Stock Code: 4401

Toung Loong Textile MFG. Co., Ltd.
Parent Company Only Financial Statements and Independent Auditors' Report
2022 and 2021

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

Toung Loong Textile MFG. Co., Ltd.

2022 and 2021 Parent Company Only Financial Statements and Independent Auditors' Report

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CPA Audit Report

(2022) Shi-Shen No. 006

To: Toung Loong Textile MFG. Co., Ltd.

Audit opinions

We have audited the Parent Company Only Balance Sheet of Toung Loong Textile MFG. Co., Ltd. for 2022 and as of December 31, 2021, as well as the Parent Company Only Comprehensive Income Statement, Parent Company Only Statement of Changes in Shareholders Equity, the Parent Company Only Statement of Cash Flows, and the Notes to Parent Company Only Financial Report (including the summary of significant accounting policies) covering the period of 2022 and from January 1, 2021, to December 31, 2021.

In our opinion, based on the result of our audit and the audit reports presented by other accountants (please refer to additional information section), all the material items prepared in these separate parent company only financial statements are according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Therefore, they can properly express the separate financial position of Toung Loong Textile MFG. Co., Ltd. for 2022 and as of December 31, 2021, as well as its financial performance and cash for 2022 and from January 1, 2021, to December 31, 2021.

Basis for Opinion

We planned and conducted the audit according to the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Generally Accepted Auditing Standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Unconsolidated Financial Statements section of our report. The personnel of this CPA's accounting firm subject to independence has remained detached and independent from Toung Loong Textile MFG. Co., Ltd. according to the Code of Professional Ethics for CPAs to perform other responsibilities provided by the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

The key audit matters refer to the most critical matters in the audit of Toung Loong Textile MFG. Co., Ltd.’s Parent Company Only Financial Report for 2022, according to the professional judgment of the CPA. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This CPA determined that the key audit matters that must be presented in the audit report are as follows:

Capitalization inspection of property, plant, and equipment

Please refer to Note 4 (9) of the Parent Company Only Financial Report for property, plant, and equipment accounting policies. Please refer to Note 6 (6) of the Parent Company Only Financial Report for property, plant, and equipment accounting items descriptions.

Explanation of key audit matters:

As of December 31, 2022, Toung Loong Textile MFG.s’ property, plant, and equipment balance was NT$2,976,273 thousand, accounting for 50% of the total standalone assets. Due to a large amount of capital expenditure on property, plant, and equipment this year, this CPA has included the capitalization of property, plant, and equipment as key audit items.

Key audit procedures included:

1. Evaluate and test the performance of the increased transaction-related internal control system for property, plant, and equipment.
2. Sample and check pertinent purchase orders, invoices, etc., to ensure the transactions were correctly approved and the correct amounts recorded.
3. Check the required acceptance documentation to ensure the assets are ready for use and the capitalization time point (the moment at which depreciation begins) is appropriate.

Other matters - Audits conducted by other certified public accountants

For the long-term equity investments evaluated using the equity method listed in Toung Loong Textile MFG. Co., Ltd.’s Parent Company Only Financial Report, the financial reports of some investee companies were inspected by other accountants and not checked by this CPA. Therefore, in the CPA's opinion on the Parent Company Only Financial Report, the assessments in the preceding long-term equity investments are based on the audit report of other CPAs. The preceding long-term equity investments accounted for NT$189,059 thousand and NT$178,351 thousand for 2022 and as of December 31, 2021, respectively, and accounted for 3% of the total assets. In 2022 and 2021, the income shares from subsidiaries, associated enterprises, and joint ventures recognized using the equity method were NT$25,299 thousand and NT$22,677 thousand and accounted for 13% and 6% of the net profit before tax, respectively. In addition, the "reinvestment-related information" disclosed in Note 13 (2) of the Parent Company Only Financial Report was compiled based on the investee companies' financial reports inspected by other auditors.

Management Level and Governing Units' Responsibilities for Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for necessary internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

When preparing the Parent Company Only Financial Report, the responsibility of the management level includes evaluating the ability of Toung Loong Textile MFG. Co., Ltd. to continue operating, the disclosure of related matters, and the adoption of the accounting basis for continuing operations; unless the management level intends to liquidate Toung Loong Textile MFG. Co., Ltd., suspend its businesses, or there is no practical alternative to liquidate or terminate its businesses.

The governance units (including the Audit Committee) of Toung Loong Textile MFG. Co., Ltd. are responsible for supervising the financial reporting process.

CPA's Parent Company Only Financial Statements Audit Responsibilities

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable certainty means a high degree of certainty. However, audits performed under the accepted auditing standards cannot guarantee that a material misrepresentation in the individual financial report can be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the unconsolidated financial statements.

This CPA has exercised professional judgment and skepticism when conducting audits under the auditing standards. We also:

1. Identify the risks of significant false representations that may lead to fraud or error for the Parent Company Only Financial Statements, design and implement appropriate countermeasures for the risks found, and acquire sufficient and

appropriate audit evidence as the basis for the audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. The CPA must understand the organization's internal control unit being audited to design the appropriate audit procedure. The objective is not to express an opinion on the effectiveness of the internal control unit for Toung Loong Textile MFG. Co., Ltd.
3. Evaluate the appropriateness of the accounting policies adopted by the management level, the rationality of its accounting estimates, and the relevant disclosures.
4. Determine the appropriateness of management's ongoing use of its accounting policies and, based on the audit evidence obtained, whether there is material uncertainty related to events or conditions that may cast significant doubt or concern on the ability of Toung Loong Textile MFG. Co., Ltd. to continue. In case where we consider that such events or circumstances have a material uncertainty, then relevant disclosure of the unconsolidated financial statements are required to be provided in our audit report to allow users of unconsolidated financial statements to be aware of such events or circumstances, or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or circumstances may lead Toung Loong Textile MFG. Co., Ltd. to become unable to continue to operate.
5. Evaluate the overall presentation, structure, and content of the Standalone Financial Report (including related notes) and assess whether the Standalone Financial Report can properly represent the relevant transactions and events.
6. Acquire sufficient and appropriate audit evidence for the financial information of individuals formed within Toung Loong Textile MFG. Co., Ltd. and issue an opinion regarding the Parent Company Only Financial Statements. The CPA is responsible for the guidance, supervision, and execution of the audit case and for forming the audit opinion of Toung Loong Textile MFG. Co., Ltd.

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

The CPA has also provided the governance unit with a declaration stating that the personnel of the CPA's accounting firm who are subject to independence have complied with the independence requirements of the Norm of Professional Ethics for Certified Public Accountants of the Republic of China and communicated all relationships and other matters (including security related aspects) that may be considered to affect the accountant's independence with the governance unit.

The matters communicated between the CPA and the governance unit comprised key audit items for the audit of Toung Loong Textile MFG. Co., Ltd.’s 2022 Parent Company Only Financial Report. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

TOPPEST CPAS & CO.,

CPA Wan-Li Hsieh	CPA Shu-Chin Yu
Financial Supervisory Commission Approval Jin-Guan-Zheng-Shen-Zi No. 1050037432	Financial Supervisory Commission Approval Jin-Guan-Zheng-Shen-Zi No. 1090331715

March 13, 2023

Toung Loong Textile MFG., Co., Ltd.

Parent Company Only Balance Sheet (I)

December 31, 2022 and 2021

Unit: Amounts expressed in thousands of New Taiwan Dollars

		2022/12/31		2021/12/31	
Assets	**Note**	**Amount**		**Amount**	
Current asset					
Cash and cash equivalents	4, 6(1)	$ 557,733	10	$ 569,717	10
Financial assets at amortized cost - Current	4	31,079	1	13,885	-
Net value of notes receivable	6, 6(2)	2,633	-	35,349	1
Net value of accounts receivable	6, 6(2)	230,544	4	506,542	9
Net accounts receivable - Related party	4, 7	3,681	-	2,000	-
Other receivables	4, 6(3)	5,567	-	712	-
Net inventory	4, 5(1), 6(4)	1,440,874	24	1,207,002	21
Prepayments		8,250	-	140,216	2
Total current asset		2,280,361	39	2,475,423	43
Non-current assets					
Financial assets at FVTPL	4	-	-	10,052	-
Financial assets measured at FVTOCI					
Financial asset	4	103,340	2	92,809	2
Non-current financial assets at amortized cost	4	79,140	1	61,066	1
Investment accounted for using the equity method	4, 6(5)	283,645	5	268,734	5
Property, Plant and Equipment	4, 5(2), 6(6), 8, 9	2,976,273	50	2,828,424	48
Right-of-use asset	4, 6(7)	12,409	-	5,975	-
Intangible Assets	4	1,586	-	5,283	-
Deferred tax assets	4, 5(3), 6(14)	32,558	1	25,186	-
Prepayments for business facilities	9	103,423	2	53,293	1
Refundable deposits		19,335	-	17,104	-
Other non-current assets		13,671	-	14,816	-
Total non-current asset		3,625,380	61	3,382,742	57
Total assets		$ 5,905,741	100	$ 5,858,165	100

Accompanying notes are part of the Parent Company Only Financial Statements
(please refer to the CPA audit report of Toppest CPAs & Co. dated March 13, 2023)

Chairman: Chih-Chen Yu Manager: Rong-Lih Yu Accounting Officer: Tai-Chen Chen

Toung Loong Textile MFG., Co., Ltd.

Parent Company Only Balance Sheet (II)

December 31, 2022 and 2021

Unit: Amounts expressed in thousands of New Taiwan Dollars

Liabilities and Shareholders' Equity	Note	2022/12/31 Amount	%	2021/12/31 Amount	%
urrent liabilities					
Short-term borrowings	6(8), 8	$ 1,375,628	23	$ 891,745	15
Short-term notes and bills payable	6(8), 8	79,808	1	259,938	4
Notes payable		47,648	1	29,554	1
Accounts payable		165,433	3	320,025	5
Other payables		148,753	3	170,927	3
Current income tax liabilities	4, 6(14)	41,729	1	80,078	1
Lease liabilities - Current	4, 6(7)	6,174	-	2,180	-
Other current liabilities		4,115	-	2,241	-
Long-term liabilities due within 1 year	6(8), 8	114,053	2	100,038	2
Total current liabilities		1,983,341	34	1,856,726	31
on-current liabilities					
Long-term borrowings	6(8), 8	1,109,995	19	1,224,048	21
Deferred income tax liabilities - land appreciation tax	4	28,590	-	28,590	1
Deferred income tax liabilities - income tax	4, 5(3), 6(14)	42,301	1	45,115	1
Lease liabilities - Non-current	4, 6(7)	6,289	-	3,808	-
Net defined benefit liabilities - noncurrent	4, 5(4), 6(9)	877	-	6,646	-
Deposits received		193	-	193	-
Total non-current liabilities		1,188,245	20	1,308,400	23
otal Liabilities		3,171,586	54	3,165,126	54
quity	4, 6(10)				
Capital stock		1,226,920	21	1,202,863	21
Additional paid-in capital		167,271	3	167,271	3
Retained earnings					
Statutory reserves		575,067	10	543,303	9
Special reserves		70,101	1	70,531	1
Undistributed earnings		734,979	12	779,172	13
Other equities		(40,183)	(1)	(70,101)	(1)
otal shareholders' equity		2,734,155	46	2,693,039	46
otal liabilities and shareholders' equity		$ 5,905,741	100	$ 5,858,165	100

Accompanying notes are part of the Parent Company Only Financial Statements
(please refer to the CPA audit report of Toppest CPAs & Co. dated March 13, 2023)

Chairman: Chih-Chen Yu Manager: Rong-Lih Yu Accounting Officer: Tai-Chen Chen

Toung Loong Textile MFG., Co., Ltd.
unconsolidated Statements of Comprehensive Income
For the Years Ended December 31, 2022 and 2021

ds of New Taiwan Dollars
(Earnings Per Share is in NTD)

Item	Note	2022 Amount	2022 %	2021 Amount	2021 %
Operating income	4, 6(11), 7	$ 3,825,122	100	$ 4,782,904	100
Operating costs	6(4)	(3,476,033)	(91)	(4,214,194)	(89)
Gross profit		349,089	9	568,710	11
Operating expenses	6(2), (12), 7				
Selling expenses		(73,111)	(2)	(71,557)	(1)
Administrative expenses		(93,723)	(3)	(91,134)	(2)
Research and development expenses		(15,166)	-	(14,960)	-
Expected loss (profit) on credit impairment	4, 6(2), (3)	(52,543)	(1)	1,286	-
Subtotal of operating expenses		(234,543)	(6)	(176,365)	(3)
Operating income		114,546	3	392,345	8
Non-operating income and expense					
Interest revenue	4	6,313	-	3,281	-
Rental income	4, 7	2,492	-	2,456	-
Dividend income	4	10,129	-	77	-
Other income	4, 7	36,901	1	26,521	-
Net gain on foreign exchange	4	38,649	1	-	-
Parts of profits from the subsidiaries, associated enterprises, and joint venture recognized via the equity method	4, 6(5)	23,852	1	19,837	-
Interest expenses		(27,441)	(1)	(23,400)	-
Miscellaneous expenses		(6,915)	-	(10)	-
Losses from Disposal of Property, Plant and Equipment	4	(4,343)	-	(2,771)	-
Foreign currency conversion loss	4	-	-	(16,334)	-
Losses on financial assets at FVTPL	4	(2,124)	-	(1,020)	-
Subtotal of non-operating incomes and expenses		77,513	2	8,637	-
Profit before tax		192,059	5	400,982	8
Income tax (expense)	4, 6(14)	(24,489)	(1)	(83,342)	(2)
Current net profit		167,570	4	317,640	6
Other comprehensive income	6(13)				
Items not reclassified subsequently to profit or loss					
Remeasurement of defined benefit programs	6(9)	6,168	-	(1,625)	-
Unrealized equity instrument profit or loss measured at fair value through other comprehensive income		9,764	-	3,805	-
Income taxes related to the items not re-classified	6(13)	(1,233)	-	325	-
Subtotal of items not subsequently reclassified to income		14,699	-	2,505	-
Items that may be reclassified subsequently to profit or loss					
of foreign operations		19,024	1	(2,593)	-
Income tax related to items that may be reclassified	6(13)	(3,805)	-	518	-
Subtotal of Items that may be reclassified subsequently to income		15,219	1	(2,075)	-
Other comprehensive income in the current period (net amount after tax)		29,918	1	430	-
Total comprehensive income in the current period		$ 197,488	5	$ 318,070	6
Earnings per Share	6(15)				
Basic earnings per share		$ 1.37		$ 2.59	

Accompanying notes are part of the Parent Company Only Financial Statements
(please refer to the CPA audit report of Toppest CPAs & Co. dated March 13, 2023)

Chairman: Chih-Chen Yu   Manager: Rong-Lih Yu   Accounting Officer: Tai-Chen Chen

Toung Loong Textile MFG., Co., Ltd.

Unconsolidated Statement of Changes in Equity

For the Years Ended December 31, 2022 and 2021

Unit: Amounts expressed in thousands of New Taiwan Dollars

Change Items	Common share capital	Additional paid-in capital	Retained earnings: Statutory reserves	Retained earnings: Special reserves	Retained earnings: Undistributed earnings	Other items of equity: Exchange differences on translation of the financial statements of foreign operations	Other items of equity: Unrealized financial assets profit or loss measured at fair value through other comprehensive income	Other items of equity: Remeasurement of defined benefit programs	Total equity
Balance on January 1, 2021	$ 1,202,863	$ 167,271	$ 534,859	$ 61,543	$ 599,250	$ (20,378)	$ (6,314)	$ (43,839)	$ 2,495,255
2020 surplus distribution:									
Appropriated statutory surplus reserve	-	-	8,444	-	(8,444)	-	-	-	-
Reversal of special reserve	-	-	-	8,988	(8,988)	-	-	-	-
Distribution of cash dividends	-	-	-	-	(120,286)	-	-	-	(120,286)
Net profit in 2021	-	-	-	-	317,640	-	-	-	317,640
Other comprehensive income in 2021	-	-	-	-	-	(2,075)	3,805	(1,300)	430
Balance on December 31, 2021	1,202,863	167,271	543,303	70,531	779,172	(22,453)	(2,509)	(45,139)	2,693,039
2021 surplus distribution:									
Appropriated statutory surplus reserve	-	-	31,764	-	(31,764)	-	-	-	-
Reversal of special reserve	-	-	-	(430)	430	-	-	-	-
Distribution of cash dividends	-	-	-	-	(156,372)	-	-	-	(156,372)
Stock dividends distribution	24,057	-	-	-	(24,057)	-	-	-	-
Net profit in 2022	-	-	-	-	167,570	-	-	-	167,570
Other comprehensive income in 2022	-	-	-	-	-	15,219	9,764	4,935	29,918
Balance on December 31, 2022	$ 1,226,920	$ 167,271	$ 575,067	$ 70,101	$ 734,979	$ (7,234)	$ 7,255	$ (40,204)	$ 2,734,155

Accompanying notes are part of the Parent Company Only Financial Statements

(please refer to the CPA audit report of Toppest CPAs & Co. dated March 13, 2023)

Chairman: Chih-Chen Yu **Manager: Rong-Lih Yu** **Accounting Officer: Tai-Chen Chen**

Toung Loong Textile MFG., Co., Ltd.
Parent Company Only Statement of Cash Flows
For the Years Ended December 31, 2022 and 2021

Unit: Amounts expressed in thousands of New Taiwan Dollars

Item	2022	2021
Cash flows from operating activities:		
Income before income tax	$ 192,059	$ 400,982
Adjustment items:		
Revenue expense items that do not affect cash flow		
Depreciation expense	338,139	351,930
Amortization cost	8,313	8,134
Anticipated credit impairment loss (profit) amount	52,543	(1,286)
Net losses from financial assets and liabilities measured at FVTPL	2,124	1,020
Interest expenses	27,441	23,400
Interest revenue	(6,313)	(3,281)
Dividend income	(10,129)	(77)
Shares of losses (profits) from subsidiaries, associated enterprises, and joint ventures accounted for under the equity method	(23,852)	(19,837)
Losses (profits) from disposal and scrapping of property, plant, and equipment	4,343	2,771
Assets related to business activities / changes in liabilities		
Decrease (Increase) of notes receivable	32,716	75,211
Accounts receivable (increase) decrease	273,627	(193,962)
(Increase) decrease in accounts receivable - associates	(1,681)	966
Decrease (Increase) of other receivables	(4,719)	40,161
Inventory (increase) decrease	(233,872)	80,350
Prepayments (increase) decrease	67,677	(123,361)
Increase (decrease) of notes receivables	18,094	9,361
Increase (decrease) of accounts receivables	(154,592)	63,911
Increase (decrease) of other receivables	(23,054)	68,331
Increase (decrease) of other current liabilities	1,874	(229)
Increase (decrease) of net defined benefit liabilities	399	474
Cash in(out)-flows generated by business operation	561,137	784,969
Interest received	6,126	3,283
Dividends received	38,094	19,489
Interest paid	(26,445)	(23,879)
Income tax paid	(78,062)	(12,616)
Net cash inflow (outflow) from operating activities	500,850	771,246

(Continued next page)

Toung Loong Textile MFG. Co., Ltd.
Parent Company Only Statement of Cash Flows (Continued)

(Previous Page)

Item	2022	2021
Cash flows from investing activities:		
(Increase) decrease in financial assets at FVTOCI	(767)	-
(Increase) decrease in financial assets measured at amortized cost	(35,268)	71,322
(Increase) decrease in financial assets at FVTPL	7,928	(11,072)
Acquisition of property, plant and equipment	(471,469)	(393,276)
Disposal of property, plant and equipment	80	252
(Increase) decrease in refundable deposits	(2,231)	250
Acquisition of Intangible Assets	(420)	(492)
(Increase) decrease in the other noncurrent assets	(2,515)	(3,968)
(Increase) decrease of prepayments for equipment	(50,130)	173,161
Net cash inflow (outflow) from investing activities	(554,792)	(163,823)
Cash flows from financing activities		
(Increase) decrease in short-term borrowings	483,883	(271,825)
(Increase) decrease in short-term notes payable	(180,130)	(69,959)
Borrowing (repaying) long-term loans	(100,038)	(110,941)
Cash dividends paid	(156,372)	(120,286)
Repaid principal of lease	(5,385)	(1,065)
Net cash inflow (outflow) from financing activities	41,958	(574,076)
Net increase (decrease) in cash and equivalent cash for the current period	(11,984)	33,347
Cash and cash equivalents at the beginning of the year	569,717	536,370
Cash and cash equivalents at the end of the year	$ 557,733	$ 569,717

Accompanying notes are part of the Parent Company Only Financial Statements
(please refer to the CPA audit report of Toppest CPAs & Co. dated March 13, 2023)

Chairman: Chih-Chen Yu   Manager: Rong-Lih Yu   Accounting Officer: Tai-Chen Chen

Toung Loong Textile MFG. Co., Ltd.

Notes to Unconsolidated Financial Statements

For the Years Ended December 31, 2022 and 2021

(Amounts are in NTD thousand unless otherwise specified)

I. Company History

Toung Loong Textile MFG. Co., Ltd. (Hereafter "the Company") was established on August 14, 1961, according to the Company Act of the Republic of China. Its business operations include:

(1) Textile industry.

(2) Woven fabric industry.

(3) Non-woven fabric industry.

(4) Printing and dyeing industry.

(5) Garment industry.

(6) Clothing and accessories manufacturing industry.

(7) Other textile and product manufacturing industries.

(8) Man-made fiber manufacturing industry.

(9) Textiles, clothing, shoes, hats, umbrellas, and clothing accessories wholesale industry.

(10) Textiles, clothing, shoes, hats, umbrellas, and clothing accessories retail industry.

(11) International trade industry.

The Company's shares were listed on Taipei Exchange for trading on May 9, 1996.

This Parent Company Only Financial Report is presented in the Company's functional currency of "New Taiwan Dollar" (NTD or NT$) as the expression currency.

II. Financial report approval date and procedure.

The Board of Directors passed the Parent Company Only Financial Report on March 13, 2023.

III. Application of New and Amended Standards and Interpretations

(I) The International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), interpretations (IFRIC), and the statements of interpretation (SIC) (hereafter collectively referred to as "IFRSs") approved and released by the Financial Supervisory Commission (FSC) is applied for the first time.

Applying the IFRSs recognized and issued by the FSC did not cause major changes in the Company's accounting policies.

(II)Applicable IFRSs recognized by the FSC in 2023

New, Revised or Amended Standards and Interpretations		Effective Date Announced by IASB
Amendments to IAS No. 1	"Disclosure of Accounting Policies"	January 1, 2023
Amendments to IAS No. 8	"Definition of Accounting Estimates"	January 1, 2023
Amendments to IAS No. 12	"Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023

As of the release date of this financial report, the Company has assessed that the amendments to the preceding standards and interpretations did not significantly impact the financial status and performance of the parent company.

(III) The IASB has issued, but the FSC has not yet approved it or issued effective IFRSs.

New, Revised or Amended Standards and Interpretations		Effective Date Announced by IASB
Amendments to IFRS No 10 and IAS No. 28	"Sales or Contributions of Assets between Its Associate/Joint Venture"	To be determined by IASB
Amendments to IFRS No. 16	"Leasing liabilities in leaseback"	January 1, 2024

IFRS No. 17	"Insurance Contract"	January 1, 2023
Amendments to IFRS No. 17	"Insurance Contract"	January 1, 2023
Amendments to IFRS No. 17	"Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS No. 1	"Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS No. 1	"Non-current Liabilities with Contractual Terms"	January 1, 2024

As of the release date of this financial report, the Company has continued to assess the impact of the preceding standards and interpretations on the parent company's individual financial conditions and performance, and the relevant impact shall disclosed when the assessment is completed.

IV. Summary of Significant Accounting Policies

A summary of the important accounting policies adopted in this individual financial report is as follows:

(I) Statement of Compliance

This Parent Company Only Financial Report has been prepared according to the "Rules Governing the Preparation of Financial Statements by Securities Issuers."

(II) Basis of Preparation

This Parent Company Only Financial Report has been prepared on a historical cost basis except for the financial instruments measured at fair value. The net defined benefit liabilities recognized at the present value of defined benefit obligations are less the fair value of planned assets. Historical cost is usually determined based on the fair value of the consideration paid to acquire the asset.

The Company has adopted the equity method for investment subsidiaries, affiliated enterprises, or joint control systems when it prepares individual financial reports. The current income, other comprehensive income, and equity in this Parent Company Only Financial Report are the same as the current income,

other comprehensive income, and equity attributable to the owner of the Company in the Company's Consolidated Financial Report. There is no difference in accounting treatment between the parent company only basis and the consolidated basis.

(III) Foreign Currency

For transactions in currencies other than the functional currency (foreign currency) when preparing the Parent Company Only Financial Report, the original recognition is recorded in the functional currency based on the exchange rate on the transaction date.

At the end of each reporting period, foreign currency monetary items are retranslated at the closing exchange rate on that day. The resulting exchange difference is listed as current income.

Foreign currency non-monetary items measured by fair value are reconverted at the exchange rate when the fair value is determined. The resulting exchange difference is listed as current income. If the change in fair value is listed as other comprehensive income, the resulting exchange difference is listed as other comprehensive income.

Non-monetary items carried at historical cost is reported using the exchange rate at the date of the transaction and will not calculated again.

(IV) Criteria for Distinguishing Current and Non-current Assets and Liabilities

Current assets include cash and cash equivalents (except that there are restrictions on exchanging the assets or using them to settle liabilities within 12 months after the reporting period); assets held mainly for trading purposes; and assets expected to be realized within 12 months of the reporting period or assets expected to be realized, sold, or consumed during the normal business cycle. Assets that are not current assets are non-current.

Current liabilities include liabilities held primarily for trading purposes, liabilities that are expected to be due and settled within 12 months after the reporting period, liabilities that are expected to be settled in its normal business cycle, and liabilities for which settlement cannot be unconditionally deferred for at least 12 months after the reporting period. Liabilities that are not current

liabilities are non-current.

(V) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, bank demand deposits, and short-term as well as highly liquid investment items that can be converted into fixed cash at any time with little risk of value change.

(VI) Financial Instruments

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

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

1. Measurement Types

When purchasing or selling financial assets according to customary transactions, the accounting treatment for derivative products shall be conducted on the delivery date, and the accounting treatment for other financial assets shall be conducted on the transaction date.

The Company's holding of financial assets is measured at FVTPL, financial assets are measured at amortized cost, and equity investments are measured at FVTOCI.

(1) Financial assets measured at FVTPL

Financial assets measured at FVTPL include those mandatorily measured at FVTPL and those designated to be measured at FVTPL. Financial assets measured at FVTPL include investments in equity instruments not designated by the Company as measured at FVTOCI and

investments in debt instruments not classified as measured at amortized cost or FVTOCI.

Financial assets at FVTPL are measured at fair value, with gains or losses arising from remeasurement (including any dividends or interest earned on the financial assets) shall be recognized as income. Please refer to Note 12 (1) of the Parent Company Only Financial Report for details on the fair value determination method.

(2) Financial Assets Measured at Amortized Cost

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

A. The financial assets are held within a business model whose objective is to collect the contractual cash flows; and

B. The contractual terms of equity instruments give rise on specified dates to cash flows that are solely principal payments and interest on the principal amount outstanding.

After initial recognition, such financial assets are measured at an amortized cost equal to the net gross carrying amount determined using the effective interest method, less impairment loss. Any foreign exchange gains or losses arising therefrom are recognized in profit or loss.

Except for the following two circumstances, interest revenue is calculated at the value of the effective interest rate times the gross carrying amount of financial assets:

A. For purchased or originated credit-impaired financial assets, interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial assets.

B. For financial assets that are not purchased or originated credit-impaired but subsequently have become credit-impaired, interest revenue is calculated by applying the effective interest rate to the amortized cost balance of such financial assets.

(3) Investments in equity instruments measured at FVTOCI.

Upon initial recognition, the Company may irrevocably designate investments in equity instruments not held for trading and not recognized as the contingent consideration of business combination as measured at FVTOCI.

Investments in equity instruments measured at fair value through other comprehensive income are measured at fair value. Subsequently the changes in fair value are reported in other comprehensive income and accumulated in other equity. On disposal of investments, the accumulated profit or loss is directly transferred to retained earnings and it is not reclassified to profit or loss.

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

2. Financial Asset Impairment

The Company has assessed impairment losses on financial assets (including accounts receivable) measured at amortized cost at each balance sheet date based on expected credit losses.

A loss allowance for accounts and lease receivables is provided based on their full lifetime expected credit losses. Other financial assets are assessed to determine whether the credit risk has significantly increased since the original recognition. If there is no significant increase, then the allowance loss is recognized according to the 12-month expected credit loss. If it has increased significantly, then allowance loss is recognized according to the lifetime expected credit loss.

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

All impairment losses on financial assets is decreased its carrying amount

through contra accounts.

3. Derecognition of Financial Assets

Financial assets held by the Company are derecognized when one of the following conditions is met:

(1) Contractual rights from the cash flow of financial assets have lapsed.

(2) A financial asset is transferred, and ownership's risks and rewards are substantially transferred to another person.

(3) Substantially, all the risks and rewards of asset ownership are neither transferred nor retained, but the control of the asset is transferred.

When a financial asset is fully derecognized, the difference between its book value and the sum of the consideration receivable or received plus any accumulated income recognized in other comprehensive profit or loss shall be recognized as income.

If the transferred asset is part of a larger financial asset, and the transferred part qualifies as fully derecognized, the Company shall apportion the original book value of the financial asset and the accumulated gains or losses recognized in other comprehensive income to each of these parts based on the relative fair value of the continuously recognized part and the derecognized part on the date of transfer. The difference between the carrying amount allocated to the derecognized component and the sum of the consideration received for the component plus any cumulative gain or loss allocated to the derecognized component recognized in other consolidated income is recognized as income.

4. Financial Liabilities

(1) Classification and Subsequent Evaluation

The Company classifies its issuance of liabilities and financial instruments as financial liabilities or equities according to the definition of financial liabilities and equity instruments, as well as the contractual substance.

Financial liabilities measured at amortized cost, including payables and loans, are subsequently measured using the effective interest rate

method after original recognition. When a financial liability is derecognized and amortized through the effective interest rate method, its related income and amortization amount is recognized in income.

The calculation of amortized cost shall consider the discount or premium at the time of acquisition and transaction costs.

(2) Derecognition of Financial Liabilities

When the obligations of financial liabilities are discharged, canceled, or expire, the financial liabilities are derecognized.

When the Company and the creditor exchange debt instruments with materially different terms or make major changes to all or part of the terms of existing financial liabilities (whether due to financial difficulties or not), it shall be handled by derecognizing the original liabilities and recognizing the new liabilities. When derecognizing a financial liability, the difference between its carrying amount and the total consideration paid or payable (including transferred non-cash assets or assumed liabilities) shall be recognized in income.

(VII) Inventories

Inventories include raw materials, supplies, finished goods, and work in progress. Inventories are recorded based on acquisition costs, and the cost carry-forwards are calculated using the monthly weighted average method.

Inventories are evaluated at a lower cost and net realizable value. The cost and net realizable value comparison are based on individual items except for inventories of the same category. Net realizable value refers to the estimated selling price under normal circumstances after deducting the estimated costs to be invested in completion and sales expenses.

(VIII) Investments Accounted for Using Equity Method

The Company uses the equity method to handle investments in subsidiaries and related companies.

1. Investment in Subsidiaries

Subsidiaries are entities which the Company holds the control of.

Investment in subsidiaries is initially recognized at a cost under the equity method. The book value after the acquisition shall increase or decrease with the Company's share of the subsidiary's income and other comprehensive income and distribution. In addition, the Company also recognizes its share in the changes in equities of subsidiaries.

Unrealized profit and loss from downstream transactions with a subsidiary are eliminated in the parent company only financial statements. Profit and loss from upstream and sidestream transactions between subsidiaries are recognized in the Company’s parent company only financial statements only to the extent that interests in the subsidiary are not related to the Company.

2. Investments in Associate Enterprises

Associated enterprises are those over which the Company has significant influence but are not subsidiaries or joint venture interests.

The Company’s investments in the associates are accounted for using the equity method. Under the equity method, an investment is initially recognized in the statements of financial positional cost and adjusted thereafter to recognize the Company’s share of profit or loss and other comprehensive income of the associates as well as the distribution received. The Company also recognizes its share in the changes in equities of associates.

When associated enterprises issue new shares if the Company does not subscribe in proportion to its shareholding, resulting in a change in the shareholding ratio and thus an increase or decrease in the net equity value of the investment, the increase or decrease shall adjust the capital reserve and investments using the equity method. If the shareholding ratio is not subscribed or acquired, resulting in a decrease in the ownership interest in the associated enterprises, the amount related to the associated enterprises recognized in other comprehensive profit or loss is reclassified according to the decrease ratio. The basis of its accounting treatment is the same as that which must be followed if the associated enterprises directly dispose of the relevant assets or liabilities. Suppose the adjustment in the preceding paragraph must be debited to the capital reserve, and the balance of the capital reserve generated by the

investment using the equity method is insufficient. In that case, the difference shall be debited to the retained surplus.

When assessing impairment, the Company regards the overall carrying amount of the investment (including goodwill) as a single asset comparable to the recoverable amount with the carrying amount to perform impairment testing. The recognized impairment loss is also part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases. Income generated from upstream, downstream, and sidestream transactions between the Company and affiliated enterprises shall be recognized in the Company's Parent Company Only Financial Report only to the extent that interests in the affiliated enterprises are unrelated to the Company.

(IX) Property, Plant, and Equipment

Property, plant, and equipment are measured at cost less than accumulated depreciation and impairment losses. Cost refers to the fair value of the cash, cash equivalent, or other consideration paid for the acquisition or construction of the asset as well as the estimated cost of dismantling and removal. When the useful lives of significant property, plant, and equipment components are different, they are treated as separate items of property, plant, and equipment.

Depreciation is calculated from the asset's cost (or other amount substituted for cost) less its salvage value using the straight-line method over the estimated useful lives of the individual parts of an item of property, plant, and equipment. Assets held under finance leases are depreciated on the same basis as self-owned assets, and are depreciated over their expected useful lives. If the relevant lease period is shorter, depreciation is provided during the lease period.

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

Buildings	**3-55 years**

Machinery and equipment	**2-15 years**
Office and other equipment	**3-50 years**

The estimated useful life, salvage value, and depreciation method are reviewed at the end of the reporting period; any estimated change's impact is treated as an accounting estimate revision.

Costs incurred in replacing a part of an item of property, plant, and equipment are recognized in the carrying amount of the item if it is probable that the future economic benefits of that part will flow to the individual company. The book value of the reset part is then derecognized. Routine maintenance costs of property, plant, and equipment are recognized in income as incurred.

The profit or loss arising from the disposal or scrapping of property, plant, and equipment is determined by the difference between the disposal price and the book value. The net amount shall be recognized as non-operating income and expenses under income.

(X) Intangible Assets

Acquired intangible assets with a finite useful life are measured at a cost less than accumulated amortization and impairment losses. The amortization amount is accrued using the straight-line method based on the useful life. The estimated useful life and amortization method are reviewed at the end of each reporting period, and the impact of any estimated change is treated as an accounting estimate revision.

Acquired intangible assets with indefinite useful lives are listed at cost less the accumulated impairment losses.

(XI) Impairment of Tangible and Intangible Assets

The Company checks the book value of tangible and intangible assets with a limited useful life at the end of each reporting period to determine whether there is any sign of impairment. If there is any impairment, an impairment test shall be

executed to estimate the asset's recoverable amount and determine whether the impairment should be denied. Impairment tests are conducted regularly and annually for intangible assets with no definite lifespan. If it is impossible to estimate the recoverable amount of individual assets, then estimate the recoverable amount of the cash-generating unit to which the asset belongs. If shared assets can be allocated reasonably and consistently, they shall be allocated to individual cash-generating units. Otherwise, they shall be allocated to the smallest group of cash-generating units reasonably and consistently.

The recoverable amount is the higher fair value, less the disposal cost and value in use. When determining value in use, the estimated future cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and asset-specific risks that have not been used to adjust future cash flow estimates.

Suppose the recoverable amount of an asset or cash-generating unit is expected to be lower than the carrying amount. In that case, the carrying amount shall be reduced to its recoverable amount, and the impairment loss shall be recognized immediately in the current loss. If the recoverable amount increases due to changes in the estimate of the recoverable amount in the subsequent period, the book value of the asset or cash-generating unit shall be adjusted to the revised estimated recoverable amount. However, the increased carrying amount must not exceed the amount that would have been recognized had the asset or cash-generating unit not recognized an impairment loss in previous years. The reversed impairment loss must be recognized as the current profit.

(XII) Lease

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

1. The Company as the Lessor

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

other leases are classified as operating leases.

When the Company subleases the right-of-use asset, it shall judge the sublease classification based on the right-of-use asset (not the underlying asset). However, if the main lease is a short-term lease for which the Company applies the recognition exemption, the sublease is classified as an operating lease.

During lease operations, lease payments are recognized as income on a straight-line basis over the relevant lease term.

2. The Company as the Lessee

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

The right-of-use asset is initially measured at cost (including the original measured amount of the lease liability, lease payments less the lease incentives received before the commencement date of the lease, original direct costs, and the estimated cost of restoring the underlying asset). It is subsequently measured at the cost less accumulated depreciation and accumulated impairment losses, and the remeasurement amount of the lease liability shall be adjusted. Right-of-use assets are presented separately in the balance sheet.

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

The lease liability is originally measured at the present value of the lease payments. The lease payments are discounted using the interest rate in a lease if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However,

if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized as profit or loss. Lease liabilities are presented separately on the Asset Balance Sheet.

Variations in lease agreements that do not depend on an index or rate are recognized as an expense in the period incurred.

(XIII) Liability Reserve

When the Company has a present obligation (statutory or constructive) due to past events, the obligation must probably be settled. The liability provision is recognized when the obligation amount can be estimated reliably.

The amount recognized as a liability reserve is the best estimate of what will be required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties of the obligation. If the liability reserve is measured as the estimated cash flows to settle the present obligation, its book value is the present value of those cash flows.

(XIV) Termination Benefits

For a defined appropriation plan, the pension amount that must be appropriated during the employee's service period is recognized as current expenses.

For a retirement plan with defined benefits, the cost of defined benefits shall be recognized according to the actuarial results. The cost of providing benefits is determined using the projected unit benefit method and is actuarially valued at the end of the reporting period. Actuarial income is fully recognized immediately during the period of occurrence and included in other comprehensive income in the consolidated income table.

(XV) Income Tax

Income tax expense includes current and deferred income tax. Items directly

recognized in equity or other comprehensive income, current income tax, and deferred income tax shall be recognized in income except for those related to individual enterprises.

1. Income tax of the current period

Current income tax shall include the estimated income tax payable or tax rebate receivable calculated at the statutory tax rate or substantive legislative tax rate on the reporting date for the current year's taxable income (loss) and any adjustments to the income tax payable in the previous years.

Income tax on the undistributed earnings calculated according to the Income Tax Act provisions shall be listed as the current income tax in the shareholders meeting resolution year.

2. Deferred income tax

Deferred income tax is measured and recognized based on the temporary differences between the carrying amount of assets and liabilities on the reporting date and their tax bases. Deferred income tax assets shall be recognized when there is likely to be taxable income available to deduct the temporary differences. Deduction of losses or income tax deductions from purchasing machinery and equipment, R&D, and personnel training are recognized when utilized. Temporary differences arising from the following circumstances shall not be recognized as deferred income tax:

(1) Non-enterprise entity assets or liabilities originally recognized in transactions that do not affect the accounting profit and taxable income (loss) at the time of the transaction.

(2) Those arising from investment in subsidiaries and affiliated enterprises, which are likely unreversible in the foreseeable future.

(3) Original recognition of goodwill.

Deferred income tax is measured at the tax rate expected to be realized when the asset is realized, or the liability is settled. It shall be based on the

statutory or substantive legislative tax rates at the reporting date. The deferred income tax liability and asset measurement reflect the tax effect produced by how the enterprise expects to recover or pay off the book value of its assets and liabilities on the reporting date.

For unused tax losses and unused income tax credits carried forward later and temporary deductible differences, they are recognized as a deferred income tax asset to the extent that the taxable income is likely to be available for use. It shall be reassessed on each reporting date and adjusted to the extent that the relevant income tax benefits are unlikely to be realized.

Income tax expenses directly recognized in equity items or other comprehensive profit and loss items are measured at the applicable tax rate when the temporary difference between the carrying amount of the relevant assets and liabilities on the reporting date and their tax base is expected to be realized or liquidated.

(XVI) Income Recognition

Revenue is measured by the consideration to which goods are transferred and to which they are expected to be entitled. The Company shall recognize revenue when the control of goods is transferred to clients to satisfy performance obligations.

1. Merchandise Sales

The Company recognizes revenue when control of the product is transferred to the customer. The transfer of control for the product means that the product has been delivered to the customer, and no outstanding obligations would affect the customer's acceptance of the product. Delivery is the point at which the customer has accepted the product according to the transaction conditions, the risk of obsolescence and loss has been transferred to the customer, and the Company has objective evidence that all acceptance

conditions have been met.

The Company recognizes accounts receivable when the goods are delivered because the Company has an unconditional right to consideration at that point.

2. Labor Income

When the transaction result of the labor services provision can be reasonably estimated, the labor service income is recognized using the percentage-of-completion method. When the transaction result of the labor services provision cannot be reasonably estimated, the revenue is only recognized within the recoverable range of the incurred costs.

3. Financial Components

The Company expects that the time interval between the transfer of goods or services to the customer and the time between the customer's payment for the goods or services shall not exceed one year. Therefore, the Company does not adjust the time value of money in the transaction price.

(XVII) Government Grants

The Company can only recognize government grants when it reasonably believes that the conditions attached to the government grants will be followed and the grants will be received according to IAS No. 20 "Accounting for Government Grants and Disclosure of Government Assistance."

Government grants related to assets are recognized as deferred income and current income on a straight-line basis within the expected useful life of the relevant assets. For government grants related to expenses, government grants are recognized as current income systematically when the relevant expenses are incurred. If the government grant is used to compensate the expenses or losses incurred or provide financial support without future related costs, it is recognized in income during the period in which it can be received.

(XVIII) Operating Department Report

An operating department is a constituent unit of an individual company. It

engages in business activities that may generate incomes or incur expenses (including incomes or expenses arising from transactions with other constituent units in the enterprise). The operating results of the operating departments are regularly reported to individual company operating decision makers for review, to make resource allocation decisions, and evaluate departmental performance.

V. Major Sources of Uncertainty in Major Accounting Judgments, Estimates, and Assumptions

The Company's Parent Company Only Financial Report and financial results are affected by accounting policies, assumptions, and estimates. Accounting assumptions and estimates are based on experience and other relevant factors, and the management makes appropriate professional judgments.

The following is information about future assumptions and other major sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year.

(I) Depreciation of Inventories

The net realizable value of inventories is the estimated selling price in the normal course of business minus the estimated cost to complete the project and the estimated cost required to complete the sale. These estimates are evaluated based on current market conditions and historical sales experience of similar products, and changes in market conditions may significantly affect the results of these estimates.

(II) Asset Impairment Assessment

During the asset impairment assessment process, the Company must estimate the expected future cash flow generated by a specific asset (asset group) based on the subjective judgment of the asset utilization mode and industry characteristics and determine the appropriate discount rate to calculate the asset's value in use. Any changes in estimates due to changes in economic conditions or corporate strategy could result in significant asset impairment in the future.

(III) Realization of Deferred Income Tax Assets

Deferred income tax assets are recognized only when it is likely that future taxable income will be sufficient to offset deductible timing differences. Assessment of the realizability of deferred income tax assets involves critical accounting judgments and estimates of the management, including the assumptions of expected future sales revenue growth rate and profit rate, tax-exempt duration, available tax credits, tax planning, etc. Any changes in the global economy, industry, laws, and regulations might cause material adjustments to deferred income tax assets.

(IV) Calculation of Accrued Pension Liabilities

The Company must use judgments and estimates to determine the relevant actuarial assumptions at the end of the financial reporting period, including the discount rate and the expected return rate on project assets, when calculating the present value of a defined benefit obligation. Any change in actuarial assumptions may significantly impact the Company's defined benefit obligations.

VI. Description for Important Accounting Subjects

(I) Cash and Cash Equivalents

Item	2022/12/31		2021/12/31	
Cash	$	1,439	$	1,386
Cash in banks		448,809		526,811
Time deposit		107,485		41,520
Total	$	557,733	$	569,717

The time deposit's original maturity date is within 3 months and is intended for short-term cash commitment rather than investment or other purposes. It is listed in cash and equivalent cash because it can be converted into fixed cash at any time, and the risk of value change is very low.

(II) Notes Receivable and Net Accounts Receivable

Item	2022/12/31		2021/12/31	
Total of notes receivable	$	2,633	$	35,349
Less: Allowance for loss		-		-
Net amount	$	2,633	$	35,349
Total of accounts receivable	$	235,596	$	558,608
Less: Allowance for loss		(5,052)		(2,680)
Net amount	$	230,544	$	555,928

1. Notes receivable

The age analysis of notes receivable is as follows:

Item	2022/12/31		2021/12/31	
Not Overdue	$	2,633	$	35,349

2. Accounts Receivable

The Company has no collateral or other credit enhancements and lacks a statutory right of set-off to offset accounts receivable and accounts payable to the same counterparty.

(1) The expected credit loss analysis of accounts receivable is as follows:

To measure expected credit losses over time, the Company adopts a simplified approach to estimate expected credit losses for all accounts receivable. The expected credit loss rate is determined for this purpose by the number of days overdue accounts receivable, which has been included in the prospective information. The expected credit loss analysis of the Company's accounts receivable is as follows:

December 31, 2022

Item	Book amount of accounts receivable	Weighted average of expected credit loss rate	Expected credit losses during the allowance period
Not Overdue	$ 192,838	0.20%	$ 386
Overdue			
Less than 30 days	37,466	1.80%	674
31 ~ 60 days	1,276	14.18%	181
61 ~ 90 days	405	49.38%	200
Over 91 days	3,611	100.00%	3,611
Total	$ 235,596		$ 5,052

December 31, 2021

Item	Book amount of accounts receivable	Weighted average of expected credit loss rate	Expected credit losses during the allowance period
Not Overdue	$ 456,028	0.41%	$ 1,873
Overdue			
Less than 30 days	52,678	1.40%	738
31 ~ 60 days	517	13.54%	70
61 ~ 90 days	-	-	-
Over 91 days	-	-	-
Total	$ 509,223		$ 2,681

2. Changes in allowance for losses of accounts receivable

Item	2022	2021
Beginning retained earnings	$ 2,681	$ 3,967
Recognition of impairment loss (rebound profit)	2,371	(1,286)
Balance at December 31	$ 5,052	$ 2,681

(III) Other Receivables

Item	December 31, 2022	December 31, 2021
Other receivables	$ 55,739	$ 712
Less: Allowance for loss	(50,172)	-
Net amount	$ 5,567	$ 712

In 2022 and as of December 31, 2021, the advance payment to Nylstar S.L. due to the Company's failure to deliver on time was transferred to other receivables in the amounts of NT$50,172 and NT$0 thousand, respectively. The possibility of recovery is extremely low after assessment, so 100% expected credit impairment loss was provided.

(IV) Net Inventory

Item	2022/12/31	2021/12/31
Raw materials	$ 71,857	$ 147,922
Materials	42,725	38,666
Work in progress	303,262	289,826
Finished good	1,065,304	760,749
Inventory in transit	1,380	4,367
Total	1,484,528	1,241,530
Less: Allowance for depreciation losses	(43,654)	(34,528)
Net amount	$ 1,440,874	$ 1,207,002

The relevant details of the Company's recognized inventory costs are as follows:

Item	2022		2021	
Cost of inventory sold	$	3,466,907	$	4,209,194
Inventory valuation decline (gain)		9,126		5,000
Total	$	3,476,033	$	4,214,194

(V) Investments Accounted for Using Equity Method

The details of the Company's investment using the equity method are as follows:

Item	2022/12/31		2021/12/31	
Investment in subsidiaries	$	283,645	$	268,734

<u>Investment in subsidiaries</u>

Item	2022/12/31		2021/12/31	
Private entity				
Lung Hsiang Hsing Int'l Co., Ltd.	$	10,821	$	11,272
Sarah Global Co., Ltd.		33,684		26,455
Vietnam SARAH Company		85,793		79,728
Toung Loong Textile MFG. Vietnam		103,266		98,623
SUN BEAM GLOBAL ENTERPRISE CO., Ltd		50,081		52,656
Total	$	283,645	$	268,734

The Company's ownership interest and voting rights percentages in subsidiaries at the balance sheet date are as follows:

Item	2022/12/31	2021/12/31
Private entity		
Lung Hsiang Hsing Int'l Co., Ltd.	66.67%	66.67%
Sarah Global Co., Ltd.	100.00%	100.00%
Vietnam SARAH Company	100.00%	100.00%
Toung Loong Textile MFG. Vietnam	66.67%	66.67%
SUN BEAM GLOBAL ENTERPRISE CO., Ltd	100.00%	100.00%

Other 2022 and 2021 Consolidated Share Profits and Losses of Subsidiaries Calculated Using the Equity Method:

Item	2022		2021	
Lung Hsiang Hsing Int'l Co., Ltd.	$	(451)	$	(1,474)
Sarah Global Co., Ltd.		7,229		-61
Vietnam SARAH Company		15,388		12,902
Toung Loong Textile MFG. Vietnam		9,911		9,775
SUN BEAM GLOBAL ENTERPRISE CO., Ltd		-8,225		-1,305
Total	$	23,852	$	19,837

Among the preceding share of subsidiaries' income using the equity method, Vietnam SARAH Company and Toung Loong Textile MFG. (Vietnam) were evaluated based on financial reports audited by other accountants during the same period.

(VI) Property, plant, and equipment

The details of the changes in the cost, depreciation, and impairment loss of the property, plant, and equipment of the Company in 2022 and 2021 are as follows:

Item	Land	Buildings	Machinery and equipment	Office and other equipment	Incomplete construction and equipment to be accepted	Total
Cost or recognized cost:						
Balance as of January 1. 2022	$ 661,181	$ 1,491,833	$ 3,787,041	$ 726,746	$ -	$ 6,666,801
Additions	127,530	-	181,841	69,405	92,693	471,469
Disposal	-	(6,387)	(132,552)	(58,521)	-	(197,460)
Reclassification	14,168	3,437	-	236	(4,209)	13,632
Balance as of December 31. 2022	$ 802,879	$ 1,488,883	$ 3,836,330	$ 737,866	$ 88,484	$ 6,954,442
Cost or recognized cost:						
Balance at January 1, 2021	$ 661,181	$ 1,471,869	$ 3,536,912	$ 665,823	$ 657	$ 6,336,442
Additions	-	-	304,515	63,911	24,850	393,276
Disposal	-	(5,543)	(54,386)	(2,988)	-	(62,917)
Reclassification	-	25,507	-	-	(25,507)	-
Balance as of December 31, 2021	$ 661,181	$ 1,491,833	$ 3,787,041	$ 726,746	$ -	$ 6,666,801

Depreciation and impairment loss:												
Balance as of January 1, 2022	$	-	$	541,751	$	2,793,267	$	503,359	$	-	$	3,838,377
Depreciation expense		-		45,338		240,493		46,998		-		332,829
Disposal		-		(6,387)		(128,174)		(58,476)		-		(193,037)
Reclassification		-		-		-		-		-		-
Balance as of December 31, 2022	$	-	$	580,702	$	2,905,586	$	491,881	$	-	$	3,978,169
Depreciation and impairment loss:												
Balance at January 1, 2021	$	-	$	500,685	$	2,589,133	$	457,572	$	-	$	3,547,390
Depreciation expense		-		46,609		255,518		48,754		-		350,881
Disposal		-		(5,543)		(51,384)		(2,967)		-		(59,894)
Reclassification		-		-		-		-		-		-
Balance as of December 31, 2021	$	-	$	541,751	$	2,793,267	$	503,359	$	-	$	3,838,377
Book value:												
Balance as of December 31, 2022	$	802,879	$	908,181	$	930,744	$	245,985	$	88,484	$	2,976,273
Balance as of December 31, 2021	$	661,181	$	950,082	$	993,774	$	223,387	$	-	$	2,828,424

1. **In 2022 and as of December 31, 2021, some property, plant, and equipment have been provided to financial institutions as collateral for loans. Please refer to the description for pledged assets in Note 8 of the Parent Company Only Financial Report.**
2. **The following are the capitalization details of the Company's interests transferred to property, plant, equipment, and prepaid equipment:**

Item	2022	2021
Interest capitalized amount	$ 1,878	$ 31

(VII) Lease Agreements

1. Right-of-use Assets

Item	December 31, 2022	December 31,2021
Carrying value of the right-of-use asset		
Transportation Equipment	$ 12,409	$ 5,975

	2022	2021
Addition to right-of-use assets	$ 11,744	$ 7,024
Depreciation expense of right-of-use assets		

Transportation Equipment	$ 5,310	$ 1,049
Sublease income of right-of-use assets	$ -	$ -

2. Lease Liabilities

Item	December 31, 2022	December 31, 2021
Carrying amount of lease liabilities		
Current	$ 6,174	$ 2,180
Non-current	$ 6,289	$ 3,808

3. Other Lease Information

Item	2022	2021
Interest expenses on lease liabilities	$ 116	$ 28
Expenses attributable to short-term lease	$ 11,750	$ 14,589
Expenses attributable to low-value assets	$ 98	$ 64
Total cash outflow for leases	$ 15,050	$ 18,863

(VIII) Borrowings

1. Short-term bank loans

Item	2022/12/31	2021/12/31
Procurement loan	$ 37,628	$ 1,745
Mortgage loan	558,000	190,000
Credit loans	780,000	700,000
Total	$ 1,375,628	$ 891,745

The bank loan interest rate is the generally prevailing interest rate of the bank.

2. Short-term notes and bills payable

Item	2022/12/31		2021/12/31	
Banker's acceptance bill	$	80,000	$	260,000
Less: Discount on bank acceptance bills payable		-192		-62
Total	$	79,808	$	259,938

3. Long-term bank loans and long-term liabilities due within 1 year

December 31, 2022

Creditor	Nature of borrowings	Borrowings amount	Term of contract	Interest rate range	Guarantee or pledge	Repayment method
Mega Bank (Banqiao Branch)	Mortgage loan	$ 30,625	2019.07.04 ~2024.07.04	Floating rate	Land and plant	Installment repayments
"	"	54,000	2017.06.22 ~2027.06.22		"	"
Chang Hwa Bank (Wanhua Branch)	"	15,680	2018.12.17 ~2023.12.17		Machinery and equipment	"
"	"	6,600	2018.12.17 ~2023.12.17		None	"
Taiwan Cooperative Bank (Puqian Branch)	"	325,453	2020.03.23 ~2038.03.23		Land and plant	"
"	"	144,000	2020.12.31 ~2026.12.15		Machinery and equipment	"
The Export-Import Bank of R.O.C.	Credit loans	120,000	2020.08.17 ~2026.08.15		None	"
Hua Nan Bank (Puqian Branch)	"	56,000	2020.05.15 ~2026.05.15		"	"
Bank of Taiwan (Huajiang Branch)	"	64,000	2020.05.15 ~2026.05.15		"	"
Chang Hwa Bank (Wanhua Branch)	"	16,000	2020.09.15 ~2026.09.15		"	"
"	"	96,000	2020.09.15 ~2026.09.15		"	"
Mega Bank (Banqiao Branch)	"	40,000	2021.02.08 ~2027.01.15		"	"
"	"	85,690	2021.04.20 ~2027.04.15		"	"
Jih Sun Bank (Zhubei Branch)	"	150,000	2021.08.18 ~2024.05.24		"	Repayment due
"		20,000	2022.12.14 ~2024.05.24		"	"
Total		1,224,048				
Less: Current portion of long-term borrowings		(114,053)				
Long-term loans due after 1 year		$ 1,109,995				

December 31, 2021

Creditor	Nature of borrowings	Borrowings amount	Term of contract	Interest rate range	Guarantee or pledge	Repayment method
Mega Bank (Banqiao Branch)	Mortgage loan	$ 48,125	2019.07.04 ~2024.07.04	Floating rate	Land and plant	Installment repayments
"	"	66,000	2017.06.22 ~2027.06.22		"	"
Chang Hwa Bank (Wanhua Branch)	"	44,568	2018.12.17 ~2023.12.17		Machinery and equipment	"
Taiwan Cooperative Bank (Puqian Branch)	"	325,453	2020.03.23 ~2038.03.23		Land and plant	"
"	"	144,000	2020.12.31 ~2026.12.15		Machinery and equipment	"
Hua Nan Bank (Puqian Branch)	"	17,500	2012.12.07 ~2022.12.07		Land and plant	"
The Export-Import Bank of R.O.C.	Credit loans	20,000	2017.11.28 ~2022.11.28		None	"
"	"	10,750	2019.06.04 ~2022.06.04		"	"
"	"	120,000	2020.08.17 ~2026.08.15		"	"
KGI Bank	"	30,000	2021.07.13 ~2023.07.13		"	Repayment due
Hua Nan Bank (Puqian Branch)	"	56,000	2020.05.15 ~2026.05.15		"	Installment repayments
Bank of Taiwan (Huajiang Branch)	"	64,000	2020.05.15 ~2026.05.15		"	"
Chang Hwa Bank (Wanhua Branch)	"	16,000	2020.09.15 ~2026.09.15		"	"
"	"	96,000	2020.09.15 ~2026.09.15		"	"
Mega Bank (Banqiao Branch)	"	40,000	2021.02.08 ~2027.01.15	Interest rate	"	"
"	"	85,690	2021.04.20 ~2027.04.15		"	"
Jih Sun Bank (Zhubei Branch)	"	140,000	2021.05.20 ~2023.05.20		"	Repayment due
Total		1,324,086				
Less: Current portion of long-term borrowings		(100,038)				
Long-term loans due after 1 year		$ 1,224,048				

(IX) Post-employment Benefit Plan

1. Defined contribution plans

The Company has established an Employee Pension Measure according to the "Labor Pension Act," a defined allocation plan. For employees applicable to the Regulations, the Company's monthly pension allocation rate shall not be lower than 6% of the employee's monthly salary.

The Company's 2022 and 2021 annual expenses recognized in the parent company only comprehensive income statement under this plan were NT$13,130 thousand and NT$12,175 thousand, respectively. In 2022 and as of December 31, 2021, the due allocation amounts that have not yet been paid to the plan were NT$2,177 thousand and NT$1,098 thousand, respectively. These amounts were paid after the end of the reporting period.

(2) Defined Benefit Plans

The employee pension plan established by the Company according to the "Labor Standards Act" is a defined benefit plan. According to the plan's provisions, employee pensions are calculated based on years of service and the average salary for the 6 months before retirement. The Company allocates 10% of the total employee salary each month (the allocation has been suspended since 2019), and the employee pension fund is deposited in the Retirement Reserve Fund Supervision Committee's special account at the Bank of Taiwan under the committee's name. As a result, this retirement reserve is completely independent of the Company and is not included in the Parent Company Only Financial Report.

On December 31, 2022, the most recent actuarial evaluation was completed for the current value of project assets and defined benefit obligations. The estimated unit cost method is used to calculate the present value of welfare obligations as well as the relevant current and previous service costs.

(1) The following amount of the Company's obligations arising from the defined

benefit plan is included in the Parent Company Only Balance Sheet:

Item	2022/12/31	2021/12/31
Present value of defined benefit obligation	$ 72,948	$ 73,502
Fair value of plan assets	(72,071)	(66,856)
Net defined benefit (asset) liabilities	$ 877	$ 6,646

(2) The following is the year's changes in net confirmed liabilities (assets):

2022

Item	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
Beginning retained earnings	$ 73,502	$ (66,856)	$ 6,646
Current service cost	356	-	356
Interest expense (income)	477	(434)	43
Defined benefit costs recognized as income	833	(434)	399
Remeasurement amount			
Actuarial income - experience adjustments	2,177	-	2,177
Actuarial income - changes in demographic assumptions	-	-	-
Actuarial income - changes in financial assumptions	(2,969)	-	(2,969)
Return on plan assets	-	(5,376)	(5,376)
Defined benefit costs recognized in other comprehensive income	(792)	(5,376)	(6,168)
Benefits paid	(595)	595	-
Balance at December 31	$ 72,948	$ (72,071)	$ 877

2021

Item	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
Beginning retained earnings	$ 74,140	$ (69,593)	$ 4,547
Current service cost	459	-	459
Interest expense (income)	223	(208)	15
Defined benefit costs recognized as income	682	(208)	474
Remeasurement amount			
Actuarial income - experience adjustments	3,528	-	3,528
Actuarial income - changes in demographic assumptions	1,249	-	1,249
Actuarial income - changes in financial assumptions	(2,109)	-	(2,109)
Return on plan assets	-	(1,043)	(1,043)
Defined benefit costs recognized in other comprehensive income	2,668	(1,043)	1,625
Benefits paid	(3,988)	3,988	-
Balance at December 31	$ 73,502	$ (66,856)	$ 6,646

(3) At the ending date of the report, the percentages of the main categories of project assets are listed as follows:

Item	Fair value of plan assets(%)	
	December 31, 2022	December 31, 2021
Cash	16	18
Equity instrument	58	53
Bond instrument	22	24
Others	4	5
Total	100	100

The expected return rate of the overall asset is based on the historical return trend and the actuary's forecast of the asset's market during the duration of the relevant obligation regarding the use of labor pension funds by the Labor Utilization Bureau of the Ministry of Labor. Estimates of the impact on the interest rate on a 2-year time deposit at a local bank

are used to determine the minimum return. The actual remunerations from the planned assets in 2022 and 2021 were NT$5,810 thousand and NT$1,251 thousand, respectively.

(4) The Company is exposed to the following risks due to the pension system of the "Labor Standards Act":

A. Investment risk: The Bureau of Labor Funds, Ministry of Labor, invests labor pension funds in domestic (foreign) equity securities, debt securities, and bank deposits through self-operated and entrusted operation methods. However, the distribution amount of the Company's planned assets is the income determined using the 2-year fixed deposit rate of a local bank.

B Interest rate risk: A decrease in the interest rate of government bonds will increase the presently defined benefit obligation value and the return on the plan asset debt investment. They will partially offset the effect on the net defined liability.

C. Salary risk: Calculations to determine the present benefit obligation values are made based on the future salaries of plan members. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

(5) The main actuarial assumptions of the Company on the measurement date are listed as follows:

	Measurement date	
Item	2022/12/31	2021/12/31
Discount rate	1.20%	0.65%
Expected salary increase rate	2.00%	2.00%

(6) The sensitivity analysis for determining the present value of welfare obligations is as follows:

Item	2022/12/31	2021/12/31
Discount rate		
Increase by 0.25%	$ (1,313)	$ (1,470)
Decrease by 0.25%	$ 1,386	$ 1,544
Expected salary increase rate		
Increase by 0.5%	$ 2,699	$ 2,940
Decrease by 0.5%	$ (2,480)	$ (2,720)

The preceding sensitivity analysis for the determined benefit obligation's present value mentioned above is based on a single actuarial assumption change, while all other actuarial assumptions remain unchanged. Since some actuarial assumptions are related, having only one actuarial assumption is unlikely. Due to changes in actuarial assumptions, sensitivity analyses on defined benefit obligations may not be representative.

(7) The Company expects to allocate NT$0 thousand to the defined benefit plan in 2023. The weighted average duration of the defined welfare obligations is 6.9 years.

(X) Equity

1. Capital Shares

Item	2022/12/31	2021/12/31
Authorized capital	$ 1,720,000	$ 1,720,000
Paid-in capital	$ 1,226,920	$ 1,202,863

In 2022 and as of December 31, 2021, the Company has 172,000 thousand ordinary shares with a par value of NT$10 per share. Each share has one vote and the right to dividends. The issued and fully paid shares were 122,692 thousand shares and 120,286 thousand shares, respectively.

2. Capital Reserve

Item	2022/12/31	2021/12/31
Additional paid-in capital	$ 167,271	$ 167,271

According to relevant laws and regulations, the excess from the issuance of shares exceeding the par value (the issuance of ordinary shares at a price greater than the par value, the share capital premium of shares issued as a result of mergers, the conversion premium of corporate bonds, treasury stock transactions, the actual acquisition or disposal of subsidiary company equity prices, book value difference, etc.) and the capital reserve generated from receiving gifts can be used to make up for losses. It can also be used to distribute cash dividends or appropriate share capital when the Company has no losses, provided that the total amount of capital appropriation is limited to no more than 10% of the paid-in capital each year. In addition, changes in ownership interests in subsidiaries shall be recognized to offset losses.

3. Retained earnings and dividends

(1) Statutory surplus reserve

According to the Company Act, the Company shall allocate 10% of the after-tax net profit as the statutory surplus reserve until it has reached the total capital amount. When the Company has no losses, it may issue new shares or cash from the statutory reserve upon the shareholders meeting resolution, provided that the reserve is limited to 25% of the paid-in capital.

(2) Special Surplus Reserve

Provisions for withdrawing and reversing the special surplus reserve were established according to FSC's letter Jin-Guan-Zheng-Fa-Zi No. 1090150022 dated March 31, 2021, and the "Applicable Questions and Answers for the Provision of Special Surplus Reserve after Adopting the IFRSs." If there is a subsequent balance reversal of other deducted equity items, the surplus may be distributed for the reversed portion.

(3) Surplus Distribution and Dividend Policy

A. According to the Company's Articles of Incorporation, the profit distribution and dividend policy are as follows:

If there is a surplus in the final annual accounts of the Company, taxes shall be paid first to compensate for accumulated losses over the years. In that case, 10% shall be raised for the second time as the Legal reserve, and the special reserve shall be allocated or reversed according to the laws or regulations of the competent authority. If there is still a surplus, the balance plus accumulated unappropriated retained earnings of previous years shall be distributed by the board of directors after a distribution proposal is made and submitted to the shareholders meeting for resolution.

The board of directors determines Toung Loong Textile MFG.'s dividend policy based on factors such as the Company's earnings over the years, current and future investment environment, capital needs, domestic and foreign competition conditions, and capital budgets. It must also consider the shareholders' interests, balanced dividends, and the Company's long-term financial planning. It shall be drafted by the board of directors according to the law and submitted to the shareholders meeting for resolution. Toung Loong Textile MFG. distributes shareholder dividends based on the principle of no less than 50% of the after-tax profit of the current year after deducting losses. The surplus distribution can be done in the form of cash dividends or stock dividends, and the amount of cash dividends shall not be less than 30% of the total dividends paid in the current year.

B. The Company's 2021 and 2020 profit distribution proposals were resolved by the shareholders meetings on June 16, 2022, and July 28, 2021. There is no difference between the actual distribution amount and the proposed distribution approved by the original board of directors. The details are as follows:

	Amount of surplus distribution		Distribution of dividends (NT$/share)	
Item	2021	2020	2021	2020
Statutory reserves	$ 31,764	$ 8,444		
Cash dividends	156,372	120,286	$ 1.30	$ 1.00
Stock dividends	24,057	-	$ 0.20	$ -
Total	$ 212,193	$ 128,730		

For information about the basis and recognized remuneration amounts for employees, directors, and supervisors, please refer to Note 6 (11) of the Parent Company Only Financial Report for details on employee benefits, depreciation, and amortization expenses.

4. Other Items of Equity

(1) Financial statements translation differences of foreign operations

Item	2022	2021
Beginning retained earnings	$ (22,453)	$ (20,378)
Changes in this period	15,219	(2,075)
Balance at December 31	$ (7,234)	$ (22,453)

(2) Unrealized income of financial assets measured at FVTOCI

Item	2022	2021
Beginning retained earnings	(2,509)	(6,314)
Changes in this period	9,764	3,805
Balance at December 31	$ 7,255	$ (2,509)

(3) Remeasured value of defined benefit plan

Item	2022	2021
Beginning retained earnings	$ (45,139)	$ (43,839)
Changes in this period	4,935	(1,300)
Balance at December 31	$ (40,204)	$ (45,139)

(XI) Income

Item	2022	2021
Operating income		
Sales revenue	$ 3,825,122	$ 4,782,904

The Company's commodity sales revenue is derived from transferring commodities to customers at a specific time.

(XII) Employee Benefit, Depreciation, and Amortization Expenses

	2022			2021		
Nature \ Function	Attributed to operating costs	Attributed to operating expense	Total	Attributed to operating costs	Attributed to operating expense	Total
Employee benefit expense						
Salary expense	$ 274,555	$ 71,080	$ 345,635	$ 277,917	$ 72,514	$ 350,431
Labor and health insurance expense	31,016	4,893	35,909	28,709	4,622	33,331
Pension expense	11,437	2,092	13,529	10,698	1,951	12,649
Remuneration to directors	-	15,519	15,519	-	15,309	15,309
Other employee benefit expense	43,146	2,567	45,713	51,441	2,618	54,059
Subtotal	$ 360,154	$ 96,151	$ 456,305	$ 368,765	$ 97,014	$ 465,779
Depreciation expense	$ 329,833	$ 8,306	$ 338,139	$ 347,127	$ 4,803	$ 351,930
Amortization cost	$ 7,353	$ 960	$ 8,313	$ 7,176	$ 958	$ 8,134

1. The additional information on the number of employees and employee welfare expenses for the Company's 2022 and 2021 are as follows:

Item	2022	2021
Average number of employees	$ 514	$ 494
Number of directors who do not serve concurrently as employees	$ 8	$ 4
Average employee benefit expense	$ 871	$ 920
Average employee salary expense	$ 683	$ 716
The average employee salary adjustment change	$ (4.61%)	$ 28.08%
Remuneration to supervisor	$ 1,155	$ 2,820

2. The Company's remuneration policy information (including directors, supervisors, managers, and employees) is as follows:

(1) The company adopts a quota system for director and supervisor remuneration. Regardless of the company's operating profit or loss, the company shall pay monthly, and the remuneration committee may consider future company operating conditions and other factors to make suggestions for adjustments. The remuneration of directors and profit distribution shall conform to the provisions of the Company's Articles of Incorporation. The Remuneration Committee shall consider the overall performance of the Board of Directors and the Company's operating performance, future operations, and risk appetite to prepare a distribution proposal.

(2) The remuneration of the Company's employees (including managers) includes monthly salaries, business sales bonuses, production performance bonuses, year-end and annual festival bonuses in cash issued according to the annual business performance, and the employee remuneration issued according to the Company's annual profit status.

Sales bonuses, year-end bonuses, annual festival bonuses, and annual employee remuneration are rewards to colleagues for their contributions. The goal is to inspire colleagues to continue to work hard while connecting

the interests of employees and shareholders to create a win-win for the company, shareholders, and employees.

The Company shall determine the total amount of employee cash bonuses and remuneration based on its operating results and according to the distribution level of the domestic industry. The Remuneration Committee recommends the amount and method of distribution to the Board of Directors, and employee remuneration shall be paid after approval by the Board of Directors. The amount allocated to each employee depends on their duties, contributions, and performance.

3. According to the Company's Articles of Incorporation, the ratios of employee, director, and supervisor remunerations are as follows:

The Company shall distribute over 1% of the current year's profit status as employee remuneration and less than 5% remuneration for directors and supervisors. However, the Company shall make up for any accumulated losses if there are any.

The preceding "profitability of the year" refers to the remaining profit from pre-tax profit less employee, director, and supervisor remunerations.

Employee, director, and supervisory remuneration shall be resolved in a board of directors meeting attended by at least two-thirds of all board members and by a majority vote of the attending directors. The resolution shall be reported to the shareholders meeting.

Employee remuneration can be made in stock or cash, and the recipients may include employees of subordinate companies who meet certain conditions.

4. The Company shall conform to the preceding employee, director, and supervisor remuneration ratio stipulated in its Articles of Incorporation and reference the actual amount paid in the previous year. The total amount for employee, director, and supervisor remuneration estimated for 2022 and 2021 were NT$18,075 thousand and NT$19,800 thousand, respectively. They were

recognized as operating costs or operating expenses according to their nature. However, if there is a discrepancy between the actual disbursed amount and the estimated amount, the disbursed amount shall be listed as annual income.

5. **The Company's 2022 and 2021 remunerations for its employees, supervisors, and directors were resolved by its board of directors on March 13, 2023, and March 23, 2022, respectively. They were distributed as follows:**

	2022		2021	
Items	**Employee Remuneration**	**Director and Supervisor Remuneration**	**Remuneration of employees**	**Director and Supervisor Remuneration**
Allotment amount resolved by the Board of	**$ 10,000**	**$ 8,075**	**$ 10,000**	**$ 9,800**
Amounts recognized in financial statements	**10,000**	**8,075**	**10,000**	**9,800**
Amount difference	**$ -**	**$ -**	**$ -**	**$ -**

The preceding information on the Company's employee and director remunerations can be accessed on MOPS.

(XIII) Other Comprehensive Incomes

2022

Other Comprehensive Income Items	**Amount Before Tax**	**Income tax benefit (fee)**	**After-tax amount**
Items not reclassified subsequently to profit or loss			
Remeasurement of defined benefit programs	**$ 6,168**	**$ (1,233)**	**$ 4,935**
Equity instruments measured at FVTOCI			
Unrealized evaluation of gain or loss	**9,764**	**-**	**9,764**
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of the financial statements of foreign operations	**19,024**	**(3,805)**	**15,219**
Total	**$ 34,956**	**$ (5,038)**	**$ 29,91814,699**

2021

Other Comprehensive Income Items	Amount Before Tax	Income tax benefit (fee)	After-tax amount
Items not reclassified subsequently to profit or loss			
Remeasurement of defined benefit programs	$ (1,625)	$ 325	$ (1,300)
Equity instruments measured at FVTOCI			
Unrealized evaluation of gain or loss	3,805	-	3,805
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of the financial statements of foreign operations	(2,593)	518	(2,075)
Total	$ (413)	$ 843	$ 430

(XIV) Income Tax

1. Income tax recognized in income:

Item	2022	2021
Current income tax (expenses)		
Current tax payable	$ (50,270)	$ (80,094)
The current income tax expense of the previous year adjusted in the current period	2,305	(2,952)
Investment tax credits	8,252	-
Others	-	(1)
Deferred income tax (expenses)		
Deferred income tax (expenses) related to the occurrence and reversal of timing differences	15,224	(295)
Income tax (expenses)	$ (24,489)	$ (24,489)

2. Income tax related to other comprehensive income tax:

Item	2022	2021
Remeasurement of defined benefit programs	$ (1,233)	$ 325
Exchange differences on translation of the financial statements of foreign operations	(3,805)	518
Income tax benefit (fee)	$ (5,038)	$ 843

3. Reconciliation instructions for accounting income and income tax expenses:

Item	2022	2021
Profit before tax	$ 192,059	$ 400,982
Income tax (expenses) is calculated at the statutory tax rate on net profit before tax	$ (38,412)	$ (80,196)
Income tax impact of reconciled items		
Domestic investment income is recognized using the equity method	1,356	(307)
Impact level of tax on items that should be increased (decreased) when determining taxable income	10,262	113
The current income tax expense of the previous year adjusted in the current period	2,305	(2,952)

Income tax (expenses)	$ (24,489)	$ (83,342)

4. Deferred income tax assets and liabilities

The movements in deferred tax assets and liabilities are as follows:

2022

Items	Beginning retained earnings	Defined benefit costs recognized as income	Defined benefit costs recognized in other comprehensive income	Balance on December 31
Deferred tax assets				
Unrealized currency exchange gains or losses	$ 1,383	$ 24	$ -	$ 1,407
Expected credit impairment losses	-	10,561	-	10,561
Inventory valuation losses	6,906	1,825	-	8,731
Determined welfare plan actuarial loss	11,284	-	(1,233)	10,051
Currency conversion for foreign operating institution financial statements				
Difference	5,613	-	(3,805)	1,808
Total	$ 25,186	$ 12,410	$ (5,038)	$ 32,558

Items	Beginning retained earnings	Defined benefit costs recognized as income	Recognized as other comprehensive income	Balance at December 31
Deferred tax liabilities				
Income shares of subsidiaries, affiliated enterprises, and joint ventures recognized under the equity method	$ (29,675)	$ 2,177	$ -	$ (27,498)
Allowance for loss	(557)	557	-	-
Prepaid pension	(14,883)	80	-	(14,803)
Total	$ (45,115)	$ 2,814	$ -	$ (42,301)

2021

Items	Beginning retained earnings	Defined benefit costs recognized as income	Recognized as other comprehensive income	Balance on December 31
Deferred tax assets				
Unrealized currency exchange gains or losses	$ 1,888	$ (505)		$ 1,383
Expected credit impairment losses	(64)	64	-	-
Inventory valuation losses	5,906	1,000	-	6,906
Determined welfare plan actuarial loss	10,959	-	325	11,284
Currency conversion for foreign operating institution financial statements				
Difference	5,095	-	518	5,613
Total	$ 23,784	$ 559	$ 843	$ 25,186

Items	Beginning retained earnings	Defined benefit costs recognized as income	Recognized as other comprehensive income	Balance on December 31
Deferred tax liabilities				
Income shares of subsidiaries, affiliated enterprises, and joint ventures recognized under the equity method	$ (29,284)	$ (391)	$ -	$ (29,675)
Expected credit impairment losses	-	(557)	-	(557)
Prepaid pension	(14,977)	94	-	(14,883)
Total	$ (44,261)	$ (854)	$ -	$ (45,115)

5. The tax authority has assessed and approved the Company's income tax returns up to 2020.

(XV) Earnings Per Share

Basic earnings per share

The earnings and weighted average number of ordinary shares used to calculate the basic earnings per share are as follows:

Items	2022	2021
Net profits attributed to parent company owners (NT$ thousand)	$ 167,570	$ 317,640
Basic earnings per share for the weighted average number of ordinary shares (thousand shares)	122,692	120,286
Weighted average number of shares after retrospective adjustment	122,692	122,692
Basic earnings per share	$ 1.37	$ 2.64
Basic earnings per share after retroactive adjustment	$ 1.37	$ 2.59

VII. Related Party Transactions

(I) Names of the associates and the relationship with the Company

Name	Relationship with this Company
Lung Hsiang Hsing INT'L Co.	The Company's subsidiary
Toung Loong Textile MFG. (Vietnam)	"
Sarah International Co., Ltd (SARAH INTERNATIONAL CO., LTD)	"
Sarah Global Co., Ltd.	"
Sara Rose International Inc.	Corporate supervisor of the Company (Redesignated as a director on June 17, 2022)
Siang Hao Investment CO.LTD	Corporate Director of the Company

(II) Parent company and ultimate controller

The Company is the ultimate controller of the Company and its subsidiaries.

(III) Important Transactions with Related Parties

1. Operating revenue

Related parties	2022	2021
Lung Hsiang Hsing Int'l Co., Ltd.	$ -	$ 60
Sarah Global Co., Ltd.	62,859	35,474
Total	$ 62,859	$ 35,534

The transaction conditions and payment period (2 to 3 months) are not significantly different from ordinary customers.

2. Rental income

Related parties	Subject Matter	2022		2021	
Lung Hsiang Hsing Int'l Co., Ltd.	Office at Sec. 2, Sanmin Rd., Banqiao Dist., New Taipei City	$	57	$	57
Siang Hao Investment Co., Ltd.	"		23		23
Total		$	80	$	80

The preceding rent is paid every 3 months, and the rental income is listed in the Company's Parent Company Only Financial Report.

3. General income (sales materials, OEM, and consulting income)

Related parties	2022		2021	
Vietnam SARAH Company	$	1,576	$	947
Toung Loong Textile MFG. (Vietnam)		2,849		2,283
Total	$	4,425	$	3,230

The transaction conditions and payment period (approximately 2 to 3 months) are not significantly different from ordinary customers.

4. Accounts receivable

Related parties	December 31, 2022		December 31, 2021	
Sarah Global Co., Ltd.	$	3,681	$	2,000

5. For the endorsement and guarantee of the associate Toung Loong Textile MFG. (Vietnam), please refer to the detailed "Endorsement and Guarantee for Others" list in Attachment 1 of the Parent Company Only Financial Report.

6. Relevant information on the total remuneration of key management

Item	2022		2021	
Short-term employee benefits	$	27,143	$	28,608
Post-employment benefits		150		188
Total	$	27,293	$	28,796

VIII. Pledged Assets

Assets	Subject matter of pledge	Carrying amount 2022/12/31		Carrying amount 2021/12/31	
Land	Bank loans	$	565,084	$	565,084
Buildings	Bank loans		599,597		621,543
Machinery and equipment	Bank loans		191,161		255,806
Total		$	1,355,842	$	1,442,433

IX. Significant Contingent Liabilities And Unrecognized Contract Commitments

(I) From to December 31, 2022, the details of the unused letters of credit issued by the Company for the purchase of raw materials and machinery and equipment are as follows:

Item		Amount	
The number of unused letters of credit issued			
NTD	(thousand)	$	35,508
Euro	(thousand)		740
Franc	(thousand)		340

(II) As of December 31, 2022, the details of guaranteed notes issued by the Company are as follows:

Items	Amount	
Loan amount	$	200,000
Return material yarn tube safekeeping		2,400
Imported machine guarantee		3,000

(III) The total price of the project and sales contract signed by the Company for factory building expansion and additional equipment purchase is about NT$488,425 thousand. As of December 31, 2022, the remaining amount to be paid is about NT$337,177 thousand.

X. Major disaster losses: None.

XI. Major subsequent events: None.

XII. Others

(I) Financial instruments

1. Categories of financial instruments

(1) Financial Assets

Item	December 31, 2022	December 31, 2021
Financial assets measured at amortized cost		
Cash and cash equivalents	$ 557,733	$ 569,717
Notes and accounts receivables	236,858	543,891
Other receivables	5,567	712
Refundable deposits	19,335	17,104
Financial assets measured at amortized cost	110,219	74,951
Financial assets at FVTPL	-	10,052
Financial assets at fair value through other comprehensive income	103,340	92,809
Total	$ 1,033,052	$ 1,309,236

(2) Financial liabilities

Item	December 31, 2022	December 31, 2021
Financial liabilities measured at amortized cost		
Short-term borrowings	$ 1,375,628	$ 891,745
Short-term notes and bills payable	79,808	259,938
Notes payable and accounts payable	213,081	349,579
Other payables	148,753	170,927
Long-term borrowings (including the portion with maturity in one year)	1,224,048	1,324,086
Deposits received	193	193
Lease liabilities	12,463	5,988
Total	$ 3,053,874	$ 3,002,456

2. The Purpose of Financial Risk Management

The financial risk management objective of the Company is to manage financial risks related to operating activities. Such risks include market risk (including foreign currency exchange rate and interest rate risk), credit risk, and liquidity risk. The Company is devoted to identifying, assessing, and avoiding

market uncertainties to eliminate the potential adverse effects of market changes on financial performance. The Company's board of directors supervises the management level and monitors the compliance of the Company's financial risk management policies and procedures. It reviews the suitability of the Company's financial risk management framework for the risks they face. Internal auditors assist the Company's Board of Directors in its oversight role. These individuals conduct routine and exceptional reviews of financial risk management controls and procedures, and report the findings to the board of directors.

3. Market risks

Market risk refers to the risk that changes in market prices will affect the income of the Company or the value of financial instruments held, such as changes in exchange rates and interest rates. Market risk management aims to control the degree of exposure to market risks within a tolerable range and optimize investment returns. The Company is mainly exposed to market risks, such as changes in foreign currency exchange and interest rates, and uses certain derivative financial instruments to manage related risks. In 2022 and 2021, there was no risk exposure change in the financial instrument market, the management, and the measurement of such exposure.

(1) Foreign currency exchange rate risks

Some of the Company's operating activities and net investments in foreign operating institutions are mainly conducted in foreign currencies so currency exchange rate risks may occur. The exchange rate risk management strategy regularly reviews the net positions of assets and liabilities in various currencies and carries out risk management on the net positions. It is based on the cost of hedging and the period of hedging to avoid the decrease in the value of foreign currency assets and fluctuations in future cash flows caused by exchange rate changes and to avoid the selection of exchange rate risk tools. The following are the details of the

Company's foreign currency assets and liabilities that have a significant impact on the financial report:

December 31, 2022

Item		Foreign	Exchange	Carrying
Financial asset				
Monetary items				
USD	$	15,772	30.71	484,360
Euro		25	32.72	818
JPY		104	0.23	24
Non-monetary				
USD		7,785	30.71	239,140
Financial liability				
Monetary items				
USD		250	30.71	7,666
Euro		1,150	32.72	37,637

December 31, 2021

Item		Foreign	Exchange	Carrying
Financial asset				
Monetary items				
USD	$	14,785	27.68	409,251
Euro		39	31.32	1,228
JPY		5,104	0.24	1,228
Non-monetary				
USD		5,198	27.68	143,894
Financial liability				
Monetary items				
USD		159	27.68	4,412
Euro		1	31.32	47

The exchange rate risk sensitivity analysis is as follows:

	2022							
NT$ 1% relative appreciation	USD		Euro		Swiss Franc		JPY	
Profits (losses)	$	4,767	$	(368)	$	-	$	-
Increase (decrease) in equity		2,391		-		-		-

	2021							
NTD 1% relative appreciation	USD		Euro		Swiss Franc		JPY	
Profits (losses)	$	4,048	$	12	$	-	$	12
Increase (decrease) in equity		1,439		-		-		-

(2) Interest rate risk

Interest rate risk is the risk of changes in the fair value of financial instruments due to market interest rate fluctuation. The Company's long-term and short-term bank loans were borrowed at floating interest rates. So any changes in market interest rates will generate fair value change risks and cash flow risks. The Company's policy is to hedge against the risks of changes in loan interest rates. It assesses the international economic situation and market interest rate trends before deciding whether to use floating or fixed interest rates to avoid the risks of interest rate changes.

The interest rate risk sensitivity analysis is based on the interest rate exposure of derivative and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis assumes that the amount of the liability outstanding at the end of the reporting period was outstanding for the entire year. The rate of change used by the Company when reporting interest rates internally to the key management level is a 0.25% increase or decrease in interest rates, which represents the management's assessment of the reasonably possible interest rate fluctuation range. Suppose the interest rate rises or falls by 0.25% while all other variables remain constant. In that case, the Company's net profit in 2022 and 2021 will fall or rise by NT$6,499 thousand and NT$5,540 thousand, respectively, according to changes in the Company's borrowing

rate.

4. Credit Risk Management

Credit risk is the risk of financial loss to the Company due to the failure of the transaction counterparty or other parties to perform the contract. The evaluation subject is the contract with a positive fair value on the balance sheet date. As of 2022 and as of December 31, 2021, the largest credit risk exposure of the Company that may cause financial losses due to the counterparty's failure to perform the contract mainly comes from the receivables generated from operating activities. The Company's operational and financial credit risks are managed separately.

(1) Operational-related credit risk

The Company has established procedures for credit risk management related to operations to maintain the quality of accounts receivable. An individual customer's credit risk assessment is primarily based on the customer's financial status, historical transaction records, the internal credit rating of the Company, credit rating agency ratings, current economic conditions, and other factors that may affect the customer's ability to pay. The Company also timely uses certain credit enhancement tools, such as advance payment and credit insurance, to reduce the credit risk of specific customers.

In 2022 and as of December 31, 2021, the accounts receivable balance of the top 10 customers accounted for 75% of the Company's accounts receivable balance, respectively. The credit concentration risk of the remaining accounts receivable is relatively insignificant.

(2) Financial credit risk

The Company's credit risk engaged in financial asset investment is measured and monitored by the Financial Department of the Company. Since the transaction partners are all financial institutions and corporate

organizations with good credit, no significant credit risk is expected. The Company does not hold any collateral or other credit enhancement instruments to hedge the financial asset credit risks.

5. Liquidity risk management

The liquidity risk management objective of the Company is to maintain the cash and equivalent cash required for operations, highly liquid securities and sufficient bank financing, etc. The goal is to ensure the Company has sufficient financial flexibility and mitigate the impact of cash flow fluctuations. The management of the Company supervises the bank financing lines and ensures compliance with the loan contract terms. In 2022 and as of December 31, 2021, the Company's unused short-term bank financing lines were NT$2,160,372 thousand and NT$1,998,255 thousand, respectively.

The Company's investment in domestic and foreign unlisted company stocks is expected to have a relatively significant liquidity risk because there is no active market.

The table below analyzes the remaining contractual maturity of financial liabilities during the agreed repayment period. It is prepared based on the undiscounted cash flow of financial liabilities, which includes cash for interest and principal flow. It is based on the earliest date on which the Company may be required to repay:

December 31, 2022

Item	Less than 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
Non-derivative financial liabilities						
Short-term borrowings	$ 987,628	$ 388,000	$ -	$ -	$ 1,375,628	$ 1,375,628
Short-term notes and bills payable	79,808	-	-	-	79,808	79,808
Notes payable and accounts payable	199,617	11,801	1,663	-	213,081	213,081
Other payables	118,224	30,529	-	-	148,753	148,753
Long-term borrowings	12,973	102,112	914,082	262,657	1,291,824	1,224,048
Lease liabilities	1,566	4,698	6,330	-	12,594	12,463

Deposits received	-	-	193	-	193	193
Total	$ 1,399,816	$ 537,140	$ 922,268	$ 262,657	$ 3,121,881	$ 3,053,974

December 31, 2021

Item	Less than 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
Non-derivative financial liabilities						
Short-term borrowings	$ 620,000	$ 271,745	$ -	$ -	$ 891,745	$ 891,745
Short-term notes and bills payable	259,938	-	-	-	259,938	259,938
Notes payable and accounts payable	311,808	35,078	2,693	-	349,579	349,579
Other payables	144,780	26,147	-	-	170,927	170,927
Long-term borrowings	17,358	83,330	982,654	296,785	1,380,127	1,324,086
Lease liabilities	371	1,884	3,842	-	6,067	5,988
Deposits received	-	-	193	-	193	193
Total	$ 1,354,255	$ 418,154	$ 989,382	$ 296,785	$ 3,058,576	$ 3,002,456

6. Fair Value of Financial Instruments

(1) Fair value of financial instruments at amortized cost

In the Parent Company Only Financial Report, the Company believes the carrying amounts of financial assets and liabilities measured at amortized cost approximate their fair values.

(2) Appraisal techniques and assumptions used to measure fair value

Fair value refers to the price received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The methods and assumptions used by the Company to measure or disclose the fair value of financial assets and financial liabilities are as follows:

A. The carrying amounts of cash and cash equivalents, receivables, payables, and other current liabilities are reasonable approximations of fair value, primarily because of the short maturity periods for such instruments.

B. The fair value of financial assets and liabilities traded in an active market with standard terms and conditions is determined regarding market quotations (such as listed stocks and bonds).

C. The fair value of equity instruments without active market transactions (for example, private placement stocks listed on the counter, publicly issued company stocks without active markets, and privately issued company stocks) is estimated using the market or asset-based approach. The fair value is calculated based on the prices generated by the market transactions of the same or comparable corporate equity instruments and other relevant information (lack of liquidity discount factors, similar company equity ratio, similar company stock price-to-book ratio, etc.).

D. The increased financial assets at amortized cost and the fair value of long-term payables are determined based on the discounted cash flow analysis. Since there is little difference between the discounted and book values, they are presented at the book value.

(3) Fair value measurement recognized in the Parent Company Only Balance Sheet

After the initial recognition, the analysis of financial instruments is based on the fair value measurement method, which is divided into three levels based on the degree of observability of the fair value:

A. Level 1 fair value measurements are quoted prices (unadjusted) in active markets for identical assets or liabilities.

B. Level 2 fair value measurement refers to the derivation of fair value from observable inputs of assets or liabilities, either directly (i.e., prices) or indirectly (i.e., derived from prices), but not included in the first level quotations.

C. Level 3 fair value measurement is the evaluation technique that uses unobservable input values (input values of assets or liabilities not based on observable market data) to derive fair value.

(4) Fair value – financial instruments measured at fair value regularly

December 31, 2022

Item	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income Non-TWSE/TPEx listed domestic company stocks	$ -	$ -	$ 103,340	$ 103,340

December 31, 2021

Item	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Foreign Beneficiary Certificates	$ 10,052	$ -	$ -	$ 10,052
Financial assets at fair value through other comprehensive income				
Non-TWSE/TPEx listed domestic company stocks	-	-	92,809	92,809
Total	$ 10,052	$ -	$ 92,809	$ 102,861

(II) Capital management

The Company's capital management goal is to ensure the ability to continue operations; meet the needs of working capital, capital expenditures, R&D expenses, debt repayments, and dividend payments for the next 12 months; and maintain an optimal capital structure to reduce capital costs. The Company may adjust the dividends paid to shareholders, issue new shares, or sell assets to liquidate liabilities to maintain or adjust the capital structure.

The Company monitors capital by regularly reviewing the debt ratio. The debt ratio of the Company is as follows:

Item	2022/12/31	2021/12/31
Total liabilities	$ 3,171,586	$ 3,165,126
Total Assets	$ 5,905,741	$ 5,858,165
Liability proportion	54%	54%

XIII. Additional Disclosures

(I) Information on Significant Transactions

1. Loans to others: None.
2. Provision of endorsements and guarantees to others: Please refer to Attachment 1.
3. Securities held at the end of the period: see Attachment 2 for details.
4. Acquisition or sale of the same security with the accumulated cost reaching NT$300 million or 20% of the Company's paid-in capital: None.

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

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

7. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in Capital or more: None.

8. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: None.

9. Engage in derivative commodity trading: None.

(II) Information about reinvestment matters: See Attachment 3 for details.

(III) Mainland China investment information: The Company has not invested in mainland China.

(IV) Information on major shareholders: See Attachment 4 for details.

XIV. Department Information

The Company's resource allocation and performance measurement are based on the operating results regularly reviewed by the chief operating officer, and the Company is a single operating department. The basis of measurement for the operating department's income, assets, and liabilities is the same as that of the financial report. Please refer to the 2022 Consolidated Financial Report.

Attachment 1

Endorsements/guarantees provided

January 1, 2022, to December 31, 2022

Unit: USD thousand, NTD thousand

No. (Note 1)	Endorsement/ guarantee provider	Guaranteed party		Limit on endorsements/guarantees provided for a single party (Note 3)	The maximum endorsement guarantee balance in the current period	Balance of endorsement guarantee at the end of the period	Actual drawn-down amount (Note 4)	Amount of endorsement/guarantee collateralized by properties	Ratio of accumulated endorsement/guarantee to net equity per latest financial statements	Endorsement/guarantee limit (Note 3)	Endorsement/guarantee from the parent company to the subsidiary (Note 5)	Endorsement/guarantee from subsidiary to parent company (Note 5)	Guarantee provided to subsidiaries in Mainland China (Note 5)
		Company Name	Relationship (Note 2)										
0	Toung Loong Textile MFG. Co., Ltd.	Toung Loong Textile MFG. (Vietnam)	2021	$ 1,093,662 (2,734,155×40%)	(US$2,500) NT$80,538	(US$2,500) NT$76,775	US$116 NT$3,555	$ -	2.81%	$ 1,339,736 (2,734,155×49%)	Y	N	N

Note 1: 0 represents Toung Loong Textile MFG. Co., Ltd.

Note 2: 2 represents a subsidiary whereby a parent company directly owns over 50% of its ordinary shares.

Note 3: Maximum limit calculation method: According to the Company's endorsement guarantee method, the Company's latest financial statement audited and certified by a CPA is limited to 49% of the net value of the Company's latest financial statements. The endorsement guarantee for a single enterprise shall not exceed 40% of the latest net value of the Company's financial statements audited and certified by a CPA.

Note 4: The amount of the Company's disbursement within the range of using the balance of the endorsements/guarantees shall be disclosed.

Note 5: Y is required only for an endorsement/guarantee of a listed parent company to a subsidiary, an endorsement/guarantee of a subsidiary to a listed parent company, and an endorsement/guarantee to entities in Mainland China.

Attachment 2

Marketable securities held at the end of the period

2022/12/31

Unit: NT$ thousand / thousand shares

Holding company name	Type and name of securities (Note 1)	Relationship with the securities issuer (Note 2)	Financial statement account	End of Period				Remarks
				Number of Shares	Book value (Note 3)	Percentage of Ownership	Fair value	(Note 4)
Toung Loong Textile MFG. Co., Ltd.	**Bonds**							
	Bond repos	None	Current financial assets at amortized cost	-	$ 31,079	-	$ 31,079	
	Bond repos	"	Non-current financial assets at amortized cost	-	79,140	-	79,140	
	Subtotal				110,219			
	Stocks							
	Chain Yarn Co., Ltd.	"	Non-current financial assets at fair value through other comprehensive income	6,164	76,000	2.90%	76,000	
	Tair Yung Fa Co., Ltd.	"	"	1	18,000	18.00%	18,000	
	Pao Shiang Construction & Industrial Co., Ltd.	"	"	55	4	0.01%	4	
	EZ-Photo Co., Ltd.	"	"	90	696	18.00%	696	
	Safe Save Medical Cell Sciences & Technology Co., Ltd.	"	"	221	4,630	0.55%	4,630	
	Ta Shee Resort Co., Ltd.	"	"	-	4,010	-	4,010	
	Subtotal				103,340			
Sarah International Co., Ltd	**Stocks**							
	ACE CROWN VIETNAM CO,.LTD	"	"	-	1,264	13.00%	1,264	

Note 1: Marketable securities were shares, bonds, beneficiary certificates, and others within the scope of IFRS 9 “Financial Instruments."

Note 2: Omit this field if the securities issuer is not a related party.

Note 3: For those measured by fair value, the book amount column B is the book balance after adjusting the fair value evaluation and deducting accumulated losses. For those not measured by fair value, the booking amount in Column B is the book balance of the original acquisition cost or amortized cost less accumulated impairment.

Note 4: Due to the provision of guarantees, pledged loans, or other agreements, the number of shares provided as guarantee or pledge, the amount of guarantee or pledge, and the circumstances of restricted use must be indicated.

Note 5: For information about investing in subsidiaries and affiliated companies, please refer to Attachment 3 for investment-related information.

Attachment 3

Reinvestment related information

January 1, 2022, to December 31, 2022

Unit: NT$ thousand / thousand shares

Investor	Name of investee	Location	Main business	Initial investment amount		Holding at the end of the period			Current income of investee	Investment income recognized in the current period	Remarks
				By the end of the current period	End of last year	Shares	Percentage	Carrying amount			
Toung Loong Textile MFG. Co., Ltd.	Lung Hsiang Hsing INT'L Co.	R.O.C.	International Trade	$ 15,970	$ 15,970	1,600	66.67%	$ 10,821	$ (676)	$ (451)	
	Sarah Global Co., Ltd.	"	Cloths, textiles, threads Wholesale and retail	20,000	20,000	2,000	100.00%	33,684	7,229	7,229	
	Sarah International Co., Ltd	Vietnam	Manufacturing of weaving yarn	63,371 (US$1,855 thousand)	63,371 (US$1,855 thousand)	-	100.00%	85,793	15,388	15,388	
	Toung Loong Textile MFG. (Vietnam)	"	"	92,724 (US$2,843 thousand)	92,724 (US$2,843 thousand)	-	66.67%	103,266	14,866	9,911	
	SUN BEAM GLOBAL ENTERPRISE CO., LTD	The British Virgin Islands	General commerce	16,319 (US$500 thousand)	16,319 (US$500 thousand)	5	100.00%	50,081	(8,225)	(8,225)	
			Total	$ 208,384	$ 208,384			$ 283,645		$ 23,852	
SUN BEAM GLOBAL ENTERPRISE CO., LTD	DONG LONG ENTERPRISE CO., LTD	Cambodia	Manufacturing of weaving yarn	US$490 thousand	US$490 thousand	-	49.00%	$ 13,504	(18,188)		

Attachment 4

Information on Major Shareholders

December 31, 2022

Name of major shareholder	Shares held	Shareholding percentage
Jung-Chieh Yu	6,733,719	5.48%
Rong-Lih Yu	6,368,094	5.19%

1. The information on major shareholders in this Exhibit is compiled by Taiwan Depository & Clearing Corporation based on the last business day of the quarter in which the shareholders held 5% or more of the Company's common shares and preferred shares whose registration and delivery have been completed in non-physical form (including treasury shares). There may be a discrepancy in the number of shares recorded on the financial statements of a company and its dematerialized securities arising from the difference in basis of preparation.
2. As table above, the shareholder who delivers the shares to the trust is disclosed by the individual trustee who opened the trust account. In accordance with the Security Exchange Act, the shareholders have to disclose the insider equity more than ten percent of the shares, including their own shares and their delivery to the trust, and have the right to make decisions on the trust property. Information on insider equity is available on the Market Observation Post System (MOPS) website.

Toung Loong Textile MFG. Co., Ltd.

List of Important Account Titles

(Amounts are in NTD thousand unless otherwise specified)

2022

Table 1

Toung Loong Textile MFG. Co., Ltd.

Statement of cash and cash equivalents

December 31, 2022

Item	Abstract		Amount
Cash	Cash and working capital		$ 1,439
Cash in banks			
Checking accounts			174,025
Demand deposits			41,325
Time deposit			107,485
Foreign currency deposits	US$	7,599	233,366
	EUR$	2	72
	JPY$	90	21
Subtotal			556,294
Total cash and cash equivalents			$ 557,733

Table 2

Toung Loong Textile MFG. Co., Ltd.

Net Accounts Receivable Table

December 31, 2022

Customer name	Abstract	Amount
Related parties		
Sarah Global	Payment	$ 3,681
Non-related party		
Company A	"	57,292
Company B	"	41,473
Company C	"	23,817
Company D		13,527
Other (under 5% total)	"	99,487
Non-related party sub-total		235,596
Less: Allowance for bad debts		-5,052
Net amounts of non-related parties		230,544
Total		$ 234,225

Table 3

Toung Loong Textile MFG. Co., Ltd.

Net Inventory Table

December 31, 2022

Items	Abstract	Amount			
		Cost		Market price (Note)	
Raw material	Inventory	$	71,857	$	70,586
Materials	"		42,725		42,620
Work in progress	"		303,262		297,470
Finished goods	"		1,065,304		1,028,818
Materials in transit	"		1,380		1,380
Total			1,484,528	$	1,440,874
Less: Allowance for depreciation losses			-43,654		
Net amount		$	1,440,874		

Table 4

Toung Loong Textile MFG. Co., Ltd.

Statement of changes in investments accounted for using the equity method

January 1, 2022, to December 31, 2022

Name	Beginning retained earnings		Current Period Increase		Current Period Decrease		Balance at December 31			Market value or equity net value		Guarantee or pledge status	Remarks
	Number of shares (thousand)	Amount	Number of shares (thousand)	Amount	Number of shares (thousand)	Amount	Number of shares (thousand)	Shareholding percentage	Amount	Unit Price	Total price		
Investment in subsidiaries													
Lung Hsiang Hsing Int'l Co., Ltd.	1,600	$ 11,272	-	$ -	-	$ 451	1,600	66.67	$ 10,821	7.05	$ 10,821	None	
Sarah Global Co., Ltd.	2,000	26,455	-	7,229	-	-	2,000	100.00	33,684	13.23	33,684	"	
Sarah International Co., Ltd	-	79,728	-	21,236	-	15,171	-	100.00	85,793	-	85,793	"	
Toung Loong Textile MFG. (Vietnam)	-	98,623	-	17,436	-	12,793	-	66.67	103,266	-	103,266	"	
SUN BEAM GLOBAL ENTERPRISE CO., LTD	5	52,656	-	5,650	-	8,225	5	100.00	50,081	10,531.03	50,081	"	
Total		$ 268,734		$ 51,551		$ 36,640			$ 283,645				

Explanation 1. Lung Hsiang Hsing Int'l Co., Ltd.'s decrease in this period is the investment loss of NT$451 thousand recognized using the equity method.

2. Sarah Global Co., Ltd.'s increase in this period is NT$7,229 thousand of investment income recognized using the equity method.

3. Sarah International Co., Ltd.'s increase in the current period is NT$15,388 of investment income recognized under the equity method and NT$5,848 thousand the conversion difference of foreign financial statements assessed according to the IAS No. 21 bulletin. The decrease in the current period is due to the distribution of NT$15,171 in cash dividends.

4. Toung Loong Textile MFG. (Vietnam)'s increase in the current period is NT$9,911 thousand of investment income recognized under the equity method and NT$7,525 thousand, the conversion difference of foreign financial statements assessed according to the IAS No. 21 bulletin. The decrease in the current period is due to the distribution of NT$12,793 thousand in cash dividends.

5. SUN BEAM GLOBAL ENTERPRISE CO., LTD.'s increase in the current period is NT$5,650 thousand conversion difference from foreign financial statements assessed according to the IAS No. 21 bulletin, and the decrease in the current period is the investment loss of NT$8,225 thousand recognized using the equity method.

6. More East Industrial Co., Ltd.'s decrease in this period came from NT$578 thousand in investment loss recognized by the equity method, the distribution of NT$1,680 thousand in cash dividends, and the disposal of NT$23,682 thousand for the entire investment under the equity method.

Table 5

Toung Loong Textile MFG. Co., Ltd.

Property, Plant, and Equipment Change Table

January 1, 2022, to December 31, 2022

Please refer to Note 6 (6) of the Parent Company Only Financial Report for relevant information.

Table 6

Toung Loong Textile MFG. Co., Ltd.

Accumulated Depreciation and Impairment Change Table

January 1, 2022, to December 31, 2022

Please refer to Note 6 (6) of the Parent Company Only Financial Report for relevant information.

Table 7

Toung Loong Textile MFG. Co., Ltd.

Short-term Loans Table

December 31, 2022

Creditor	Loan type	Balance on December 31	Term of contract	Interest rate range	Credit limit	Guarantee or pledge	Remarks
KGI Bank (Corporate finance office)	Procurement loan	$ 37,628	One year	According to the bank's general prevailing interest rate	$ 250,000	Please refer to Note 8	
"	Mortgage loan	28,000			310,000		
Mega Bank (Banqiao Branch)	"	100,000			150,000		
Hua Nan Bank (Puqian Branch)	"	180,000			250,000		
Bank of Taiwan (Huajiang Branch)	"	60,000			60,000		
Taiwan Cooperative Bank (Puqian Branch)	"	190,000			200,000		
The Export-Import Bank of R.O.C.	Credit loans	150,000			150,000		
Bank Sinopac (Business Department III)	"	100,000			150,000		
Fubon Bank (Business finance office)	"	200,000			200,000		
E.SUN Commercial Bank (Xinzhuang Branch)	"	150,000			150,000		
"	"	100,000			200,000		
Yunta Bank (New Taipei City Regional Center)	"	80,000			80,000		
Total		$ 1,375,628					

Table 8

Toung Loong Textile MFG. Co., Ltd.

Schedule of short-term bills payable

December 31, 2022

Item	Guarantee or acceptance institution	Term of contract	Interest rate range	Amount			Remarks
				Amount issued	Unamortized discount on short-term bills payable	Carrying amount	
Commercial papers payable	Dah Chung Bills Finance Corp.	2022.12.27-2023.02.24	1.60%	$ 80,000	$ (192)	$ 79,808	

Table 9

Toung Loong Textile MFG. Co., Ltd.

Statement of accounts payable

December 31, 2022

Manufacturer Name	Abstract	Amount	Remarks
Non-related party			
Company AA	Payment	$ 49,199	
Company BB	"	17,581	
Company CC	"	16,665	
Company DD	"	11,716	
Company EE	"	8,463	
Other (under 5% total)	"	61,809	
Total		$ 165,433	

Table 10

Toung Loong Textile MFG. Co., Ltd.

Statement of long-term borrowings

December 31, 2022

Please refer to Note 6 (8) of the Parent Company Only Financial Report for relevant information.

Table 11

Toung Loong Textile MFG. Co., Ltd.

Statement of operating revenue

January 1, 2022, to December 31, 2022

Item	Weight	Amount	Remarks
Cloth yarn	12,095,635 KGS	$ 3,671,435	
Others	863,759 KGS	153,687	
Total		$ 3,825,122	

Table 12

Toung Loong Textile MFG. Co., Ltd.

Statement of operating costs

January 1, 2022, to December 31, 2022

Items			Amount
Raw material			
Initial stock		$	147,922
Plus:	Current period incoming materials		2,272,479
	Raw material inventory surplus		795
Less:	End-of-period stock		(71,857)
	Raw material sales		(70,244)
	Other subtraction items		(506)
Current period consumption			2,278,589
Materials			
Initial stock			38,666
Plus:	Current period incoming materials		350,082
Less:	End-of-period stock		(42,725)
	Raw material inventory loss		(19)
	Material sales		(727)
	Other subtraction items		(95,935)
Current period consumption			249,342
Direct labor			212,953
Production overheads			979,137
Production cost			3,720,021
Plus:	Initial period work-in-progress		289,826
Less:	End period work in progress		(303,262)
	Other subtraction items		(340)
Cost of finished goods inventory			3,706,245
Plus:	Initial period finished products		760,749
	Outsourced finished product		605
Less:	End period finished products		(1,065,304)
	Finished product inventory loss		(3,972)
	Other subtraction items		(6,509)
Cost of sales			3,391,814
Plus:	Costs of raw material sales		70,244
	Other additional items		1,654
	Inventory valuation losses		9,126
	Inventory loss		3,195
Operating costs		$	3,476,033

Table 13

Toung Loong Textile MFG. Co., Ltd.

Statement of Manufacturing Expenses

January 1, 2022, to December 31, 2022

Item		Amount
Indirect labor	$	78,246
Repair and maintenance expense		55,534
Utility expense		266,469
Depreciation		329,833
Other expenses (Note)		249,055
Total	$	979,137

Note: Aggregation accounting for less than 5% of the total amount

Table 14

Toung Loong Textile MFG. Co., Ltd.

Statement of operating expenses

January 1, 2022, to December 31, 2022

Item	Selling expenses		Administrative expenses		R&D expenses	
Salary	$	15,175	$	55,207	$	9,298
Freight expense		15,708		18		4
Insurance expense		1,606		2,843		1,062
Depreciation		1,308		5,292		1,706
Sample expense		4,696		-		-
Director and supervisor remuneration		-		8,075		-
Royalty		23,800		-		-
Other expenses (Note)		10,818		22,288		3,096
Total	$	73,111	$	93,723	$	15,166

Note: Aggregation accounting for less than 5% of the total amount