -	$ 138,990	$ 138,990
Net Amount on December 31, 2021	$ 95,866	$ 101,613	$ 197,479

The fair value of investment real estate on December 31, 2022 is NT$ 929,496 thousands, of which NT$ 912,136 thousands is evaluated by the independent evaluation company, and another NT$ 17,360 thousands is evaluated by the management.

The fair value of investment real estate on December 31, 2021 is NT$ 820,045 thousands, of which NT$ 802,685 thousands is evaluated by the independent evaluation company, and another NT$ 17,360 thousands is evaluated by the management.

KING LAN FA, a subsidiary of the merged company, signed a contract with Rida Construction Co., Ltd. in April 2021 to sell its investment real estate in Kaohsiung. The aforementioned assets have been transferred and the net disposal price is NT$ 724,757 thousand (the disposal price is NT$735,810 thousands). The net amount of NT$ 11,053 thousand after deducting related expenses) was recognized as a disposal benefit of NT$ 389,939 thousand.

With the exception of self-owned land, the investment immovable property of the merged company shall be depreciated on a cost basis and on a straight-line basis according to the following durable years:

Housing and Building	
Main Building of Factory	41 to 56 years
Office Building	28 years
Engineering System	26 to 31 years

The total amount of lease payments to be received in the future for leasing investment immovable property under operating leases is as follows:

	December 31, 2022	December 31, 2021
First Year	$ 5,985	$ 17,142
Second Year	-	5,975
	$ 5,985	$ 23,117

All the investment property of the merged company are self-owned. For the mortgage information provided by investment property to various financial banks as financing guarantees, please refer to Note 31.

XVII. Loan

1. Short-term Loans

	December 31, 2022	December 31, 2021
Unsecured Loan (Note 31)		
－Bank Loan	$ 804,224	$ 255,143
－Purchase loan	268,413	-
	1,072,637	255,143
Unsecured Loan		
－Bank Loan	157,771	534,283
	$ 1,230,408	$ 789,426

The interest rates for short-term loans were 1.50%-5.34% and 0.94%-4.05 on December 31, 2022 and 2021 respectively.

2. Short-term Notes and Bills Payable

	December 31, 2022	December 31, 2021
Commercial Paper Payable	$ 73,000	$ 685,000
Minus: Discount of Short-term Notes Payable	(17)	(371)
	$ 72,983	$ 684,629

Details of outstanding short-term notes are as follows:

December 31, 2022

Guarantee / Acceptance Agency	Face Amount	Discounted Amount	Carrying Amount	Collateral
Commercial Paper Payable				
China Bills Finance Corp.	$ 50,000	$ 6	$ 49,994	NA
Dah Chung Bills Finance Corp.	23,000	11	22,989	NA
	$ 73,000	$ 17	$ 72,983	

December 31, 2021

Guarantee / Acceptance Agency	Face Amount	Discounted Amount	Carrying Amount	Collateral
Commercial Paper Payable				
Dah Chung Bills Finance Cop.	$150,000	$ 89	$ 149,911	NA

China Bills Finance Cop.	130,000	3	129,997	NA
Mega Bills Finance Cop.	125,000	95	109,919	NA
Taiwan Cooperative Bills Finance Cop.	100,000	113	99,984	NA
Grand Bills Finance Cop.	100,000	16	99,887	NA
International Bills Finance Cop	80,000	55	7,945	NA
	$ 685,000	$ 371	$ 684,629	

The market interest rate range of short-term notes payable at the balance sheet date is as follows:

	December 31, 2022	December 31, 2021
Interest Rate on Short-term Bills Payable	0.542%～1.96%	0.30%～0.76%

3. Long-term Loans

	December 31, 2022	December 31, 2021
Secured Loan (Note 31)		
Bank Loan	$ 800,000	$ 700,000
Unsecured Loan		
Bank Loan	275,129	597,670
Minus: Recognized as long-term loans due within one year	6,202	-
	$ 1,068,927	$ 1,297,670

The long-term loans of the merged company include:

	Nature	December 31, 2021	December 31, 2020
Secured Loan of Mega International Commercial Bank	From September 15, 2020, to September 15, 2025, the principal will be repaid once in 5 years.	300,000	300,000
	From December 15, 2021, to December 15, 2026, the principal will be repaid once in 5 years.	300,000	300,000
Loan in Credit of Mega International Commercial Bank	From August 4, 2013, to August 8, 2021. The contract was extended from August 8,2021 to August 8.2025. Since August 8,2023 the principal has been amortized in 3 installments, but the merged company has started to repay ahead of schedule on November 15,2022.	$ 68,218	$ 83,378
Secured Loan of Taiwan Cooperative Bank	From December 28, 2021, to December 28, 2024, the principal will be repaid once in 3 years. The company has paid in full in advance.	-	100,000
	From September 29, 2022, to September 29, 2025, the principal will be repaid once in 3 years. The company has started repayment in advance on October 6, 2022.	50,000	-
	From November 2, 2022, to September 29, 2025, the principal will be repaid once in 3 years.	80,000	-
	From November 9, 2022, to September 29, 2025, the principal will be repaid once in 3 years.	70,000	-

Unsecured Loan of Taiwan Cooperative Bank	From July 3, 2020, to July 3, 2024, the principal and interest will be amortized equally on a monthly basis in 24 installments from the third year. The company has started repayment in advance on December 15, 2021.	73,647	198,443
	From July 3, 2020, to July 3, 2025, the principal and interest will be amortized equally on a monthly basis in 36 installments from the third year. The company has started repayment in advance on December 15, 2021.	133,264	215,849
Unsecured Loan of Bank Sino Pac	From December 3, 2021, to December 3, 2023, repay the principal quarterly after one year. The company has paid in full in advance.	-	100,000
		1,075,129	1,297,670
Minus: Long-term loans due within one year		(6,202)	-
Total Bank Loan		$ 1,068,927	$ 1,297,670

The interest rates for long-term loans were 1.65%～6.12% and 1.2%～1.46% respectively on December 31, 2022 and 2021.

XVIII. Notes Payable and Accounts Payable

	December 31, 2022	December 31, 2021
Notes Payable－From Business	$ 8,469	$ 23,420
Accounts Payable－From Business	$ 27,248	$ 39,063

1. Notes Payable

The notes payable by the merged company are mainly notes issued for the payment of materials and general expenses.

2. Accounts Payable

The average credit period is 30 days and the merged company has a financial risk management policy to ensure that all payments are repaid within the pre-agreed credit period.

XIX. Other Accounts Payable

	December 31, 2022	December 31, 2021
Financing Funds Payable	$ 62,016	$ 55,586
Salary, Bonus and Employee Remuneration Payable	44,369	45,571
Utilities Payable	10,716	13,774
Taxes Payable	7,449	7,454
Interests Payable	5,439	2,836

Business Taxes Payable	866	661
Others	16,586	24,905
	$ 147,441	$ 150,787

The financing funds payable on December 31, 2022 was financed by the merged company to a certain company, and the principal will be repaid in a lump sum due in September 2023 at an annual interest rate of 2.0%. The financing funds payable on December 31, 2021 was financed by the merged company to a certain company, and the principal will be repaid in a lump sum due in September 2022 at an annual interest rate of 0.4%.

XX. Post-retirement Benefits Plan

1. Determine the allocation plan

The pension system of the" Labor Pensions Regulation" applied by the parent company is a defined retirement scheme administered by the government, which transfers the pension to the individual account of the Labor Insurance Bureau according to 6% of the employee's monthly salary.

The employees of the subsidiaries of the merged company in the China are members of the retirement benefit plan operated by the government of the China. The subsidiary is required to allocate a specific proportion of salary costs to the retirement benefit plan to provide funds for the plan. The obligation of the merged company for this government-operated retirement benefit plan is only to allocate the specific amount.

LAN HSIN Company, LAN TSE Company, LAN CHING Company, LAN JIE Company, KING LAN FA Company, LAN FA HOLDING LIMITED, SPRING INVESTMENT LIMITED and MARYLAND INVESTMENT LIMITED had no retirement contributions in 2022 and 2021.

2. Determine the benefit plan

The pension system administered by the parent company in accordance with the" Labor Standards Law" is a defined benefit retirement plan managed by the government. The payment of employee pension is based on the length of service and the average salary of 6 months prior to the approved retirement date. The company shall allocate a pension of 5% of the employee's total monthly salary to the Labor Retirement Reserve Supervision Board to deposit in the special account of the Bank of Taiwan in the name of the committee. Before the end of the year, if the estimated balance of the special account is insufficient to pay the workers who are expected to meet the retirement conditions in the next year, the difference will be allocated once before the end of March of the next year. The special account is managed by the Labor Fund Operation Bureau of the Ministry of Labor, and the merged company has no right to affect the investment management strategy.

The amount of defined benefit plans included in the consolidated balance sheet is listed as follows:

	December 31, 2022	December 31, 2021
Current Value of Determined Welfare Obligations	$ 34,438	$ 37,757
Fair Value of Plan Assets	(33,358)	(31,582)
Allocation Deficit	1,080	6,175
Net Determined Welfare Liabilities	$ 1,080	$ 6,175

Changes in net defined benefit liabilities are as follows:

	Current Value of Determined Welfare Obligations	Fair Value of Plan Assets	Net Determined Welfare Liabilities
Balance on January 1, 2021	$ 39,187	($ 32,672)	$ 6,515
Service Cost			
Current Service Cost	323	-	323
Interest Expense (Revenues)	147	(123)	24
Recognized in profits and losses	470	(123)	347
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(450)	(450)
Actuarial Losses-Changes in Demographic Assumptions	508	-	508
Actuarial Benefit-Experience Adjustment	(498)	-	(498)
Recognized in other consolidated profits and losses	10	(450)	(440)
Employees' Allocation	-	(247)	(247)
Benefits Payment	(1,910)	1,910	-
Balance on December 31, 2021	$ 37,757	($ 31,582)	$ 6,175
Balance on January 1, 2022	$ 37,757	($ 31,582)	$ 6,175
Service Cost			
Current Service Cost	197	-	197
Interest Expense (Revenues)	189	(159)	30
Recognized in profits and losses	386	(159)	227
Remeasurement			
Compensation for Planned Assets (except for the amount included in net interest)	-	(2,533)	(2,533)
Actuarial Losses-Changes in Demographic Assumptions	(2,394)	-	(2,394)

Actuarial Benefit-Experience Adjustment	(162)	-	(162)
Recognized in other consolidated profits and losses	(2,556)	(2,533)	(5,089)
Employees' Allocation	-	(233)	(233)
Benefits Payment	(1,149)	1,149	-
Balance on December 31, 2022	$ 34,438	($ 33,358)	$ 1,080

The amount of defined welfare plans recognized in profit and loss by function is summarized as follows:

	2022	2021
Operating Costs	$ 13	$ 26
Selling Expenses	19	28
Administrative Expenses	195	293
	$ 227	$ 347

As a result of the pension system of the "Labor Standards Law", the merged company is exposed to the following risks:

(1) Investment risk: through self-use and entrusted operation, the Labor Fund Operation Bureau of the Ministry of Labor invests the labor pension fund in domestic (foreign) equity securities and debt securities and bank deposits respectively, however, the distribution amount of the merged company's planned assets is calculated at a rate not lower than the 2-year time deposit interest rate of the local bank.

(2) Interest rate risk: the decrease in the interest rate of government bonds/corporate bonds will increase the present value of defined welfare obligations, but the return on debt investment of planned assets will also increase, which will partially offset the impact of net defined welfare liabilities.

(3) Salary risk: the calculation for determining the present value of benefit obligations is based on the future salary of the plan member. Therefore, the increase in the salary of plan members will increase the present value of determining welfare obligations.

The present value of the merged company's determined welfare obligations is carried out by a qualified actuary and the major assumptions for measuring the date are as follows:

	December 31, 2022	December 31, 2021
Discount Rate	1.375%	0.500%
Expected Rate of Increase in Salary	2.000%	2.000%

If there are reasonably possible changes in the material actuarial assumptions, all other assumptions remain the same; the amount of increase (decrease) in the present value of the determined welfare obligations is as follows:

	December 31, 2022	December 31, 2021
Discount Rate		
Increased 0.25%	($ 638)	($ 724)
Decreased 0.25%	$ 658	$ 749
Expected Rate of Increase in Salary		
Increased 0.25%	$ 643	$ 726
Decreased 0.25%	($ 626)	($ 705)

As actuarial assumptions may be related to each other, only a single assumption is unlikely to change, so the above sensitivity analysis may not reflect the actual changes in the present value of welfare obligations.

	December 31, 2022	December 31, 2021
Expected amount to be allocated within 1 year	$ 232	$ 252
Average expiration period of determined welfare obligations	7.6 years	7.8 years

3. Please refer to Note 23 (7) for the amount of pension expenses recognized in the consolidated income statement in determine the allocation plan and determine the benefit plan.

XXI. Rights and Interests

1. Equity

Common Stock

	December 31, 2022	December 31, 2021
Authorized Shares (thousands shares)	470,000	470,000
Authorized Equity	$ 4,700,000	$ 4,700,000
Shares Issued and Fully Received (thousands shares)	358,629	358,629
Equity Issued	$ 3,586,289	$ 3,586,289

The issued common shares have a par value of NT$ 10 each and each share has the right to vote and receive dividends.

2. Capital Reserves

	December 31, 2022	December 31, 2021
May be used to cover losses, distribute cash or allocate equity		
Share Premium	$ 53,822	$ 53,822
The difference between the actual acquisition price of the subsidiary's equity and the book value	14,472	14,472
Only be used to cover losses		
Treasury Stock Trading	173,692	165,463
Other	1	1
	$ 241,987	$ 233,758

The above treasury stock transactions are the shares held by the parent company by the subsidiary, and the cash dividends paid by the parent company to the subsidiary company are classified as" Capital Reserve-Treasury Stock Transaction" in accordance with the provisions of (91) Ji Mi Zi No. 340 Letter.

The capital reserve can be used to make up for losses. The excess of shares issued in excess of par value may also be used to issue cash or allocate share capital when there is no loss in the company, subject to a certain percentage of paid-in share capital each year.

3. Retention of surplus and dividend policy

(1) The dividend policy of the articles of association of the parent company is as follows:

1) If there is a surplus in the company's annual final accounts, in addition to paying taxes in accordance with the law, it shall first make up for the losses in previous years, and then set aside 10% of its balance as the statutory surplus reserve and deduct the surplus reserve, the remaining surplus shall be added to the accumulated undistributed surplus of previous years as distributable surplus, which shall be retained by the board of directors according to the operational needs, if the net profit after tax is positive for the current period. The shareholders' dividends and bonuses shall be distributed at not less than 10% of the surplus available for distribution in the current period, and the proposed distribution shall be distributed by resolution of the shareholders meeting.

2) The parent company is in the business growth stage. The dividend policy for the next three years is based on the company's capital expenditure and operating turnover needs, and a balanced dividend policy is adopted, and the dividend is paid in

principle in a parallel manner of stock and cash. The annual cash dividend shall not be less than 10% of the shareholder dividend and dividend distributed in the current year, but if the cash dividend is less than NT$ 0.1 per share, the stock dividend shall be paid.

The appropriation of earnings for 2021, which were proposed by the shareholders held a meeting on June 24, 2022, was as follows:

	2022
(Reversal) Special reserve	($154,941)
Cash dividends	$ 71,726
Cash dividends per share (NT$)	$ 0.2

(2) Statutory surplus reserve

The statutory surplus reserve shall be set aside until its balance reaches the total paid-in share capital of the company. The statutory surplus reserve can be used to make up for losses. When there is no loss in the company, the part of the statutory surplus reserve exceeding 25% of the total paid-in share capital may be allocated in cash in addition to the allocated share capital.

(3) Special Surplus Reserve

1) Deduction of other rights and interests

When distributing the surplus, the parent company must, in accordance with the law, set aside a special surplus reserve for the balance of other equity deductions (including the unrealized gains and losses of financial commodities and the exchange differences translated into the financial statements of foreign operating institutions). If the amount of the reduction in other rights and interests is subsequently reduced, the reduced amount may be transferred from the special surplus reserve to the unallocated surplus.

2) Treasury Stock

The parent company shall not distribute the special surplus reserve of the same amount according to the proportion of shares held by the subsidiary at the end of the period due to the difference between the market price and the book value of the shares held by the subsidiary at the end of the period. If there is a rebound in the subsequent evaluation, the amount may be reversed to the special surplus reserve according to the shareholding ratio.

(4) The estimated basis and actual allotment of the remuneration of the employees and directors of the company can be found in Note 23 (8).

4. Special Surplus Reserve

	2022	2021
Balance at Beginning of Year	$ 413,828	$ 413,828
Rotation of Special Reserve	(154,941)	-
Balance at Ending of Year	$ 258,887	$ 413,828

The special surplus reserve system includes the accumulated translation adjustment transferred to retained earnings of NT$ 130,176 thousands when the parent company first adopted IFRSs; the special surplus reserve is added to the difference in the net deduction of other shareholders' equity incurred in previous years; and the special surplus reserve is calculated on the basis of the proportion of shares held by subsidiaries at the end of the period due to the difference in the market price of the shares held by the parent company below the book value.

5. Other Equity Items

(1) Exchange difference in the translation of financial statements of foreign operating institutions

	2022	2021
Balance at Beginning of Year	($ 85,329)	($ 81,768)
Other Consolidated Profits and Losses in the Current Year		
Translation Difference of Foreign Operating Institutions	16,467	(3,561)
Balance at Ending of Year	($68,862)	($ 85,329)

(2) Unrealized evaluation of profit or loss of financial assets measured at fair value through other consolidated profits and losses

	2022	2021
Balance at Beginning of Year	($ 151,366)	($ 189,689)
Other Consolidated Profits and Losses in the Current Year		
unrealized Profit or Loss		
Equity Instrument	(149,821)	32,372
Accumulated profit and loss of the instrument of disposal of equity is transferred to the retained earnings.	10,047	2,986
Other	-	2,965
Balance at Ending of Year	($ 291,140)	($ 151,366)

6. Treasury shares

The purchase of the shares of the parent company by the subsidiaries of the parent company in order to safeguard the credit of the parent company and the rights and interests of shareholders shall be regarded as the purchase of treasury shares.

The relevant information about the shares held by the subsidiary at the balance sheet date is as follows:

December 31, 2022

	Proportion of Shares Held by the Parent Company	Shareholding (thousand shares)	Amount of Treasury Stock (NT$ thousand)	Market Price (NT$ thousand)
KING LAN FA Company	100.00	4,176	$ 43,297	$ 34,413
LAN TSE Company	100.00	19,511	238,841	160,777
LAN HSIN Company	100.00	11,535	170,139	95,047
LAN CHING Company	100.00	5,922	76,368	48,794
		41,144	$ 528,645	$ 339,031

December 31, 2021

	Proportion of Shares Held by the Parent Company	Shareholding (thousand shares)	Amount of Treasury Stock (NT$ thousand)	Market Price (NT$ thousand)
KING LAN FA Company	100.00	4,176	$ 43,297	$ 53,665
LAN TSE Company	100.00	19,511	238,841	250,726
LAN HSIN Company	100.00	11,535	170,139	148,223
LAN CHING Company	100.00	5,922	76,368	76,092
		41,144	$ 528,645	$ 528,706

The shares held by a subsidiary of the parent company shall be treated as treasury shares, and the rights of the general shareholders shall be the same as those of the general shareholders, except that they may not participate in the cash capital increase of the parent company and have no right to vote.

XXII. Revenue

	2022	2021
Revenue of Customer Contract		
Revenue of Commodity Sales	$ 1,956,073	$ 2,464,084
Other operating income	1,099	5,372
	$ 1,957,172	$ 2,469,456

1. Contract Balance

	December 31, 2022	December 31, 2021	January 1 ,2021
Receivables	$ 137,472	$ 214,507	$212,916
Contract Liabilities			
Revenue of Commodity Sales	$ 17,641	$ 12,551	$44,647

The change in contract liabilities mainly comes from the difference between the time when the performance obligation is satisfied and the time when the customer pays.

The amount of performance obligations that have been met at the beginning of the year as income in the current period is as follows:

	2022	2021
Contract Liabilities from the Beginning of Year		
Commodity Sales	$ 8,691	$ 39,300

2. Segmentation of Customer Contract Revenue

For the detail information of customer contract income, please refer to Note 35.

XXIII. Net Profit (Loss)

The net profit (loss) includes the following items:

1. Interest Revenues

	2022	2021
Corporate Bonds	$ 2,092	$ 2,011
Bank Deposits	4,288	1,792
	$ 6,380	$ 3,803

2. Other Revenues

	2022	2021
Rent Revenue	$ 15,428	$ 15,526
Dividend Revenue	210,346	68,740
	$ 225,774	$ 84,266

3. Other Revenues and Losses

	2022	2021
Net benefit of financial instruments at fair value through profit or loss	($ 482,884)	$ 419,075
Net foreign exchange profit	(22,868)	7,818
Dispose of Losses of Immovable Property, Plant and Equipment	(22)	-
Disposal of investment property interests	-	389,939
Others	1,594	(1,647)
	($ 504,180)	$ 815,185

Net foreign exchange profit (loss)

	2022	2021
Total Profits of Foreign Currency Exchange	$ 105,614	$ 70,925
Total Losses of Foreign Currency Exchange	(128,482)	(63,107)
Net Profit and Loss	($ 22,868)	$ 7,818

4. Financial Costs

	2022	2021
Interest of Bank Loan	$ 47,735	$ 36,274
Interest of Commercial Paper Payable	2,460	3,291
Interest on financing	531	210
Interest of Lease Liabilities	3	9
Interest on loans from related parties	-	357
	$ 50,729	$ 40,141

5. Depreciation

Depreciation expenses are summarized by function

	2022	2021
Operating Costs	$ 139,994	$ 166,787
Operat205896ing Expenses	7,252	12,662
	$ 147,246	$ 179,449
Other profit and loss-other	$ 4,877	$ 4,896

6. Investment Property Profit and Loss

	2022	2021
Rent Revenue of Investment Property	$ 16,195	$ 18,228
Direct Operating Expense of Investment Property	(7,438)	(8,441)
	$ 8,757	$ 9,787

7. Employees' Benefit Expenses

	2022	2021
Retirement Benefits		
Determined Allocation Plan	$ 3,254	$ 3,183
Determined Benefit Plan	227	347
	3,481	3,530
Other Employee Benefits		
Salary Expense	147,028	162,755
Other Personnel Expense	26,027	26,874
	173,055	189,629
Total Employees' Benefit Expense	$ 176,536	$ 193,159
Summary by Function		
Operating Costs	$ 121,418	$ 133,298
Operating Expenses	55,118	59,861
	$ 176,536	$ 193,159

8. Employee Remuneration and Director Remuneration

The parent company allocates employee remuneration and director remuneration at the pre-tax benefit of 1.5% and not more than 2.5% respectively before deducting the distribution of employee and director remuneration in the current year, provided that the amount of compensation shall be retained in advance when the parent company still has accumulated losses.

The parent company still has accumulated losses to be made up for in 2022 and 2021, so employee remuneration and director remuneration are not estimated.

If there is any change in the amount after the release of the annual consolidated financial statements, it shall be dealt with according to the change in accounting estimates and adjusted to be recorded in the following year.

The board of directors of the parent company held meetings on March 10, 2023 and March 21, 2022, and decided not to pay employee remuneration and director remuneration in 2022 and 2021.

The parent company did not allocate employee remuneration and director remuneration in 2021 and 2020, which is no different from the amount recognized in the financial reports of 2021 and 2020.

For information on the remuneration of employees and directors as decided by the board of directors of the parent company, please check on the” Market Observation Post System ”of the Taiwan Stock Exchange Corporation.

XXIV. Income Tax

1. The main components of income tax expenses (benefits) recognized as profit and loss.

	2022	2021
Current Income Tax		
Arising in the Current Year	$ 431	$ 414
Surcharge of undistributed surplus	-	78
Basic tax	413	-
Adjustments in the Previous Years	-	13
Land Value Increment Tax	-	35,409
Deferred Income Tax		
Arising in the Current Year	2,046	2,307
Income Tax Expenses Recognized in the Profit or Loss	$ 2,890	$ 38,221

The adjustments between accounting income and current income tax expenses (benefits) for 2022 and 2021 are as follows:

	2022	2021
Net Loss before Tax of Continuing Business Unit	($ 440,477)	$ 799,693
Income Tax Benefits Calculated at Statutory Tax Rate for Net Loss before Tax	($ 88,095)	$ 159,939
Deferred income tax impact of subsidiary earnings	(34,529)	41,654
Benefit that cannot be deducted in tax from the loss or addition of fees	97,456	(95,449)
Profits and Losses on Securities Transaction and Dividend Revenues	(44,343)	(46,961)
Tax for Undistributed Surplus	(16)	-
Taxes not reaching the threshold	-	78
Land Value Increment Tax	-	35,409
Unrecognized Deductions for Temporary Differences	37,647	5,184
Deduction of unrecognized loss	34,357	16,293
Exemption Earnings	-	(77,939)
Basic tax	413	-
Adjustment of Current Income Tax Expenses of Previous Years in Current Year	-	13
Income Tax Expenses Recognized in Profit and Loss	$ 2,890	$ 38,221

2. Income Tax Recognized in Other Consolidated Profit or Loss

	2022	2021
Deferred Income Tax		
Arising in the Current Year		
- Exchange Difference in the Translation of Financial Statements of Foreign Operating Institutions	($ 4,117)	$ 890

- Amount of Re-measurement of Determined Benefits	(1,018)	(88)
	$ 5,135	$ 802

3. Current income tax assets and liabilities

	December 31, 2022	December 31, 2021
Current Income Tax Assets		
Tax Refund Receivable	$ 70	$ 303
Current income tax liability		
Income tax payable	$ 550	$ 207

4. Deferred Income Tax Assets and Liabilities

Changes in deferred income tax assets and liabilities are as follows:

2022

	Balance at Beginning of Year	Recognized in the Profit and Loss	Recognized in Other Consolidated Profit and Loss	Balance at Ending of Year
Deferred Income Tax Assets				
Temporary Differences				
Deferred Unrealized Benefits	$ 1,547	($ 379)	$ -	$ 1,168
Determined Benefit Retirement Plan	1,279	(1)	(1,018)	260
Exchange difference of foreign operating institutions	3,446	-	(2,163)	1,283
Unrealized Exchange Loss	1,304	(1,304)	-	-
	$ 7,576	($ 1,684)	($ 3,181)	$ 2,711
Deferred Income Tax Liabilities				
Temporary Differences				
Exchange Balance of Foreign Operating Institutions	$ 14,659	$	$ 1,954	$ 16,613
Unrealized Exchange Loss	-	362	-	362
	$ 14,659	$ 362	$ 1,954	$ 16,975

2021

Deferred Income Tax Assets	Balance at Beginning of Year	Recognized in the Profit and Loss	Recognized in Other Consolidated Profit and Loss	Balance at Ending of Year
Temporary Differences				
Deferred Unrealized Benefits	$ 1,926	($ 379)	$ -	$ 1,547
Determined Benefit Retirement Plan	1,347	20	(88)	1,279
Exchange difference of foreign operating institutions	2,854	-	592	3,446
Unrealized Exchange Loss	3,252	(1,948)	-	1,304
	$ 9,379	($ 2,307)	$ 504	$ 7,576
Deferred Income Tax Liabilities				
Temporary Differences				
Exchange Balance of Foreign Operating Institutions	$ 14,957	$ -	(298)	$ 14,659

5. Deductible temporary differences deducted from deferred income tax assets not recognized in the consolidated balance sheet and pre-tax amounts of unused losses

Deductible Temporary Difference	December 31, 2022	December 31, 2021
Temporary Differences		
Investment Losses Recognized by Equity Method	$ 1,485,049	$ 1,300,822
Allowance for Loss	17,620	17,243
Loss of Inventory Falling Price	9,272	5,618
Others	2,525	2,550
	$ 1,514,466	$ 1,326,233
Loss deduction	$ 768,480	$ 658,359

6. As of December 31, 2022, the amount of losses deducted by the merged company for subsequent annual taxable income is as follows:

Maturity Year	LAN FA	LAN CHING	LAN TSE	Hangzhou LAN FA
2023	$ -	$ -	$ 377	$ 200,185
2024	-	-	-	175,110
2025	-	-	-	83,635
2026	-	-	45	45,034
2027	-	-	-	186,476
2028	-	-	-	-
2029	5,819	-	-	-
2030	71,787	-	-	-
2031	-	6	6	-
2032	-	-	-	-
	$ 77,606	$ 6	$ 428	$ 690,440

7. Approval of Income Tax

The declaration of income tax of profit-oriented business of the parent company, KING LAN FA Company, LAN JIE Company, LAN TSE Company, LAN CHING Company and LAN HSIN Company have also be examined and approved by the tax collection authorities as of 2020.

There are no significant outstanding tax litigation cases established in overseas subsidiaries.

XXV. Profit (Loss) per Share

The net profit (loss) and the weighted average number of common shares used to calculate the profit (loss) per share are as follows:

Net profit (loss) for the year	2022	2021
Net profit (loss) attributable to the owner of the parent company	($ 443,367)	$ 637,968
Net profit (loss) used to calculate basic profit (loss) per share	($ 443,367)	$ 637,968

Number of Shares Unit: thousand shares

Unit: thousand shares	2022	2021
Weighted Average Number of Common Shares Used to Calculate Basic Earnings Per Share	317,485	317,485

XXVI. Equity transactions with non-controlling interests

The merged company acquired its 34.81% shareholding in KING LAN FA company on September 17, 2011, resulting in an increase in the shareholding ratio from 65.19% to 100%.

Since the above transactions did not change the control of the merged company over these subsidiaries, the merged company was treated as an equity transaction.

	KING LAN FA company
Consideration paid	($268,206)
The carrying amount of the subsidiary's net assets is calculated based on the change in relative equity and the amount to be transferred out of non-controlling interests	267,606
Subsidiary holds stock of parent company	15,072
Equity trade difference	$ 14,472

Equity Transaction Difference Adjustment Account	
Capital reserve - the difference between the actual acquisition price of the subsidiary's equity and the book value	$ 14,472

XXVII. Cash Flow Information

1. Partial Cash Transaction

The merged company conducted the following cash transaction investment activities in 2022 and 2021:

	2022	2021
Receive part of the cash dividend		
Dividend income	$ 210,346	$ 68,740
Changes in cash dividends receivable (other receivables)	(550)	500
Receive cash	$ 209,796	$ 69,240

2. Changes in Liabilities from Fund-raising Activities

2022

	Initial balance	Cash Flow	Non-cash change Exchange Rate influence	Balance at the end of the year
Short-term Loans	$ 789,426	$ 417,573	$ 23,409	$1,230,408
Short-term notes payable	684,629	(611,646)	-	72,983
Long-term loan (including due within one year)	1,297,670	(231,729)	9,188	1,075,129
Guarantee deposits received	5,549	85	10	5,644
Lease Liabilities	361	(333)	-	28
Financing payable	55,586	5,201	1,229	62,016
	$2,833,221	($ 420,849)	$ 33,836	$2,446,208

2021

	Initial balance	Cash Flow	Non-cash change: Exchange Rate influence	Balance at the end of the year
Short-term Loans	$ 865,136	($ 93,297)	$ 17,587	$ 789,426
Short-term notes payable	434,896	249,733	-	684,629
Long-term loan	1,385,523	(85,708)	(2,145)	1,297,670
Guarantee deposits received	6,050	(501)	-	5,549
Long-term payables - related parties	87,721	(79,464)	(202)	8,055
Lease Liabilities	792	(431)	-	361
Financing payable	57,015	(2,612)	1,183	55,586
	$2,837,133	($ 12,280)	$ 16,423	$2,841,276

XXVIII. Capital Risk Management

The merged company carries out capital management to ensure that all enterprises in the group can maximize shareholder compensation by optimizing the balance of debt and equity on the premise of continued operation.

On the advice of the key management, the merged company has balanced its overall capital structure by paying dividends, issuing new shares, buying back shares and issuing new debts or repaying old debts.

XXIX. Financial Instruments

1. Fair Value Information - Financial Instruments Not Measured by Fair Value

Except as stated below, the management of the merged company considers that the carrying number of financial instruments not measured at fair value approaches their fair value.

December 31, 2022

	Book Amount	Fair Value: Level 1	Level 2	Level 3	Total
Financial Assets					
Financial Assets Measured at Amortized Cost（Note）					
- Foreign Corporate Bonds	$ 79,675	$	$ 55,317	$	$ 55,317

December 31, 2021

	Book Amount	Fair Value Level 1	Level 2	Level 3	Total
Financial Assets					
Financial Assets Measured at Amortized Cost（Note）					
- Foreign Corporate Bonds	$ 72,329	$ -	$ 66,257	$ -	$ 66,257

2. Fair Value Information - Financial Instruments Measured at Fair Value on a Repetitive Basis

(1) Level of Fair Value

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial Assets Measured at Fair Value through Profit or Loss				
- Domestic Listed (OTC) Stocks	$ 1,250,536	$ -	$ -	$ 1,250,536
- Unlisted (OTC) Stocks	20,483	-	-	20,483
	$ 1,271,019	$ -	$ -	$ 1,271,019
Financial assets measured at fair value through other consolidated profits and losses				
Equity Instrument Investment				
- Domestic Listed (OTC) Stocks	$ 498,084	$ -	$ -	$ 498,084
- Domestic Unlisted (OTC) Stocks	-	-	166,945	166,945
Total	$ 498,084	$ -	$ 166,945	$ 665,029

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial Assets Measured at Fair Value through Profit or Loss				
- Domestic Listed (OTC) Stocks	$1,979,274	$ -	$ -	$1,979,274
- Unlisted (OTC) Stocks	11,815	-	-	11,815
- Derivative Instruments	-	218	$ -	218
	$1,991,089	$ 218	$ -	$1,991,307

Financial assets measured at fair value through other consolidated profits and losses				
Equity Instrument Investment				
- Domestic Listed (OTC) Stocks	$ 352,110	$ -	$ -	$ 352,110
- Domestic Unlisted (OTC) Stocks	-	-	168,848	168,848
Total	$ 352,110	$ -	$ 168,848	$ 520,958

There was no transfer between level 1 fair value measurement and level 2 fair value measurements in 2022and 2021.

(2) Regulation of financial instruments measured at level 3 fair value

2022

	Financial Assets Measured at Fair Value through Other Consolidated Profit or Loss
	Equity Instrument
Balance at Beginning of Year	$ 168,848
Recognized in Other Consolidated Profits and Losses	4,803
Redemption	(6,706)
Balance at Ending of Year	$ 166,945

2021

	Financial Assets Measured at Fair Value through Other Consolidated Profit or Loss
	Equity Instrument
Balance at Beginning of Year	$ 136,403
Recognized in Other Consolidated Profits and Losses	32,445
Redemption	-
Balance at Ending of Year	$ 168,848

(3) Evaluation Technology and Input Value of Level 2 Fair Value Measurement

Derivative instruments-forward foreign exchange contracts adopt the discounted cash flow method, which is discounted at the observable forward rate at the end of the period and the exchange rate set in the contract.

(4) Evaluation Technology and Input Value of Level 3 Fair Value Measurement

1) The investment of domestic unlisted (OTC) stocks adopts the simulated listed company law and the adjusted net assets method, taking into account liquidity depreciation and uncontrolled equity depreciation to determine the value of the target company. Significant unobservable input values are liquidity depreciation and uncontrolled equity depreciation.

2) Bond Investment-Financial bonds use discounted expected cash flows to calculate the present value of expected profits from holding this investment. The significant unobservable input value is mainly the expected cash flow.

3. Types of Financial Instruments

	December 31, 2022	December 31, 2021
Financial Assets		
FVTPL		
Mandatorily classified as at FVTPL	$ 1,271,019	$ 1,991,307
Financial assets at amortized cost (Note 1)	789,268	1,159,311
Financial assets at FVTOCI		
Equity instruments	665,029	520,958
Financial Liabilities		
Amortized cost (Note2)	2,523,572	2,944,860

Note 1：The balances include financial assets at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost, notes receivable, trade receivables, trade receivables from related parties, other receivables, and refundable deposits.

Note 2：The balance includes financial liabilities measured at amortized cost such as short-term borrowings, short-term notes payable, notes payable, accounts payable, other payables, long-term borrowings due within one year, long-term payables-related parties and long-term borrowings, but excludes financial liabilities measured at amortized cost such as business tax payable, tax payable and short-term employee benefits payable.

4. Purpose and Policy of Financial risk Management

The merged company's main financial instruments include accounts receivable, accounts payable, loans and lease liabilities. The financial management department of the merged company coordinates access to the domestic and international financial markets, analyzes the risks and manages the financial risks related to the operation of the merged company according to the degree and scope of the risks. Such risks include market risk (including exchange rate risk, interest rate risk and other price risk), credit risk and liquidity risk.

The merged company avoids exposure through derivative financial instruments to mitigate the impact of these risks. The use of derivative financial instruments is regulated by the policies adopted by the board of directors of the merged company, which are exchange rate risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments and the investment writing principles of remaining liquidity. The merged company does not deal in financial instruments (including derivative financial instruments) for speculative purposes. The merged company avoids exposure through derivative financial instruments to mitigate the impact of these risks. The use of derivative financial instruments is regulated by the policies adopted by the board of directors of the merged company, which are exchange rate risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments and the investment writing principles of remaining liquidity. The merged company does not deal in financial instruments (including derivative financial instruments) for speculative purposes.

(1) Market Risk

The main financial risks borne by the merged company's operating activities are the risk of changes in the exchange rate of foreign currencies, the risk of changes in interest rates and the risk of changes in the share prices of equity commodities. The merged company engages in derivative financial instruments of forward foreign exchange contracts to manage foreign currency exchange rate and interest rate risks. The stock value of the equity commodity invested will change with the fluctuation of the stock price of the invested individual stock.

The merged company's exposure to market risks in financial instruments and its management and measurement of such risks have not changed.

1) Exchange rate risk

For the carrying amounts of monetary assets and monetary liabilities denominated in currencies outside the balance sheet date of the merged company, please refer to Note 33.

<u>Sensitivity Analysis</u>

The merged company is mainly affected by fluctuations in the exchange rate of the US dollar.

The following table shows the sensitivity analysis of the merged company when the individual functional currency appreciates and depreciates by 5% against the relevant foreign currencies. 5% is the assessment of the reasonable possible range of changes in the exchange rate of foreign currencies within the merged company. The following table shows the amount by which the net profit before tax will be increased or reduced when the functional currency appreciates 5% relative to the relevant currencies; when the individual functional currency depreciates 5% relative to the relevant foreign currencies, the impact on the pre-tax net profit will be the same amount in the opposite direction.

	2022	2021
	Influence of US Dollar	Influence of US Dollar
Profit and Loss	$ 6,478	$ 19,333

The above is mainly derived from the US dollar-denominated bank deposits, receivables, payables and bank loan of the merged company which is still outstanding on the balance sheet date and is not hedged in cash flow.

The decrease in the merged company's sensitivity to the US dollar exchange rate during the year was mainly due to a decrease in US dollar-denominated receivables for the year.

(2) Interest Rate Risk

The carrying amounts of the financial assets and financial liabilities of the merged company insured by interest rate exposure on the balance sheet date are as follows:

	December 31, 2022	December 31, 2021
Fair Value Interest Rate Risk		
－Financial Assets	$ 421,688	$ 713,112
－Financial Liabilities	144,014	748,631
Cash Flow Interest Rate Risk		
－Financial Assets	90,605	51,206
－Financial Liabilities	2,305,537	2,087,096

<u>Sensitivity Analysis</u>

The following sensitivity analysis is based on the interest rate exposure of non-derivative instruments on the balance sheet date. The rate of change used by the merged company is an increase or decrease of 25 basis points in the interest rate, which is also an assessment of the reasonable range of possible changes in the interest rate.

If the interest rate increases/decreases by 25 basis points and all other variables remain unchanged, the merged company's net loss before tax in 2022 will increase/decrease by NT$ 5,537 thousand, mainly due to the merged company's exposure to demand deposit and borrowing interest rate risk.

If the interest rate increases/decreases by 25 basis points and all other variables remain unchanged, the merged company's net loss before tax in 2021 will increase/decrease by NT$ 5,090 thousand, mainly due to the merged company's exposure to demand deposit and borrowing interest rate risk.

3) Other Price Risk

The merged company’s equity price exposure is caused by the investment of equity securities. The management of the merged company manages risks by holding different risk portfolios.

Sensitivity Analysis

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

If equity prices rise/fall 5%, pre-tax profit or loss in 2022 will increase/decrease by NT$ 63,551 thousand due to the rise/fall in the fair value of financial assets measured by fair value through profit or loss. Other consolidated profit and loss before tax in 2022 will increase/decrease by NT$ 33,251 thousand due to the increase/decrease in the fair value of financial assets measured at fair value through other consolidated income or loss.

If equity prices rise/fall 5%, pre-tax profit or loss in 2021 will increase/decrease by NT$ 99,554 thousand due to the rise/fall in the fair value of financial assets measured by fair value through profit or loss. Other consolidated profit and loss before tax in 2021 will increase/decrease by NT$ 26,048 thousand due to the increase/decrease in the fair value of financial assets measured at fair value through other consolidated income or loss.

(2) Credit Risk

Credit risk refers to the risk that the other party of the transaction defaults on its contractual obligations and causes financial losses to the merged company. As at the balance sheet date, the maximum credit risk exposure insurance of the merged company that may result in financial losses due to the failure of the counterparty to perform its obligations mainly comes from the book amount of financial assets recognized in the entity's balance sheet.

The policy of the merged company is to trade only with reputable parties and to obtain sufficient guarantees if necessary to mitigate the risk of financial losses arising from default.

The credit risk of the merged company is mainly concentrated in the top five customers of the merged company this year. As of December 31, 2022, and 2021, the ratio of receivables from the above-mentioned customers was 69% and 52% respectively.

(3) Liquidity Risk

The merged company manages and maintains sufficient cash and cash equivalents to support the merged company's operations and mitigate the impact of cash flow fluctuations. The merged company’s management supervises the use of bank financing lines and ensures compliance with the terms of the loan contract.

Bank borrowing is an important source of liquidity for the merged company. As of 31, December 2022 and 2021, the unused bank financing limit of the merged company were NT$ 4,014,538 thousand and NT$ 3,870,614 thousand respectively.

The following table is an analysis of the maturity of the remaining contracts of non-derivative financial liabilities agreed by the merged company during the repayment period, which is based on the earliest date on which the merged company may be required for repayment and based on undiscounted cash flows of financial liabilities.

December 31, 2022

	Require Immediate Payment or Less Than 1 Month	1 to 3 Months	3 Months to 1 Year	1 to 5 Years	More Than 5 Years
Non-derivative Financial Liabilities					
Non-interest-bearing Liabilities	$ 130,421	$ -	$ -	$ 5,644	$
Short-term Loans	2,846	245,320	1,005,328	-	
Short-term Notes Payable	73,000	-	-	-	
Financing Payable	102	204	63,450	-	
Lease Liabilities	28	-	-	-	
Long-term Loan (including due within one year)	1,889	3,778	23,516	1,113,230	
Other payables - related parties	-	-	8,987	-	
	$ 208,286	$ 249,302	$1,101,281	$1,118,874	$

December 31, 2021

	Require Immediate Payment or Less Than 1 Month	1 to 3 Months	3 Months to 1 Year	1 to 5 Years	More Than 5 Years
Non-derivative Financial Liabilities					
Non-interest-bearing Liabilities	$ 159,531	$ -	$ -	$ 5,549	$ -
Short-term Loans	111,285	125,767	562,920	-	-
Short-term Notes Payable	295,329	389,671	-	-	-
Financing Payable	18	37	55,702	-	-
Lease Liabilities	28	56	252	28	-
Long-term Loan (including due within one year)	1,413	2,827	12,956	1,339,747	-
Long-term Accounts Receivable - Related Parties	-	-	-	8,055	-
	$ 567,604	$ 518,358	$ 631,830	$ 1,353,379	$ -

The amount of floating interest rate instruments for the above non-derivative financial assets and liabilities will change due to the difference between the floating interest rate and the estimated interest rate on the balance sheet date.

The following table shows the liquidity analysis made by the company on derivative financial instruments, which are based on undiscounted total cash inflows and outflows.

December 31, 2022：NA

December 31, 2021

	Require Immediate Payment or Less Than 1 Month	1 to 3 Months	3 Months to 1 Year	1 to 5 Years	More Than 5 Years
Close out Netting					
Forward Foreign Exchange Contract	$109	$ 109	$ -	$ -	$ -

Financing Amount

	December 31, 2022	December 31, 2021
Secured Bank Amount		
- Used Amount	$ 1,902,251	$ 1,054,047
- Unused Amount	1,304,861	2,072,247
	$ 3,207,112	$ 3,126,294

Unsecured Bank Amount		
- Used Amount	$ 505,883	$ 1,816,582
- Unused Amount	2,709,677	1,798,367
	$ 3,215,560	$ 3,614,949

XXX. Related Party Transaction

Transactions, account balances, profits and losses between the parent company and the subsidiary (related parties of the parent company) are written off at the time of the merger and are not disclosed in this note. The transactions between the merged company and other related parties are as follows.

1.Name and Relationship of Related Party

Name of Related Party	Relationship with the merged company
Evertex Fabrinology Limited	Chairman of the Parent Company is its Director (Substantive Party)
SOARAWAY LIMITED（SOARAWAY）	Substantive Party

2. Operating Transaction

	Commodity Sale	
	2022	2021
Substantive Party	$ 8,179	$ 11,400

The sales price and collection period of the merged company to related parties are same as those of general customers.

The balance of related-party receivables (including notes and accounts) on the balance sheet date is as follows:

Account Item	Type of Related Party	December 31, 2022	December 31, 2021
Notes Receivable	Substantive Party	$ -	$ 1,002
Accounts Receivable	Substantive Party	-	1,202
		$ -	$ 2,204
Contract liabilities	Substantive Party	$ 1,644	$ -

The related-party receivables outside the circulation are not guaranteed. The related-party receivables in 2022 and 2021 were not overdue and no allowance for losses.

3. Loan to Related Party

	December 31, 2022	December 31, 2021
Substantive Party		
SOARAWAY	$ 8,987	$ 8,055

The interest expenses are as follows:

Type of Related Party / Name	2022	2021
Substantive Party		
SOARAWAY	$ -	$ 357

The borrowing rate of the merged company from related parties is the same as the market interest rate, and they are all unsecured loans.

4. Remuneration of the major management

The total remuneration for directors and other major management in 2022 and 2021 was as follows:

	2022	2021
Bonus	$ 9,670	$ 9,004
Salary	6,490	6,468
Business Execution Expense	2,229	1,260
	$ 18,389	$ 16,732

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

XXXI. Mortgaged Assets

The following assets of the merged company have been provided as guarantees for financing to various banks.

	December 31, 2022	December 31, 2021
Immovable Property, Plant and Equipment		
Land	$ 609,236	$ 609,236
Housing and Building	407,331	418,357
Other equipment	95	93
	1,016,662	1,027,686
Investment Property		
Land	8,664	8,664
Housing and Building	75,594	79,653
	84,258	88,317
Right-of-use Assets	67,922	68,625
	$ 1,168,842	$ 1,184,628

XXXII. Significant or Indebted and Unrecognized Contractual Commitments

In addition to those stated in other notes, the merged company has the following significant commitments at the balance sheet date:

Significant Commitments

As of December 31, 2022, the amount of unused credit issued by the merged company due to the purchase of raw materials is NT$ 29,614 thousand.

XXXIII. Information on Foreign Currency Financial Assets and Liabilities with Significant Impact

The following information is summarized in terms of foreign currencies other than the functional currencies of the merged company, and the exchange rates disclosed refer to the exchange rates at which those foreign currencies are converted to functional currencies. The information of foreign currency assets with significant impact is as follows:

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
Financial Assets			
Monetary Items			
USD	$ 12,722	30.71 （USD:TWD）	$ 390,667
USD	1,780	6.90 （USD:RMB）	54,660
Financial Liabilities			
Monetary Items			
USD	18,721	6.90 （USD:RMB）	574,884

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
Financial Assets			
Monetary Items			
USD	$ 10,534	27.69 （USD:TWD）	291,686
USD	1,843	6.35 （USD:RMB）	$ 51,033
Financial Liabilities			
Monetary Items			
USD	26,341	6.35 （USD:RMB）	729,382

The merged company mainly bears the foreign currency exchange rate risk of US dollars. The following information is summarized in terms of the functional currencies of the entity's holders of foreign currencies, and the disclosed exchange rates refer to the conversion of those functional currencies to the exchange rates of the expressed currencies. Significant foreign exchange profits and losses (which have been provided to major operational decision makers and unrealized now) are as follows:

	2022		2021	
Foreign Currency	Exchange Rate	Net Exchange Profit and Loss	Exchange Rate	Net Exchange Profit and Loss
USD	29.88（USD: TWD）	$ 33,256	27.97（USD: TWD）	($ 9,495)
USD	6.75（USD: RMB）	($ 56,124)	6.44（USD: RMB）	$ 17,313

XXXIV. Disclosures in Notes

1. Major transactions and 2. Information Related to Re-investment:

(1) Loan to Others: Table 1.

(2) Endorsement for Others: Table 2.

(3) Holding a List of Marketable Securities at the End of the Period (Excluding Investment Subsidiaries): Table 3.

(4) The cumulative amount of buying or selling the same securities amounts to NT$ 300 million or more than 20% of the paid-in capital: Table 4.

(5) The amount of immovable property acquired has reached to NT$ 300 million or more than 20% of the paid-in capital: NA.

(6) The amount of immovable property disposed has reached to NT$ 300 million or more than 20% of the paid-in capital: NA.

(7) The amount of commodity purchased and sold with the related party has reached to NT$ 100 million or more than 20% of the paid-in capital: NA.

(8) Related-party Receivables has reached to NT$ 100 million or more than 20% of the paid-in capital: Table 5.

(9) Engage in derivatives transaction: Note 7.

(10) Other: business relations and important transactions between the parent company and subsidiaries: Table 6.

(11) Information of the Invested Company (Excluding Invested Companies in China): Table 7.

3. Investment Information in China

(1) The name, main business items, paid-in capital, investment method, capital remittance, shareholding ratio, investment profit and loss, investment book value and remitted investment profit and loss of the invested company in China: Table 8.

(2) The following major transactions with China invested companies directly or indirectly through the third area, as well as their prices, terms of payment, unrealized profits and losses:

1) The amount and percentage of purchases and the ending balance of the relevant payables and the percentage of the following significant transactions that occurred directly or indirectly by the company through the third area: NA.

2) Balance and percentage at the end of the period of sale amount and percentage and related payables: NA.

3) The amount of property transactions and the amount of profit and loss generated: NA.

4) Balance and purpose at the end of the period of note endorsement that guarantees or provides collateral: Table 2.

5) Maximum balance, balance at the end of the period, interest rate range and total interest of the current period of financing: Table 1.

6) Other transactions that have a significant impact on the current profit or loss or financial situation, such as the provision or receipt of labor services, etc: NA.

4. Major Shareholder Information: Name, amount and proportion of shareholders with a shareholding ratio of more than 5%: Table9

XXXV. Information of Departments

The information provided to main operational decision makers to allocate resources and evaluate departmental performance focuses on each type of product or service delivered or provided. The reporting departments of the merged company are as follows:

False Twist Factory - Zhubei Factory

-Hangzhou Factory

Other

1. Departmental Revenue and Operating Results

The merged company continues to report the revenue and operating results of the business unit to the department for analysis as follows:

	2022				
	False Twist Dep. – Zhubei Factory	False Twist Dep. – Hangzhou Factory	Other	Write-off interdepartmental income and profit and loss	Total
Income from external customers	$1,255,248	$ 700,825	$ 1,099	$ -	$1,957,172
Report the (loss) profit of the department	($ 13,925)	($ 102,777)	($ 1,020)	$ -	($ 117,722)

	2021				
	False Twist Dep. – Zhubei Factory	False Twist Dep. – Hangzhou Factory	Other	Write-off interdepartmental income and profit and loss	Total
Income from external customers	$1,392,690	$1,073,732	$ 3,034	$ -	$2,469,456
Report the (loss) profit of the department	($ 9,643)	($ 53,333)	($ 444)	$ -	($ 63,420)

Departmental loss refers to the profits earned by each department, excluding non-operating income and expenses, as well as income tax expenses. This measure is provided to main operational decision makers to allocate resources to departments and evaluate their performance.

2. Total Assets and Liabilities of the Department

	December 31, 2022	December 31, 2021
Departmental assets		
False Twist Dep. – Zhubei Factory	$ 3,519,754	$ 4,093,807
False Twist Dep. – Hangzhou Factory	1,361,719	1,533,486
Other department	562,612	873,062
Total consolidated assets	$ 5,444,085	$ 6,500,355
Departmental Liabilities		
False Twist Dep. – Zhubei Factory	$ 1,830,162	$ 2,171,710
False Twist Dep. – Hangzhou Factory	753,715	830,694
Other department	42,765	44,361
Total consolidated assets	$ 2,626,642	$ 3,046,765

3. Income from major products and services

The income of the merged company comes from the production and sale of polyester textured silk.

4. Region-specific Information

The merged company mainly operates in two regions-Taiwan and China.

The continuing business unit income of the merged company from external customers by place of sale and non-current assets by location listed below.

	Income from external customers		Non-current Assets	
	2022	2021	December 31, 2022	December 31, 2021
Taiwan	$ 1,195,460	$ 1,325,605	$ 1,207,100	$ 1,226,827
China	244,668	548,105	1,225,283	1,323,107
Thailand	311,859	234,142	-	-
Vietnam	152,201	332,374	-	-
Korea	34,396	13,968	-	-
Samoa	14,970	7,930	-	-
Others	3,618	7,332	-	-
	$ 1,957,172	$ 2,469,456	$ 2,432,383	$ 2,549,934

Non-current assets on December 31, 2022 and 2021 do not include financial assets at amortized cost and deferred income tax assets measured at fair value through other consolidated profit and loss.

The income from a single customer accounts for more than 10% of the total income of the merged company as follows:

	2022	2021
Customer A	$ 786,909	$ 589,291
Customer B	130,895	268,565
Customer C	304,329	232,545

LAN FA Textile Co., Ltd. and Its Subsidiaries

Loan Funds to Others

January 1, 2022 to December 31, 2022

Table 1 | Unit: NT$ thousands or USD thousands

No.	Company that lends funds	Loan Object	Exchange Items	Whether the related person or not	Current Maximum Balance	Final Balance	Actual Expenditure Amount	Interest Rate Range	Loan Nature	Amount of Business Transactions	Reasons why short-term financing is necessary	Provision for Amount of Bad debts	Guarantee		Loan to individual object and quota	Capital Loan and Total Limit
													Name	Value		
0	LAN FA Textile Co., Ltd.	Hangzhou LAN FA	Other receivables - related parties	Yes	$ 279,443 (USD9,100) (Note 3)	$ 279,443 (USD9,100) (Note 3)	$ 279,443 (USD9,100) (Note 3, 4 and 5)	1.5%	Short-term Financing Funds	$ -	Financing required for operating turnover	NA	NA	NA	$ 845,233 (Note 2)	$1,126,977 (Note 2)

Note 1: The investee company is numbered according to the order of the company.

Note 2: The amount of capital loan of the parent company is limited to 40% of the net value of the parent company, and the entity loan amount is limited to 30% of the net value of the parent company.

Note 3: Converted at the exchange rate of December 31, 2022.

Note 4: The amount of funds actually used for financing is NT$ 969 thousand as of December 31, 2022. The interest income from January 1 to December 31, 2022 was NT$ 1,487 thousand.

Note 5: At the time of the preparation of the consolidated financial statements, it has been consolidated and written off.

LAN FA Textile Co., Ltd. and Its Subsidiaries

Endorsement in Security for Others

January 1, 2022 to December 31, 2022

Table 2

Unit: NT$ thousands

No (Note 1)	Endorser Company Name	Guaranteed Object by Endorsement		Endorsement limit for the single enterprise (Note 3)	Current Maximum endorsement guarantee balance	Endorse at the end of the term and guarantee the balance	Actual expenditure amount	Amount guaranteed by endorsement of property guarantee	Ratio of cumulative endorsement guarantee to the net value of the latest financial statements (%)	Endorsement guarantee Maximum limit (Note 3)	Endorsement guarantees from parent company to subsidiary company	Endorsement guarantees from parent company to subsidiary company	Guarantee the endorsement of the area of the big land.	Remarks
		Company Name	Relationship (Note 2)											
0	The Company	LIAN HSIN Company	2	$ 1,793,145	$ 80,000	$ 50,000	$ -	$ -	1.77	Paid-in capital of 3,586,289 thousand yuan for the parent company	Y	N	N	
0	〃	LAN TSE Company	2	1,793,145	190,000	90,000	-	-	3.19		Y	N	N	
0	〃	LAN CHING Company	2	1,793,145	130,000	130,000	23,000	-	4.61		Y	N	N	
0	〃	LAN JIE Company	2	1,793,145	90,000	90,000	-	-	3.19		Y	N	N	
0	〃	Hangzhou LAN FA Company	2	1,793,145	880,063	849,542	208,609	-	30.15		Y	N	Y	
		Total				$ 1,209,542	$ 231,609							

Note 1: The parent company fills in 0.

Note 2: There are seven kinds of relationship between the endorsement guarantee object and the parent company, the comparison is as follows:

(1) A company that does business.

(2) The company that directly or indirectly holds more than 50% of the voting shares.

(3) The company that directly or indirectly holds more than 50% of the voting shares.

(4) Companies that directly or indirectly hold more than 90% of the voting shares.

(5) Based on the needs of contracting projects, the same industry or co-founded companies that guarantee each other in accordance with the provisions of the contract.

(6) The company that is guaranteed by endorsement through all the contributing shareholders according to the shareholding ratio because of the joint investment relationship.

(7) The performance bond and joint guarantee of pre-sale house sales contracts are carried out among the industry in accordance with the norms of the Consumer Protection Law.

Note 3: According to the measures for the implementation of the endorsement guarantee of the parent company, the total amount of the endorsement guarantee shall not exceed the paid-in capital of the parent company, and the endorsement guarantee of a single enterprise shall not exceed 1/2 of the paid-in capital of the parent company.

LAN FA Textile Co., Ltd. and Its Subsidiaries

Holding a List of Marketable Securities at the End of the Period (Excluding Investment Subsidiaries)

December 31, 2022

Table 3

Unit: NT$ thousands, thousand shares

Holding Company	Types and Names of Marketable Securities	Relationship with Issuers of Securities	Amount Items	End of the Period				Remarks
				Number of Shares	Carrying Amount	Shareholding Ratio %	Fair Value (Note 1)	
Parent Company	Stocks							
	Asia Cement Corporation	NA	Financial Assets Measured at Fair Value through Profit or Loss	1,379	$ 56,539	0.04	$ 56,539	
	Formosa Plastics Corporation	〃	〃	1,200	104,160	0.02	104,160	
	Nan Ya Plastics Corporation	〃	〃	4,299	305,229	0.05	305,229	
	United Microelectronics Corporation	〃	〃	1,300	52,910	0.01	52,910	
	Taiwan Semiconductor Manufacturing Company Limited	〃	〃	200	89,700	-	89,700	
	Nan Ya Technology Corporation	〃	〃	500	25,600	0.02	25,600	
	EVERGREEN MARINE CORP. (TAIWAN) LTD.	〃	〃	1,244	202,772	0.06	202,772	

Holding Company	Types and Names of Marketable Securities	Relationship with Issuers of Securities	Amount Items	End of the Period				Remarks
				Number of Shares	Carrying Amount	Shareholding Ratio %	Fair Value（Note 1）	
	TAIWAN NAVIGATION CO., LTD.	NA	Financial Assets Measured at Fair Value through Profit or Loss	100	$ 2,690	0.02	$ 2,690	
	Fubon Financial Holding Co., Ltd.	〃	〃	6,830	384,549	0.05	384,549	
	Cathay Financial Holding Co., Ltd.	〃	〃	216	8,653	-	8,653	
	Concord Securities Co. Ltd.	〃	〃	530	5,131	0.09	5,131	
	Long Time Technology Co. Ltd.	〃	〃	505	20,483	0.42	20,483	
	Nan Ya Printed Circuit Board Corporation	〃	〃	50	11,350	0.01	11,350	
	Subtotal				$ 1,269,766			
	Evertex Fabrinology Limited	The chairman of the company is its director	Financial Assets Measured at Fair Value through Other Consolidated Profit or Loss	1,224	$ 22,277	1.43	$ 22,277	
	Formosa Taffeta Co., Ltd.	NA	〃	5,000	133,750	0.30	133,750	
	Yang Ming Marine Transport Corporation	〃	〃	2,361	154,646	0.07	154,646	
	Formosa Technical Co., Ltd.	〃	〃	4,723	180,891	1.07	180,891	
	JIH SUN MONEY MARKET FUND	〃	〃	780	20,179	2.00	20,179	
	TUNTEX PETROCHEMICALS, INC.	〃	〃	51	351	0.03	351	
	CHU SING INDUSTRIAL CO., LTD.	〃	〃	29	1,505	3.32	1,505	

Holding Company	Types and Names of Marketable Securities	Relationship with Issuers of Securities	Amount Items	End of the Period				Remarks
				Number of Shares	Carrying Amount	Shareholding Ratio %	Fair Value（Note 1）	
	YI TONG FIBER CO., LTD.	NA	inancial Assets Measured at Fair Value through Other Consolidated Profit or Loss	671	36,907	1.52	36,907	
	CC&C TECHNOLOGIES, INC.	〃	〃	336	3,361	0.99	3,361	
					$553,867			
	BOND							
	International Bonds of the Government of Saudi Arabia	NA	Financial Assets Measured at Amortized cost	-	$41,288	-	28,208	
	Apple Inc. corporation bonds	〃	〃	-	38,387	-	27,109	
	Subtotal				$79,675			
Subsidiaries-KING LAN FA	Stocks							
	EVERGREEN MARINE CORP. (TAIWAN) LTD.	NA	Financial Assets Measured at Fair Value through Other Consolidated Profit or Loss	40	$ 6,520	-	6,520	
	LAN FA TEXTILE CO., LTD.	Parent Company	〃	4,176	34,143	1.16	34,143	Note2
					$ 40,933			
Subsidiaries-LAN TSE	Stock							
	Senao International Co., Ltd.	NA	Financial Assets Measured at Fair Value through Profit or Loss	40	$ 1,228	0.02	$1,228	

Holding Company	Types and Names of Marketable Securities	Relationship with Issuers of Securities	Amount Items	End of the Period				Remarks
				Number of Shares	Carrying Amount	Shareholding Ratio %	Fair Value (Note 1)	
	Cathay Financial Holding Co., Ltd.	NA	Financial Assets Measured at Fair Value through Profit or Loss	1	25	-	25	
	Subtotal				$ 1,253			
	LAN FA TEXTILE CO., LTD.	Parent Company	Financial Assets Measured at Fair Value through Other Consolidated Profit or Loss	19,511	$ 160,777	5.44	160,777	Note2
	LAN DER DEVELOPMENT CO., LTD.	NA	〃	1,904	16,865	7.46	16,865	Including 1,410 thousand special shares
	SHENQ-TZER DEVELOPMENT CO., LTD.	〃	〃	1,963	20,772	5.36	20,772	Including 1,599 thousand special shares
	Subtotal				$ 198,414			
Subsidiaries-LAN JIE	Stock LAN DER DEVELOPMENT CO., LTD.	NA	Financial Assets Measured at Fair Value through Other Consolidated Profit or Loss	2,138	18,943	8.88	18,943	Including 1,551 thousand special shares
	SHENQ-TZER DEVELOPMENT CO., LTD.	〃	〃	2,424	25,647	12.12	25,647	Including 1,599 thousand special shares
	Subtotal				$ 44,590			
Subsidiaries-LAN CHING	Stock LAN FA TEXTILE CO., LTD.	Parent Company	Financial Assets Measured at Fair Value through Other Consolidated Profit or Loss	5,922	$ 48,794	1.65	$ 48,794	Note2

Holding Company	Types and Names of Marketable Securities	Relationship with Issuers of Securities	Amount Items	End of the Period				Remarks
				Number of Shares	Carrying Amount	Shareholding Ratio %	Fair Value（Note 1）	
	LAN DER DEVELOPMENT CO., LTD.	NA	Financial Assets Measured at Fair Value through Other Consolidated Profit or Loss	423	3,748	2.99	3,748	Including 226 thousand special shares
	SHENQ-TZER DEVELOPMENT CO., LTD.	〃	〃	191	2,022	1.79	2,022	Including 70 thousand special shares
	Subtotal				$ 54,564			
Subsidiaries-LAN HSIN	Stocks							
	LAN FA TEXTILE CO., LTD.	Parent Company	Financial Assets Measured at Fair Value through Other Consolidated Profit or Loss	11,535	$ 95,047	3.22	95,047	Note2
	LAN DER DEVELOPMENT CO., LTD.	NA	〃	75	668	0.07	668	Including 71 thousand special shares
	YEH YING Investment Co., LTD.	〃	〃	1,365	11,221	10.26	11,221	
	SHENQ-TZER DEVELOPMENT CO., LTD.	〃	〃	74	787	0.07	787	Including 70 thousand special shares
	LUNG CHIU Investment Co., LTD.	〃	〃	401	3,969	3.25	3,969	
	Subtotal				$111,692			

Note 1: Listed and OTC stocks shall follow the closing price of December 31, 2022: For emerging stocks, the average price on December 31, 2022 is the market price.

Note 2: When preparing the consolidated financial statements, the consolidated write-off.

Note 3: For information about investment in subsidiaries, please refer to Table 7 and 8.

LAN FA Textile Co., Ltd. and Its Subsidiaries

The cumulative amount of buying or selling the same securities amounts to NT$ 300 million or more than 20% of the paid-in capital

January 1, 2022 to December 31, 2022

Table 4

Unit: NT$ thousands, thousand shares

Buying and selling company	Types and names of marketable securities	Account Items	Transaction Objects	Relationship	Beginning of the Period		Buy		Sell				Other adjustment items		End of the Period	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Price	Book value	Punishment Profit and Loss	Number of Shares	Amount	Number of Shares	Amount
The Company	Stock EVERGREEN MARINE CORP. (TAIWAN) LTD.		note	NA	1,910	$ 272,175	3,000	$ 406,729	1,800	$ 291,654	$238,627	$ 53,027	1,866 (note1)	($237,505) (note1)	1,244	$ 202,772
	Yang Ming Marine Transport Corp.		〃	〃	-	-	2,861	337,049	500	48,857	58,904	(10,047)	-	(123,499))	2,361	154,646

Note ： It is bought and sold in the open market.

Note 1 ：Include reduce capital and refund cash.

LAN FA Textile Co., Ltd. and Its Subsidiaries

The amount of related-party receivables amounts have reached to NT$ 100 million or more than 20% of the paid-in capital

December 31, 2022

Table 5

Unit: NT$ thousands

Company of receivables	Name of transaction object	Relationship	Balance of receivables from related parties (Note 2)	Turnover rate	Overdue receivables from related parties		The amount recovered after the period of the related-party receivable	Allowance for loss
					Amount	accounting treatment		
LAN FA Textile Co., Ltd.	Hangzhou LAN FA Textile Co., Ltd.	Subsidiary	$ 280,412	Note 1	$	—	$ -	$

Note 1: The loan and the amount of interest receivable are not applicable.

Note 2: It has been written off in full at the time of the preparation of the consolidated financial statements.

LAN FA Textile Co., Ltd. and Its Subsidiaries

Business Relations and Important Transactions between the Parent Company and Subsidiaries and between Subsidiaries

January 1, 2022 to December 31, 2022

Table 6 Unit: Unless otherwise noted, it is NT$ thousands.

No. (Note 1)	Name of trader	Transaction objects	Relationship with the trader (Note 2)	Transaction situation			
				Projects	Amount (Note 3)	Transaction condition (Note 4)	Ratio to total consolidated income or assets(Note 5)
0	LAN FA Textile Co., Ltd.	Hangzhou LAN FA Textile Co., Ltd.	1	Other receivables-related parties	$ 280,412	-	5%
				Interest income	1,487	-	-

Note 1: The business information between the parent company and the subsidiaries shall be indicated in the serial number column respectively, and the numbering method is as follows:

(1) Fill in 0 for the parent company.

(2) The subsidiaries shall be numbered sequentially starting with the Arabic numeral 1 according to the company.

Note 2: There are three kinds of relationship with the trader, which can be marked:

(1) The parent company to subsidiaries.

(2) Subsidiaries to the parent company.

(3) Subsidiaries to subsidiaries.

Note 3: At the time of the preparation of the consolidated financial statements, it has been consolidated and written off.

Note 4: The relevant transaction conditions shall be agreed by both parties.

Note 5: Calculation of the ratio of transaction amount to total consolidated income or total assets, in the case of asset-liability items, it shall be calculated according to the balance at the end of the period to the total consolidated assets; in the case of profit and loss items, it shall be calculated according to the accumulated amount in the period to the total consolidated income.

LAN FA Textile Co., Ltd. and Its Subsidiaries

Information, Region and Other Relevant Information of the Invested Company (Excluding Invested Companies in China)

January 1, 2022 to December 31, 2022

Table 7

Unit: NT$ thousands, thousand shares

Name of investment company	Name of invested company	Region	Main business items	Original investment amount		Hold at the end of the period			Current profit and loss of invested company	Investment profit and loss recognized for the current period	Remarks
				End of current period	End of last period	Number of Shares	Ratio %	Carrying Amount			
The Company	KING LAN FA Industrial Co., Ltd.	Taipei	1. Trading of cloth and textiles, etc. 2. Entrusting builders to build residential rental and sale business	$ 202,946	$ 202,946	8,800	100.00	$ 92,288	$ 6,080	$ 5,245	(Note 1)
	LAN TSE Investment Co., Ltd.	〃	General Investment	299,947	299,947	41,342	100.00	161,399	1,805	(2,097)	(Note 1)
	LAN JIE Development Co., Ltd.	〃	〃	100,080	100,080	24,078	100.00	208,844	1,499	1,499	
	LAN HSIN Investment Co., Ltd.	〃	〃	211,256	211,256	25,214	100.00	80,912	2,554	247	(Note 1)
	LAN CHING Development Co., Ltd.	〃	〃	129,902	129,902	13,150	100.00	(16,177)	840	(344)	(Note 1)
	LAN FA HOLDING LIMITED	Trust Net Chambers, P.O.Box 1225, Apia, Samoa	International Investment Industry	1,589,570	1,589,570	48,587	100.00	320,173	(183,533)	(183,533)	(Note 3)
LAN FA HOLDING LIMITED	MARYLAND INVESTMENT LIMITED	Trust Net Chambers, P.O.Box 1225, Apia, Samoa	〃	1,589,570	1,589,570	48,587	98.98	324,510	(185,425)	(183,536)	Subsidiaries (Note 2)
LAN TSE Investment Co., Ltd.	SPRING INVESTMENT LIMITED	Omar Hodge Building, Wickhams Cay I, P.O. BOX 362, Road Town, Tortola, British Virgin Islands	〃	52,262	52,262	1,500	100.00	111,708	(2,782)	(2,782)	Subsidiaries (Note 2)
SPRING INVESTMENT LIMITED	MARYLAND INVESTMENT LIMITED	Trust Net Chambers, P.O.Box 1225, Apia, Samoa	〃	16,917	16,917	500	1.02	3,340	(185,425)	(1,889)	Subsidiaries (Note 2)

Note 1: The parent company treats the shares held by its subsidiaries as treasury shares, so the investment book amount under the equity method is deducted as the net amount of treasury shares.

Note 2: Investment profits and losses recognized by subsidiaries directly or indirectly.

Note 3: The carrying amount is the net amount after deducting the unrealized benefits of downstream transactions.

Note 4: At the time of the preparation of the consolidated financial statements, it has been consolidated and written off.

LAN FA Textile Co., Ltd. and Its Subsidiaries

Investment Information in China

January 1, 2022 to December 31, 2022

Table 8 Unit: NT$ thousands or USD thousands dollars

(1) The name, main business items, paid-in capital, investment method, capital remittance, shareholding ratio, investment profit and loss, investment book value and remitted investment profit and loss of the invested company in China:

Name of the invested company in Chinese xdt&	Main business item	Paid-in capital	Investment method (Note 1)	The amount of accumulated investment remitted from Taiwan at the beginning of current period	Remit or recover the amount of investment in the current period		The amount of accumulated investment remitted from Taiwan at the beginning of current period	Profit and loss of the invested company for the current period (Note 4)	The proportion of shares directly or indirectly invested by the Company	Investment profits and losses recognized for the current period (Note 4)	Method of recognition	Book value of investment at the end of the period (Note 4)	Investment income remitted back to Taiwan as of the current period
					Remit	Recover							
Hangzhou LAN FA Textile Co., Ltd.	Stretch yarn, polyester textured yarn	$1,596,461 (USD 49,230)	(2)	$1,589,570 (USD 48,587)	$-	$-	$1,589,570 (USD 48,587)	($ 185,425)	100.00	($185,425)	(2)； 2	$327,592 (USD 10,668)	$ -

(2) Limit for investment in China:

The cumulative amount of investment remitted from Taiwan to China at the end of current period	The Investment Review Board of the Ministry of Economic Affairs approved the amount of investment.	According to the quota of investment in China as stipulated by the Investment Review Board of the Ministry of Economic Affairs
USD 48,587	USD 48,730	Note 3

Note 1: The investment methods can be divided into the following four types, which can be marked as follows:

(1) To invest companies in China through remittances from the third region.

(2) To set up a company through investment in the third region and re-invest companies in China.

(3) Re-invest companies in China by investing existing companies in the third region.

(4) Other ways of EX: entrusting investment.

Note 2: In the column of investment profit and loss recognized in current period:

(1) If there is no investment profit or loss in preparation, it should be noted.

(2) The basis for the recognition of investment profit and loss is divided into the following three types, which shall be noted.

1) The financial statements audited by the international accounting firm that has a cooperative relationship with the accounting firm of the Republic of China.

2) The financial statements audited by accountants of the parent company in Taiwan.

3) Others.

Note 3: According to the revised "Principles for the Examination of Investment or Technical Cooperation in China" on August 29, 2008, since the parent company obtained letter No. 11020401240 issued by the Bureau of Industry of the Ministry of Economic Affairs on January 11, 2021, it is in line with the operating scope of the operating headquarters, so there is no need to set up an investment limit.

Note 4: At the time of the preparation of the consolidated financial statements, it has been consolidated and written off.

Re-invest companies in China through MARYLAND INVESTMENT LIMITED, a subsidiary of the third region company LAN FA HOLDING LIMITED.

LAN FA Textile Co., Ltd.

Major Shareholder Information

December 31, 2022

Table 9

Name of major shareholders	Shares	
	Number of shares held (shares)	Shareholding ratio
ZEXIN Investment Co., Ltd.	34,998,156	9.75%
LAN CHI Investment Co., Ltd.	30,571,673	8.52%
YEH FA Investment Co., Ltd.	22,205,398	6.19%
CHUAN FA Investment Co., Ltd.	20,211,668	5.63%
LAN TSE Investment Co., Ltd.	19,511,764	5.44%

Note: The information of major shareholders in this table is calculated by the Taiwan Depository & Clearing Corporation on the last business day at the end of the quarter, calculating that the total amount of common shares and special shares held by shareholders who have completed non-physical login delivery (including treasury shares) reached more than 5%.

6. If the company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report： None.

VII. Review and Analysis of Financial Status and Operating Results and Risk Management

1. Analysis of Financial Status

1.1 Individual Financial Statements

Unit: NT$ THOUSANDS; %

Item \ Year	2022	2021	Difference	
			Amount	%
Current Assets	2,045,448	2,663,124	(617,676)	(23.19%)
Real Property, Plant and Equipment	976,572	991,302	(14,730)	(1.49%)
Other Assets	1,641,762	1,988,009	(346,247)	(17.42%)
Total Assets	4,663,782	5,642,435	(978,653)	(17.34%)
Current Liabilities	805,036	936,404	(131,368)	(14.03%)
Non-current Liabilities	1,041,303	1,252,441	(211,138)	(16.86%)
Total Liabilities	1,846,339	2,188,845	(342,506)	(15.65%)
Capital Stock	3,586,289	3,586,289	0	0.00%
Capital Reserve	241,987	233,758	8,229	3.52%
Retained Earnings	(122,186)	398,883	(521,069)	(130.63%)
Other Equity	(360,002)	(236,695)	(123,307)	(52.10%)
Treasury Stock	(528,645)	(528,645)	0	0.00%
Total Stockholders' Equity	2,817,443	3,453,590	(636,147)	(18.42%)

The above-mentioned items with changes of more than 10% in the previous and later periods are explained as follows:

1. The decrease in current assets was mainly due to the decrease in financial assets measured at fair value through profit and loss in the current period.
2. The decrease in other assets was mainly due to the decrease in investment using the equity method in the current period.
3. The decrease in current liabilities was mainly due to the repayment of loans in the current period.
4. The decrease in non-current liabilities was mainly due to the repayment of long-term loans in the current period.
5. The decrease in retained earnings was mainly due to the net loss in the current period.
6. The decrease in other equity was mainly due to the increase in the unrealized evaluation loss of financial assets measured at fair value through other comprehensive gains and losses in the current period.

1.2 Consolidated Financial Statements

Item \ Year	2022	2021	Difference	
			Amount	%
Current Assets	2,264,287	3,349,558	(1,085,271)	(32.40%)
Real Property, Plant and Equipment	2,121,291	2,232,718	(111,427)	(4.99%)
Other Assets	1,058,507	918,079	140,428	15.30%
Total Assets	5,444,085	6,500,355	(1,056,270)	(16.25%)
Current Liabilities	1,520,636	1,701,249	(180,613)	(10.62%)
Non-current Liabilities	1,106,006	1,345,516	(239,510)	(17.80%)
Total Liabilities	2,626,642	3,046,765	(420,123)	(13.79%)
Capital Stock	3,586,289	3,586,289	0	0%
Capital Reserve	241,987	233,758	8,229	3.52%
Retained Earnings	(122,186)	398,883	(521,069)	(130.63%)
Other Equity	(360,002)	(236,695)	(123,307)	(52.10%)
Treasury Stock	(528,645)	(528,645)	0	0%
Equity of the Owner of the Parent Company	2,817,443	3,453,590	(636,147)	(18.42%)
Non-controlling Equity	0	0	0	0%
Total Stockholders' Equity	2,817,443	3,453,590	(636,147)	(18.42%)

The above-mentioned items with changes of more than 10% in the previous and later periods are explained as follows:

1. The decrease in current assets was mainly due to the decrease in financial assets measured at fair value through profit and loss in the current period.
2. The increase in other assets was mainly due to the increase in financial assets measured at fair value through other comprehensive gains and losses in the current period.
3. The decrease in current liabilities was mainly due to the repayment of loans in the current period.
4. The decrease in non-current liabilities was mainly due to the repayment of long-term loans in the current period.
5. The decrease in retained earnings was mainly due to the net loss in the current period.
6. The decrease in other equity was mainly due to the increase in the unrealized evaluation loss of financial assets measured at fair value through other comprehensive gains and losses in the current period.

2. Financial Performance

1.1 Individual Financial Statements

Unit: NT$ THOUSANDS; %

Item / Year	2022	2021	Increases and Decreases	
			Amount	%
Net Operating Income	1,255,248	1,392,690	(137,442)	(9.87%)
Operating Cost	1,185,615	1,314,298	(128,683)	(9.79%)
Operating Margin	69,633	78,392	(8,759)	(11.17%)
Operating Expense	83,558	88,036	(4,478)	(5.09%)
Net Operating Loss	(13,925)	(9,644)	(4,281)	(44.39%)
Non-operating Income and Expenses	(427,396)	649,919	(1,077,315)	(165.76%)
Net Profit (Loss) before Tax	(441,321)	640,275	(1,081,596)	(168.93%)
Income Tax Expense	(2,046)	(2,307)	261	11.31%
Net Profit (Loss) for the Current Period	(443,367)	637,968	(1,081,335)	(169.50%)
Other Comprehensive Profit or Loss	(129,283)	29,163	(158,446)	(543.31%)
Total Comprehensive Profit or Loss	(572,650)	667,131	(1,239,781)	(185.84%)

The above-mentioned items with changes of more than 10% in the previous and later periods are explained as follows:

1. The decrease in operating gross profit and the increase in operating net loss were mainly due to the decrease in operating income.
2. The decrease in non-operating income and expenses was mainly due to the loss of financial assets measured at fair value through profit and loss.
3. The decrease in other comprehensive gains and losses was mainly due to the increase in unrealized appraisal losses on equity instrument investments measured at fair value through other comprehensive gains and losses.

1.2 Consolidated Financial Statements

Unit: NT$ THOUSANDS; %

Item \ Year	2022	2021	Increases and Decreases	
			Amount	%
Net Operating Income	1,957,172	2,469,456	(512,284)	(20.74%)
Operating Cost	1,925,948	2,366,793	(440,845)	(18.63%)
Operating Margin	31,224	102,663	(71,439)	(69.59%)
Operating Expense	148,946	166,083	(17,137)	(10.32%)
Net Operating Loss	(117,722)	(63,420)	(54,302)	(85.62%)
Non-operating Income and Expenses	(322,755)	863,113	(1,185,868)	(137.39%)
Net Profit (Loss) before Tax	(440,477)	799,693	(1,240,170)	(155.08%)
Income Tax Expense	(2,890)	(38,221)	35,331	92.44%
Net Profit (Loss) for the Current Period	(443,367)	761,472	(1,204,839)	(158.22%)
Other Comprehensive Profit or Loss	(129,283)	29,163	(158,446)	(543.31%)
Total Comprehensive Profit or Loss	(572,650)	790,635	(1,363,285)	(172.43%)
Net Profits belong to the Owner of the Parent Company	(443,367)	637,968	(1,081,335)	(169.50%)
Comprehensive Profit or Loss belongs to the Owner of the Parent Company	(572,650)	667,131	(1,239,781)	(185.84%)

The explanations for the changes of the above items reaching more than 50% in the current period are as follows:

1. The decrease in operating gross profit and the increase in operating net loss were mainly due to the decrease in operating income.
2. The decrease in non-operating income and expenses was mainly due to the loss of financial assets measured at fair value through profit and loss.
3. The decrease in income tax expenses was mainly due to the land value-added tax on the sale of Jinlianfa land in the previous period.
4. The decrease in other comprehensive gains and losses was mainly due to the increase in unrealized losses on equity instrument investments measured at fair value through other comprehensive gains and losses.

3. Cash Flow

(1) Individual analysis in the last two years:

Item \ Year	2022	2021	Ratio of Increase (Decrease)
Cash Flow Ratio	0.68%	4.11%	(3.43%)
Cash Flow Adequacy Ratio	5.01%	7.02%	(2.01%)
Cash Re-investment Ratio	(1.43%)	0.70%	(2.13%)
Analysis of the change of the ratio of increase and decrease shows that: The cash flow ratio, cash flow allowance ratio and cash reinvestment ratio decreased compared with the previous period, mainly due to the decrease in net cash inflow from operating activities.			

(2) Consolidated analysis in the last two years:

Item \ Year	2022	2021	Ratio of Increase (Decrease)
Cash Flow Ratio	2.74%	4.73%	(1.99%)
Cash Flow Adequacy Ratio	9.17%	8.04%	1.13%
Cash Re-investment Ratio	(0.33%)	1.1%	(1.43%)
Analysis of the change of the ratio of increase and decrease shows that: 1. The cash flow ratio and cash reinvestment ratio decreased compared with the previous period, mainly due to the decrease in net cash inflow from operating activities. 2. The allowable ratio of cash flow increased compared with the previous period, mainly due to the decrease in average capital expenditure.			

(3) Analysis of Cash Flow:

1. Changes in consolidated cash flows in the current year:

Unit: NT$ THOUSANDS

Opening cash balance (1)	Net cash flow from operating activities for the whole year (2)	Annual cash outflow (3)	Cash surplus (insufficient) amount (1)＋(2)－(3)	Remedial measures for insufficient cash	
				Investment plan	Financing plan
698,161	41,639	292,311	447,489		

2. Improvement plan for illiquidity: there is no cash shortage.
3. Cash liquidity analysis in the coming year: on the premise of maintaining stable cash liquidity, the company will weigh the financial market conditions according to the cash balance on the account and the cash flow of operating and investment activities, prudently plan and control various cash expenditures such as related investments and operations.

4. The impact of major capital expenditure in the latest years on financial operations.

(1) Major Capital Expenditure Items and Source of Capital：None.
(2) The impact of expected benefits on financial business：None.

5. Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year.

(1) No major reinvestment policy in recent years.
(2) Investment plan for the next year：None.

6. Risk Item Assessment

(1) The impact of recent annual interest rates, exchange rate movements and inflation on the company's consolidated profits and losses and future countermeasures:

Item	2022	2021	Countermeasures
Interest Expenditure	NT$ 50,729 thousand	NT$ 40,141 thousand	The company regularly evaluates the interest rate in the financial market and can obtain more favorable loan terms because of its sound financial system and the establishment of a long-term cooperative relationship.
Profit and Loss on Exchange	(NT$ 22,868) thousand	NT$ 7,818 thousand	The company strictly abides by the relevant provisions of the derivative commodity handling standards of the competent authority, and has relevant handling procedures to monitor foreign exchange changes.

1. Interest rate: the short-term and long-term loans undertaken by the company are floating rate debt, so changes in market interest rates will change the borrowing rates for short-term and long-term loans. The company evaluates bank interest rates on a regular basis and maintains a good relationship with banks in order to obtain relatively preferential interest rates.

2. Exchange rate: the company actively collects exchange rate fluctuation information to fully grasp the exchange rate trend, and timely choose low-cost foreign exchange hedge tools. At present, only forward foreign exchange trading contracts are selected to lock in the exchange rate of export receivables to avoid risks arising from exchange rate fluctuations.

3. Inflation: the company always pays attention to the trend of market prices, but it has not yet had an immediate and significant impact on inflation.

(2) The policies, main reasons for profits or losses and future countermeasures of engaging in high-risk, highly leveraged investment, capital lending to others, endorsement guarantee and derivatives trading in the recent year: the company did not engage in high-risk, highly leveraged investment and capital loan to others in 2022, endorsement guarantees and derivatives trading are handled in accordance with the relevant operating standards of the company.

(3) Future R & D plans and estimated R & D expenses

1. Future R & D plan: research and development of high value-added, functional differentiation and functional products.
2. Work closely with the client to develop customized new products to effectively improve the R & D function.
3. The company estimates that the R & D expenses for 2023 is estimated to be about NT$ 10,000 thousand for product R & D and exhibition expenses.

(4) The impact of important policies and legal changes at home and abroad on the company's financial business and the countermeasures:

The company has always paid close attention to and mastered the policies and decrees that may affect the company's operation, and cooperated with the revision of the company's internal system. The legal changes in 2022 have been assessed to have no significant impact on the operation of the company.

(5) The impact of scientific changes and industrial changes on the financial business of the company and the countermeasures:

The biggest change in the chemical fiber industry in recent years is the manufacture of special functional yarns and fine Denier and high count yarns, which is different from the traditional coarse Denier yarns that have not changed in the past. because our company can fully obtain the raw materials of high-grade products with the South Asian Strategic Alliance, coupled with the research and development of our R & D department, the company have developed a variety of ultra-fine fibers and differentiated functional products. In addition, the company also cooperate with the Far Eastern New Century to develop polyester textured yarn and other products.

(6) The impact of the change of corporate image on corporate crisis management and the countermeasures: （N/A）.

(7) Expected benefits, possible risks and countermeasures of mergers and acquisitions: （N/A）.

(8) The expected benefits, possible risks and countermeasures of the expansion of the plant: （N/A）.

(9) Risks faced by the concentration of purchases or sales

1. Purchase concentration description: the company has been in the chemical fiber industry for nearly 30 years, and has established good cooperative relations with major upstream suppliers, and the supply of raw materials is smooth, so there is no risk of centralized purchases.

2. There is no concentration of sales: the sales customers of the company are quite scattered and there are no risks faced by the concentration of sales.

(10) The impact and risk of a large amount of equity transfer or replacement of directors, supervisors or major shareholders who hold more than 10% of the shares in the company: （N/A）.

(11) The impact, risks and countermeasures of the change of management rights on the company: （N/A）.

(12) Litigation or non-litigation events, the company and its directors, supervisors, general managers, substantive responsible persons, major shareholders and subordinate companies whose shareholding ratio is more than 10% shall specify the major litigation, non-litigation or administrative disputes that have been determined or are still in the subsidiary company, and if the results may have a significant impact on the rights and interests of shareholders or the price of securities, the facts of the dispute shall be disclosed. The target amount, the date of commencement of the proceedings, the main litigants and the handling up to the date of publication of the annual report:（N/A）.

(13) Other important risks:（N/A）.

7. Other important matters:（N/A）.

VIII. Special Disclosure

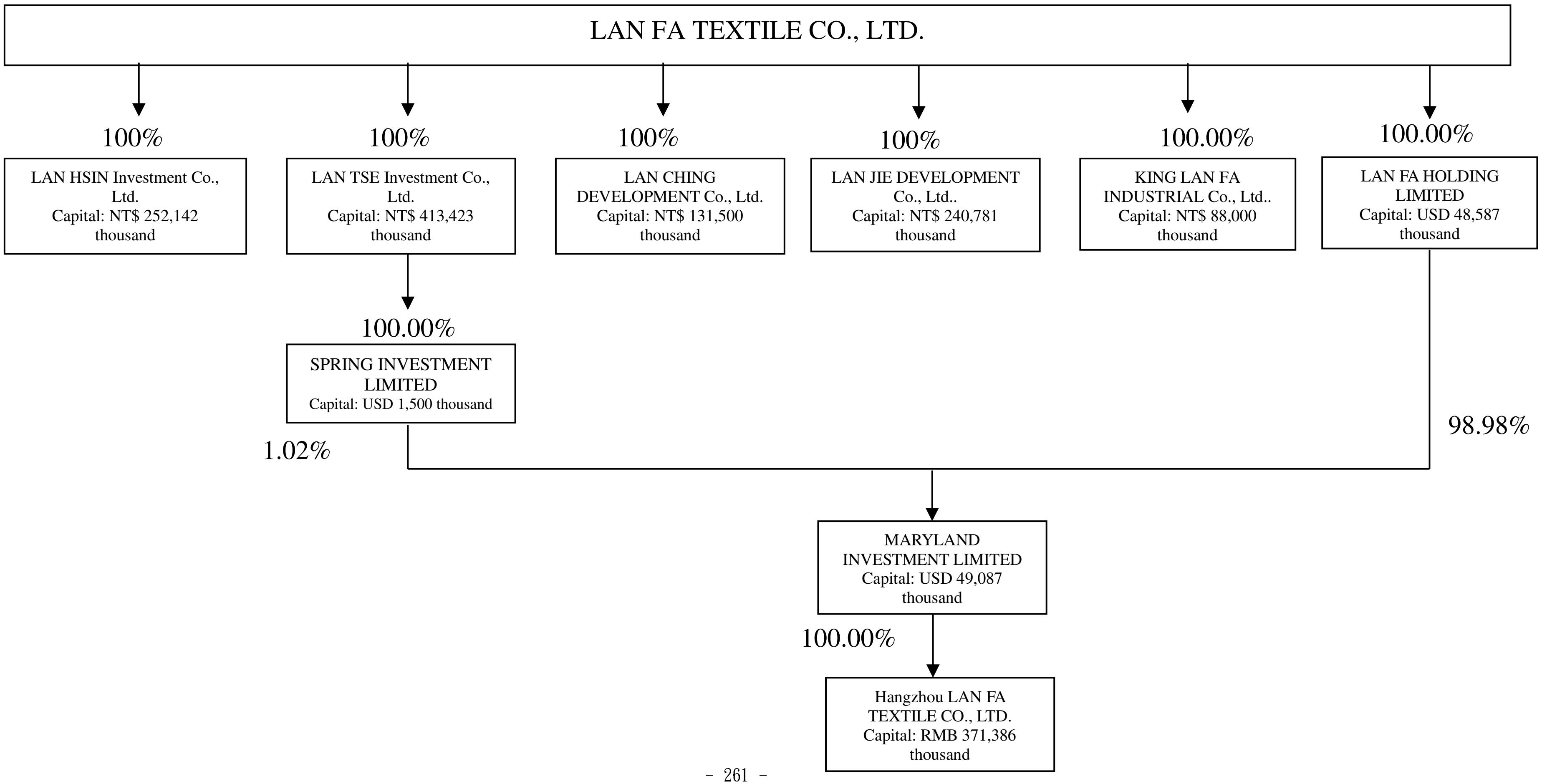
1. Summary of Affiliated Companies

LAN FA TEXTILE CO., LTD.
Consolidated Business Report of the Subsidiary

2022

(1) Subsidiary Chart：(Compilation Base Date: December 31, 2022)

Ratio of Stockholding:



(2) Basic Information of Affiliated Companies (Compilation Base Date: December 31, 2022)

Unit: NT$ thousands; USD thousands; RMB thousands

Company Name	Date of Establishment	Address	Paid-in Capital	Main Business or Production Items
Controlling company: LAN FA TEXTILE CO., LTD.	1972.12.11	5F.-5, No. 73, Sec. 1, Huanhe N. Rd., Taipei City	NT$ 3,586,289	Production and sales of polyester textured yarn
Subordinate company: LAN HSIN Investment Co., LTD	1995.06.12	5F.-5, No. 73, Sec. 1, Huanhe N. Rd., Taipei City	NT$ 252,142	Invest in all kinds of production, services, securities, etc.
LAN TSE Investment Co., Ltd.	1997.03.14	5F.-5, No. 73, Sec. 1, Huanhe N. Rd., Taipei City	NT$ 413,423	Invest in all kinds of production, services, securities, etc.
LAN CHING DEVELOPMENT CO., LTD.	1997.09.03	7F.-5, No. 73, Sec. 1, Huanhe N. Rd., Taipei City	NT$ 131,500	Invest in all kinds of production, services, securities, etc.
LAN JIE DEVELOPMENT CO., LTD.	1998.06.08	5F.-5, No. 73, Sec. 1, Huanhe N. Rd., Taipei City	NT$ 240,781	Invest in all kinds of production, services, securities, etc.
KING LAN FA INDUSTRIAL CO., LTD.	1996.01.29	7F.-5, No. 73, Sec. 1, Huanhe N. Rd., Taipei City	NT$ 88,000	Invest in all kinds of production, services, securities, etc.
LAN FA HOLDING LIMITED	2004.01.15	TrustNet Chambers, P.O.Box 1225, Apia, Samoa	US$ 48,587	Engage in overseas investment
SPRING INVESTMENT LIMITED	1996.10.05	Omar Hodge Building, Wickhams Cay I, P.O.Box 362, Road Town, Tortola, British Virgin Islands	US$ 1,500	Engage in overseas investment
MARYLAND INVESTMENT LIMITED	2004.01.15	TrustNet Chambers, P.O.Box 1225, Apia, Samoa	US$ 49,087	Engage in overseas investment
Hangzhou LAN FA TEXTILE CO., LTD.	2004.05.19	No. 48, 22th Street, Baiyang Street, Economic and Technical Development Zone, Hangzhou	RMB$ 371,386	Production and sales of stretch yarn and polyester textured yarn

(3) The same shareholder information is presumed to have a controlling and subordinate relationship: 〔N/A〕.

(4) Information of Directors, Supervisors, and Presidents of the affiliates (Compilation Base Date: December 31, 2022)

Unit: Share; %

Company Name	Title	Name or Representative	Shareholding	
			Number of Shares	Ratio of Shareholding
LAN FA TEXTILE CO., LTD.	Chairman	TSE HSIN Investment Co., LTD	34,998,156	9.76
LAN FA TEXTILE CO., LTD.	Legal Representative of Chairman	YEH, CHING-TSE	7,974,620	2.22
LAN FA TEXTILE CO., LTD.	Director	YEH,PO-LIANG	2,391,689	0.67
LAN FA TEXTILE CO., LTD.	Director and General Manager	WANG, FONG-YUEH	3,451,851	0.96
LAN FA TEXTILE CO., LTD.	Director	YEH,YU-LUN	2,946,034	0.82
LAN FA TEXTILE CO., LTD.	Director	YEH, CHUAN-CHENG	4,331,323	1.21
LAN FA TEXTILE CO., LTD.	Director	YEH, KUO-HUI	4,002,087	1.12
LAN FA TEXTILE CO., LTD.	Independent Director	CHANG, CHING-TSUNG	-	-
LAN FA TEXTILE CO., LTD.	Independent Director	WANG, TSANG-EN	1,512,167	0.42
LAN FA TEXTILE CO., LTD.	Independent Director	LIU, CHIU-HU	-	-
LAN HSIN Investment Co., LTD		LAN FA TEXTILE CO., LTD.	25,214,217	100.00
	Chairman	Representative: YEH, CHING-TSE		
	Director	Representative: SHIH, MEI-HSIN		
	Director	Representative: WANG, FONG-YUEH		
	Supervisor	Representative: YEH, CHUAN-CHENG		
LAN TSE Investment Co., Ltd.		LAN FA TEXTILE CO., LTD.	41,342,260	100.00
	Chairman	Representative: YEH, CHING-TSE		
	Director	Representative: WANG, FONG-YUEH		
	Director	Representative: YEH, CHUAN-CHENG		
	Supervisor	Representative: YEH,YU-LUN		
LAN CHING DEVELOPMENT CO., LTD.		LAN FA TEXTILE CO., LTD.	13,150,000	100.00
	Chairman	Representative: YEH, CHING-TSE		
	Director	Representative: SHIH, MEI-HSIN		
	Director	Representative: WANG, FONG-YUEH		
	Supervisor	Representative: YEH,YU-LUN		

(Brought forward)

Company Name	Title	Name or Representative	Shareholding	
			Number of Shares	Ratio of Shareholding
LAN JIE DEVELOPMENT CO., LTD.		LAN FA TEXTILE CO., LTD.	24,078,142	100.00
	Chairman	Representative: YEH, CHING-TSE		
	Director	Representative: SHIH, MEI-HSIN		
	Director	Representative: WANG, FONG-YUEH		
	Supervisor	Representative: YEH,YU-LUN		
KING LAN FA INDUSTRIAL CO., LTD.		LAN FA TEXTILE CO., LTD.	88,000	100.00
	Chairman	YEH, CHING-TSE		
	Director and General Manager	WANG, FONG-YUEH		
	Director	LI, SHU-YA		
	Supervisor	YEH,YU-LUN		
LAN FA HOLDING LIMITED	Director	LAN FA TEXTILE CO., LTD.	48,586,328	100.00
SPRING INVESTMENT LIMITED	Director	LAN TSE Investment Co., Ltd	1,500,000	100.00
MARYLAND INVESTMENT LIMITED	Director	LAN FA HOLDING LIMITED	48,586,328	98.98
	Director	SPRING INVESTMENT LIMITED	500,000	1.02
Hangzhou LAN FA TEXTILE CO., LTD.	Chairman	YEH, CHING-TSE	(Note)	(Note)
	Director	MARYLAND INVESTMENT LIMITED		

Note: limited company, no shares.

(5) Operating Situation of Affiliated Companies

Unit: NT$ thousands; USD thousands; RMB thousands

Company Name	Currency	Capital	Total Assets	Total Liabilities	Net Value	Operating Revenues	Operating (Loss) Profit	Current (Loss) Profit (After Tax)	Earnings Per Share (Loss) (NT$) (After Tax)
LAN FA TEXTILE CO., LTD.	NT$	3,586,289	4,663,782	1,846,339	2,817,443	1,255,248	(13,925)	(443,367)	(1.40)
LAN HSIN Investment Co., LTD	NT$	252,142	176,089	130	175,959	2,720	2,629	2,554	0.10
LAN TSE Investment Co., Ltd.	NT$	413,423	322,256	80	322,176	4,809	1,805	1,805	0.04
LAN CHING DEVELOPMENT CO., LTD.	NT$	131,500	55,737	23,120	32,617	1,247	840	840	0.06
LAN JIE DEVELOPMENT CO., LTD.	NT$	240,781	209,000	156	208,844	1,765	1,668	1,499	0.06
KING LAN FA INDUSTRIAL CO., LTD.	NT$	88,000	132,286	5,586	126,700	1,099	62	6,080	0.69
LAN FA HOLDING LIMITED	US$	48,587	10,617	-	10,617	-	(6,142)	(6,142)	(0.13)
SPRING INVESTMENT LIMITED	US$	1,500	3,648	10	3,638	54	(93)	(93)	(0.06)
MARYLAND INVESTMENT LIMTIED	US$	49,087	10,676	-	10,676	-	(6,205)	(6,205)	(0.13)
Hangzhou LAN FA TEXTILE CO., LTD.	RMB	371,386	305,850	232,271	73,579	158,301	(23,215)	(41,884)	（note）

Note: limited company, no shares.

2. The handling of private securities in the latest year and up to the date of publication of the annual report: 〔N/A〕.

3. The holding or disposition of the shares of the company by subsidiaries in the latest year and up to the date of publication of the annual report:

Unit: USD: NT$ thousand; thousand shares; ％

Name of Subsidiary	Paid-in Capital	Source of Fund	Shareholding Ratio of the Company	Date of Acquisition or Disposition	Number and Amount of Shares Acquired	Number and Amount of Shares Disposed	Profit and Loss on Investments	Number and Amount of Shares Held as of the Date of Publication of the Annual Report	Situation of Pledge Setting	Balance of Financing of Endorsement of the Company to Subsidiaries	Loan Amount of the Company to Subsidiaries
LAN HSIN Investment Co., LTD	252,142	Self-owned	100.00%	-	-	-	-	11,535 thousand shares	-	N/A	N/A
LAN TSE Investment Co., Ltd.	413,423	Self-owned	100.00%	-	-	-	-	19,512 thousand shares	-	N/A	N/A
LAN CHING DEVELOPMENT CO., LTD.	131,500	Self-owned	100.00%	-	-	-	-	5,922 thousand shares	-	25,000	N/A
LAN JIE DEVELOPMENT CO., LTD.	240,781	Self-owned	100.00%	-	-	-	-	-	-	N/A	N/A
KING LAN FA INDUSTRIAL CO., LTD.	88,000	Self-owned	100.00%	-	-	-	-	4,176 thousand shares	-	N/A	N/A

(Note): Impact on the operating results and financial position of the company: 〔N/A〕

4. Other necessary supplementary notes: 〔N/A〕.

5. Matters that have a significant impact on shareholders' equity or securities prices in the latest year and up to the date of publication of the annual report: 〔N/A〕.

LAN FA TEXTILE CO., LTD.

Chairman：YEH, CHING-TSE