

**SHINIH ENTERPRISE CO., LTD.
and Subsidiaries**
**Consolidated Financial Statements for the
Years Ended December 31, 2022 and 2021 and
Independent Auditors' Report**

REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of SHINIH ENTERPRISE CO., LTD. as of and for the year ended December 31, 2022, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, SHINIH ENTERPRISE CO., LTD. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

SHINIH ENTERPRISE CO., LTD.

By

SHINIH ENTERPRISE CO., LTD. |

Authorized Signature

CHIEN JUI JUI
Chairman

February 24, 2023

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of
SHINIHI ENTERPRISE CO., LTD.

Opinion

We have audited the accompanying consolidated financial statements of SHINIHI ENTERPRISE CO., LTD. and subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, the consolidated statements of comprehensive income, changes in equity, and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China (ROC).

Basis for Opinion

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

Key Audit Matters

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

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2022 are stated as follows :

1. Impairment of accounts receivable

As of December 31, 2022, the accounts receivable of SHINIH ENTERPRISE CO., LTD. and its subsidiaries were assessed the impairment loss by its policies. The increase of collection risk of accounts receivable might result from the global economic uncertainty, and the assessments on expected credit impairment loss involved the management exercised their judgments on the assumptions of client's credit risk. Therefore, we identified the impairment of accounts receivable assessment as a key matter for auditing of these consolidated financial statements.

Our main audit procedures include testing the controlled points related to the Group's collection and reviewing the subsequent collection records; obtaining the accounts receivable aging schedule provided by the management and verifying the accuracy of its aging range by selected samples; analyzing the comparison between the aged periods and proportions to assess the reasonableness of impairment of accounts receivable; and assessing the appropriateness about the disclosure of impairment of accounts receivable by the management.

2. Valuation of allowance to reduce inventory to market

The accounting policies of loss for market price decline and obsolete and slow-moving inventories of SHINIH ENTERPRISE CO., LTD. and its subsidiaries were based on the loss for obsolete and slow-moving inventories in the inventories aging information. Those information resources were the management based on the sales, obsolete and qualities of inventories to judge and assess the net realized value of inventories and measured the inventories value by the lower of cost and net realized value, and provision for reducing inventory to market. Therefore, we identified the valuation of allowance to reduce inventory to market as a key matter for auditing these consolidated financial statements.

Our main audit procedures include assessing the Group's provision of inventories based on the nature of inventories; inspecting the accuracy of inventories aging schedule by selected samples; assessing the reasonableness of the rate for loss market price decline and obsolete and slow-moving inventories and the Group's management's assumptions; inspecting the correctness of the Group's previous inventories allowance and comparison with the estimated inventories allowance

in the current period to assess the appropriateness of the estimated methods and assumptions for the current period; and assessing the appropriateness of the management's disclosure about the allowance to reduce inventory to market.

3. Impairment assessment of property, plant and equipment

As of December 31, 2022, the Group's property, plant and equipment were NT\$2,185,864 thousand, representing 35% of the total assets. The management regularly reviewed whether there were any indications of impairment on property, plant and equipment under the regulations of IAS 36 impairment of assets. Assessing the impairment loss of non-financial assets needs through forecasting and discounting future cash flow to estimate recoverable amounts. The process is, in essence, significant uncertainty; therefore, we identified it as a key matter for auditing these consolidated financial statements.

Our main audit procedures include obtaining the assessment form of impairment of assets by the Group's self-assessment; assessing the reasonableness of the impairment indications identified by the management; inspecting whether the Group's use of property, plant and equipment and the range or methods expected to be used have a material adverse change; and reviewing whether the Company's economic performance on property, plant and equipment was below expectation.

4. Recognition of gain on land expropriation and compensation agreement

As mentioned in note 6(26) of the consolidated financial statement, sub-subsidiary of SHINI ENTERPRISE CO., LTD., Taixin Fiber Products (Suzhou) Co., Ltd., entered into the "land expropriation and compensation agreement" with Taichang Municipal People's Government in November 2022 for the local people government's construction plan, including that Taixin Fiber Products (Suzhou) Co., Ltd. has to the recovery of non-movable objects such as land-use right, buildings and equipment, suspend production or operations, and compensation such as cease labor contract and relocation expense within the limitation periods. Taixin Fiber Products (Suzhou) Co., Ltd. has been implemented under the contract and received total subsidies, those expropriation compensations and its related relocation expense recognized as net profit in profit or loss. Considering the land expropriation is material to the consolidated financial statement, and the management's subjective judgment will influence its recognition of relocation expenses and the revenue recognition. Therefore, we identified this land expropriation and compensation as a key audit matter for auditing these consolidated financial statements.

Our main audit procedures include obtaining the land expropriation and compensation agreement signed with the local government for reviewing the relevant agreement to understand Taixin Fiber Products (Suzhou) Co., Ltd. obtained the rights and obligations on receiving the land expropriation compensation income; inspecting the consistency between the relevant resolution of the Board meeting minutes and those mentioned by the management; verifying the land expropriation compensation income and relocation expense documents by selected samples to check the consistency between the actual payments and the amounts mentioned in the contracts;



verifying the consistency between the derecognition items and documents and checking the correctness of its disposal interest; reviewing the accounting treatment of expropriation transaction and assessing the correctness of its accounting items.

Other Matter

We have also audited the parent company only financial statements of SHINIH ENTERPRISE CO., LTD. as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion.

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

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

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

Those charged with governance including members of the Audit Committee are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks,



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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



The engagement partners on the audit resulting in this independent auditors' report are Shao, Chao Pin and Huang Chien Chen.

Crowe TW CPAs

CROWE (TW) CPAs
Taichung, Taiwan (Republic of China)

March 24, 2023

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

SHINIH ENTERPRISE CO., LTD. and Subsidiaries
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

ASSETS	NOTES	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
CURRENT ASSETS					
Cash and cash equivalents	6(1)	\$ 1,999,100	32	\$ 754,271	13
Notes receivable, net	6(2)	35,055	1	43,784	1
Accounts receivable, net	6(3) - 7	318,761	5	388,337	7
Other receivables, net	6(4) - 7	16,464	-	8,434	-
Current income tax assets	6(28)	18,429	-	20,052	-
Inventories, net	6(5)	551,534	9	573,750	10
Prepayments		102,192	2	115,306	2
Noncurrent assets held for sale	6(6)	63,913	1	-	-
Other financial assets - current	6(7)	239,425	4	770,694	14
Other current assets		403	-	444	-
Total current assets		<u>3,345,276</u>	<u>54</u>	<u>2,675,072</u>	<u>47</u>
NONCURRENT ASSETS					
Property, plant and equipment	6(8)	2,185,864	35	2,189,887	39
Right-of-use assets	6(9) - 7	255,828	4	287,431	5
Investment property	6(10)	157,497	3	158,501	3
Intangible assets	6(11)	7,855	-	8,180	-
Deferred income tax assets	6(28)	105,429	2	101,450	2
Prepayments for business facilities		28,875	1	44,409	1
Refundable deposits		13,260	-	9,412	-
Other financial assets - noncurrent	6(1)	76,954	1	189,331	3
Other noncurrent assets	6(16)	1,600	-	1,002	-
Total noncurrent assets		<u>2,833,162</u>	<u>46</u>	<u>2,989,603</u>	<u>53</u>
TOTAL		<u>\$ 6,178,438</u>	<u>100</u>	<u>\$ 5,664,675</u>	<u>100</u>
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Short-term loans	6(12)	\$ 480,687	8	\$ 442,202	8
Contract liabilities - current	6(23) - 7	26,387	-	15,476	-
Notes payable		30,127	1	50,064	1
Accounts payable	7	86,853	1	137,161	2
Other payables	6(13)	264,549	4	220,586	4
Other payables - related parties	7	37,318	1	37,801	1
Current income tax liabilities	6(28)	198,405	3	198,521	4
Liabilities related to noncurrent assets held for sale	6(6)	92,130	1	-	-
Lease liabilities - current	6(9) - 7	46,907	1	45,051	1
Receipts in advance		19,396	-	5,630	-
Deferred revenue	6(14)	63,327	1	-	-
Long-term liabilities - current portion	6(15)	166,250	3	132,917	2
Other current liabilities		8,413	-	5,468	-
Total current liabilities		<u>1,520,749</u>	<u>25</u>	<u>1,290,877</u>	<u>23</u>
NONCURRENT LIABILITIES					
Long term loans	6(15)	973,750	16	907,083	16
Deferred income tax liabilities	6(28)	102,359	2	86,741	2
Lease liabilities - noncurrent	6(9) - 7	74,318	1	79,104	1
Long-term deferred revenue	6(9)	8,572	-	8,650	-
Net defined benefit liability - noncurrent	6(16)	7,527	-	10,062	-
Guarantee deposit received		5,171	-	5,474	-
Total noncurrent liabilities		<u>1,171,697</u>	<u>19</u>	<u>1,097,114</u>	<u>19</u>
Total liabilities		<u>2,692,446</u>	<u>44</u>	<u>2,387,991</u>	<u>42</u>
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT					
Common stocks	6(17)	1,091,071	18	1,091,071	19
Capital surplus	6(18)	230,774	4	230,774	4
Retained earnings	6(19)				
Legal capital reserve		372,632	6	321,311	6
Special capital reserve		148,961	2	115,929	2
Unappropriated earnings		1,598,582	25	1,562,593	28
Others	6(20)	44,643	1	(42,838)	(1)
Treasury stock	6(21)	(74,888)	(1)	(68,448)	(1)
Equity attributable to shareholders of the parent		<u>3,411,775</u>	<u>55</u>	<u>3,210,392</u>	<u>57</u>
NON-CONTROLLING INTERESTS	6(22)	<u>74,217</u>	<u>1</u>	<u>66,292</u>	<u>1</u>
Total equity		<u>3,485,992</u>	<u>56</u>	<u>3,276,684</u>	<u>58</u>
TOTAL		<u>\$ 6,178,438</u>	<u>100</u>	<u>\$ 5,664,675</u>	<u>100</u>

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

SHINIH ENTERPRISE CO., LTD. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	NOTES	2022		2021	
		Amount	%	Amount	%
NET REVENUE	6(23) 、 7	\$ 2,630,253	100	\$ 2,613,247	100
COST OF REVENUE	6(5 、 24) 、 7	(1,926,438)	(73)	(2,011,148)	(77)
GROSS PROFIT		703,815	27	602,099	23
OPERATING EXPENSES	6(24) 、 7				
Marketing		(237,234)	(9)	(212,075)	(8)
General and administrative		(274,227)	(10)	(284,452)	(11)
Research and development		(75,409)	(3)	(54,380)	(2)
Expected credit loss	6(3 、 4)	(17,749)	(1)	(3,667)	-
Total operating expenses		(604,619)	(23)	(554,574)	(21)
OPERATING PROFIT		99,196	4	47,525	2
NONOPERATING INCOME AND EXPENSES					
Interest income		24,288	1	7,755	-
Other income	6(25)	38,394	1	23,165	-
Other gains and losses	6(26)	306,185	12	734,555	28
Finance costs	6(27) 、 7	(23,745)	(1)	(16,426)	-
Total nonoperating income and expenses		345,122	13	749,049	28
INCOME BEFORE INCOME TAX		444,318	17	796,574	30
INCOME TAX EXPENSE	6(28)	(203,226)	(8)	(269,061)	(10)
NET INCOME		241,092	9	527,513	20
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified subsequently to profit or loss :					
Remeasurement of defined benefit obligation	6(16 、 29)	2,000	-	254	-
Income tax expenses related to items that will not be reclassified subsequently	6(28 、 29)	(400)	-	(51)	-
Items that may be reclassified subsequently to profit or loss :					
Exchange differences arising on translation of foreign operations	6(20 、 22 、 29)	113,303	4	(50,285)	(2)
Income tax benefit (expenses) related to items that may be reclassified	6(28 、 29)	(21,870)	-	8,258	1
Other comprehensive income (loss) for the year, net of income tax		93,033	4	(41,824)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		\$ 334,125	13	\$ 485,689	19
NET INCOME ATTRIBUTABLE TO :					
Shareholders of the parent		\$ 224,400	9	\$ 513,224	20
Non-controlling interests		16,692	-	14,289	-
		\$ 241,092	9	\$ 527,513	20
TOTAL COMPREHENSIVE INCOME :					
Shareholders of the parent		\$ 313,447	13	\$ 480,181	19
Non-controlling interests		20,678	-	5,508	-
		\$ 334,125	13	\$ 485,689	19
EARNINGS PER SHARE (IN DOLLARS)	6(30)				
Basic earnings per share		\$ 2.12		\$ 4.71	
Diluted earnings per share		\$ 2.11		\$ 4.68	

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

SHINIH ENTERPRISE CO., LTD. and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	Capital Surplus			Retained Earnings			Others		Total Attributable to Shareholders of the Parent	Non- controlling Interests	Total Equity
	Common Stocks	Additional Paid-in Capital Arising From Bond Conversion	Others	Legal Capital Reserve	Special Capital Reserve	Unappropriated Earnings	Foreign Currency Translation Reserve	Treasury Stock			
BALANCE, JANUARY 1, 2021	\$ 1,091,071	213,926	16,848	313,708	106,123	1,110,432	(9,806)	0	2,842,302	74,296	2,916,598
Appropriations of prior year's earnings											
Legal capital reserve	-	-	-	7,603	-	(7,603)	-	-	-	-	-
Special capital reserve	-	-	-	-	9,806	(9,806)	-	-	-	-	-
Cash dividends to shareholders - NT\$0.4 per share	-	-	-	-	-	(43,643)	-	-	(43,643)	-	(43,643)
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	(13,512)	(13,512)
Net income in 2021	-	-	-	-	-	513,224	-	-	513,224	14,289	527,513
Other comprehensive income (loss) in 2021	-	-	-	-	-	(11)	(33,032)	-	(33,043)	(8,781)	(41,824)
Purchase of treasury stock	-	-	-	-	-	-	-	(68,448)	(68,448)	-	(68,448)
BALANCE, DECEMBER 31, 2021	1,091,071	213,926	16,848	321,311	115,929	1,562,593	(42,838)	(68,448)	3,210,392	66,292	3,276,684
Appropriations of prior year's earnings											
Legal capital reserve	-	-	-	51,321	-	(51,321)	-	-	-	-	-
Special capital reserve	-	-	-	-	33,032	(33,032)	-	-	-	-	-
Cash dividends to shareholders - NT\$1.0 per share	-	-	-	-	-	(105,603)	-	-	(105,603)	-	(105,603)
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	(12,753)	(12,753)
Net income in 2022	-	-	-	-	-	224,400	-	-	224,400	16,692	241,092
Other comprehensive income (loss) in 2022	-	-	-	-	-	1,566	87,481	-	89,047	3,986	93,033
Purchase of treasury stock	-	-	-	-	-	-	-	(13,580)	(13,580)	-	(13,580)
Employee stock option	-	-	-	-	-	(21)	-	7,140	7,119	-	7,119
BALANCE, DECEMBER 31, 2022	\$ 1,091,071	\$ 213,926	\$ 16,848	\$ 372,632	\$ 148,961	\$ 1,598,582	\$ 44,643	\$ (74,888)	\$ 3,411,775	74,217	3,485,992

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

SHINIH ENTERPRISE CO., LTD. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 444,318	\$ 796,574
Adjustments to reconcile profit (loss)		
Expected credit loss	17,749	3,667
Depreciation	196,441	192,643
Amortization	1,862	2,136
Interest expense	23,745	16,426
Interest income	(24,288)	(7,755)
Gain on disposal of property, plant and equipment	(1,787)	(1,914)
Gain on disposal of non-current assets held for sales	-	(22,350)
Gain on lease modification	(149)	-
Impairment loss on non-financial assets	49,966	33,576
Gain on land expropriation compensation from government	(326,361)	(756,855)
Changes in operating assets and liabilities		
Notes receivable	8,729	2,198
Accounts receivable	51,827	(22,424)
Inventories	22,216	(29,862)
Other receivables	(5,625)	2,284
Prepayments	13,114	(21,096)
Other current assets	122	(16)
Contract liabilities	10,911	2,312
Notes payable	(19,937)	19,688
Accounts payable	(50,308)	6,934
Other payables	4,381	(13,461)
Advance payment	13,766	434
Deferred revenue	(215)	(210)
Other current liabilities	2,945	4,005
Net defined benefit liability	(831)	(3,964)
Cash provided from operations	432,591	202,970
Interest received	21,883	4,615
Interest paid	(25,207)	(16,943)
Income taxes paid	(206,020)	(105,851)
Net cash provided by operating activities	223,247	84,791
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal of non-current assets held for sales	-	30,798
Acquisition of property, plant and equipment	(247,344)	(314,970)
Proceeds from disposal of Property, plant and equipment	9,603	78,228
Acquisition of investment Property	-	(1,125)
Acquisition of intangible assets	(1,044)	(19)
Decrease in prepayments for equipment	15,453	46,883
Increase in receipts in advance - disposal of assets	92,130	-
Decrease (increase) in refundable deposits	(3,848)	347
(Decrease) increase in other financial assets	643,646	(558,423)
Decrease in other noncurrent assets	(579)	-
Receipts in advance of land expropriation compensation from government	491,626	869,003
Net expenditure for plant relocating	(16,278)	(67,911)
Net cash provided by investing activities	983,365	82,811

(Continued)

SHINIH ENTERPRISE CO., LTD. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term loans	\$ 38,485	\$ (145,746)
Proceeds from long-term loans	150,000	290,000
Repayment of long-term loans	(50,000)	(50,000)
Repayment of the principal portion of lease liabilities	(50,475)	(32,065)
Decrease in guarantee deposit	(303)	(28)
Cash dividends paid	(105,603)	(43,643)
Decrease in non-controlling interests	(12,753)	(13,512)
Payments to acquire treasury stock	(6,461)	(68,448)
Net cash used in financing activities	<u>(37,110)</u>	<u>(63,442)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>75,327</u>	<u>(32,567)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,244,829	71,593
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>754,271</u>	<u>682,678</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,999,100</u>	<u>\$ 754,271</u>

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

(Concluded)

SHINIH ENTERPRISE CO., LTD. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. GENERAL INFORMATION

SHINIH ENTERPRISE CO., LTD. (the "Company") was incorporated in the Republic of China pursuant to the Company Act in 1962 and commenced its business operations in the same year. The Company engages in the manufacture and processing of nonwoven fabric material and bedding, the trading of related products and textile machinery, and the development, sale, and lease of mixed-use buildings.

The Company's shares have been traded on the Taiwan Stock Exchange ("TWSE") since August 26, 2002. The principal business activities of the Company and its subsidiaries (the "Group") are as aforementioned (please refer to note 4.3 B for more details).

2. THE AUTHORIZATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on March 24, 2023.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS, AND INTERPRETATIONS

3.1 Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC):

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

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB (Note A)
Amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”	January 1, 2022 (Note B)
Amendments to IAS 37 “Onerous Contracts – Cost of Fulfilling a Contract”	January 1, 2022 (Note C)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note D)
Annual Improvements to IFRS Standards 2018–2020	January 1, 2022 (Note E)

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

Note B: An entity shall apply these amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operation in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

Note C: An entity shall apply these amendments to contracts for which it has not yet fulfilled all its obligations on January 1, 2022.

Note D: These amendments apply to business combinations whose acquisition date occur during the annual reporting periods beginning on or after January 1, 2022.

Note E: An entity shall apply the Amendment to IFRS 9 to financial liabilities that are modified or exchanged during the annual reporting periods beginning on or after January 1, 2022. An entity shall apply the Amendment to IAS 41 to fair value measurements for annual reporting periods beginning on or after January 1, 2022. An entity shall apply the Amendment to IFRS 1 for annual reporting periods beginning on or after January 1, 2022.

(1) Amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”

The amendments set out that proceeds from selling items produced while bringing an item of property, plant and equipment to the location and condition necessary for them to be capable of operating in the manner intended by management shall not be recognized as a deduction of the asset. Instead, the proceeds from selling such items and the costs of those items, measured in accordance with IAS 2, shall be recognized in profit or loss in accordance with applicable IFRS Standards.

Additionally, the amendments clarify that costs of testing whether the asset is functioning properly. The costs of assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

(2) Amendments to IAS 37 “Onerous Contracts — Cost of Fulfilling a Contract”

The amendments set out that, when determining whether a contract is onerous, the cost of fulfilling a contract comprises (a) the incremental costs of fulfilling that contract— for example, direct labor and materials; and (b) an allocation of other costs that relate

directly to fulfilling contracts – for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling that contract among others.

(3) Amendments to IFRS 3 “Reference to the Conceptual Framework”

The amendments update a reference to the Framework in IFRS 3 and require the acquirer shall apply IFRIC 21 for a levy that would be within the scope of IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

(4) Annual Improvement to IFRS Standards 2018-2020

The annual improvement amends several Standards. Among which, the Amendment to IFRS 9 clarifies that, in determining whether an exchange or modification of the terms of a financial liability is substantially different from those of the original liability, only fees paid net of fees received between the Group (the borrower) and the lender for the new or modified contract, including fees paid or received by either the Group or the lender on the other’s behalf, shall be included in the 10% test of the discounted present value of the cash flows under the new terms.

Based on the Group’s assessment, the IFRSs modifications aforementioned have no significant effect on the Group’s financial position and financial performance.

3.2 The IFRSs issued by International Accounting Standards Board (IASB) and endorsed by FSC with effective date starting 2023:

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

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosures of Accounting Policies”	January 1, 2023 (Note A)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note B)
Amendments to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”	January 1, 2023 (Note C)

Note A: An entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2023.

Note B: These amendments apply to changes in accounting estimates and changes in accounting policies that occur during annual reporting periods beginning on or after January 1, 2023.

Note C: Except for the temporary differences associated with leases and decommissioning obligations that should be in compliance with additional regulations, the amendments will be applied prospectively to transactions occur on or after the beginning of the earliest period presented, January 1, 2022.

(1) Amendments to IAS 1 “Disclosures of Accounting Policies”

The amendments clarify that an entity shall disclose its material significant accounting policy information if the transaction, other event or condition to which the accounting policy information relates is material in size or nature, or a combination of both, and the accounting policy information that relates to a material transaction, other event or condition is also material to the financial statements. On the other hand, if the transaction, other event or condition to which the accounting policy information relates is immaterial in size or nature, an entity needs not to disclose the accounting policy information that relates to the immaterial transaction, other event or condition. Additionally, Immaterial accounting policy information that relates to material transactions, other events or conditions need not be disclosed, either. However, an entity’s conclusion that accounting policy information is immaterial does not affect the related disclosure requirements set out in other IFRS Standards.

(2) Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define accounting estimates as monetary amounts in financial statements that are subject to measurement uncertainty and clarify that a change in measurement techniques or inputs used to develop an accounting estimate is a change in accounting estimates unless the change is due to an error from prior periods.

(3) Amendments to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”

The amendments narrow the exemption extent in paragraphs 15 and 24 of IAS 12 for an entity from recognizing a deferred tax asset or liability in particular circumstances. In particular, the exemption does not apply to a transaction that gives rise to equal taxable and deductible difference at the time of the transaction. At the initial application of the amendments, an entity shall, at the beginning of the earliest comparative period presented, recognize deferred taxes for all deductible and taxable temporary differences associated with (i) lease and (ii) decommissioning liabilities and recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date. An entity shall also apply the amendments transactions that occur on or after the beginning of the earliest comparative period presented.

Based on the Group’s assessment, the application of the New IFRSs above will not have any significant impact on the Group’s financial position and financial performance.

3.3 The IFRSs issued by IASB but not yet endorsed and issued into effect by FSC:

New standards, interpretations and amendments issued by the IASB but not yet endorsed

by the FSC are as follows:

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IRFS 17	January 1, 2023
Amendments to IRFS 17 “Initial Application of IFRS 17 and IFRS 9-Comparative Information	January 1, 2023
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

As of the date the accompanying consolidated financial statements are authorized for issue, the Group is still evaluating the impact on its financial position and financial performance as a result of the initial adoption of the aforementioned standards or interpretations. The related impact will be disclosed when the Group completes the evaluation.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Statement of Compliance

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC.

4.2 Basis of Preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost basis:
- (a) Financial assets and financial liabilities (including derivative instruments) measured at fair value through profit or loss.
 - (b) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of consolidated financial statements in conformity with IFRSs endorsed by the FSC requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the

consolidated financial statements are disclosed in Note 5.

4.3 Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss or transferred directly to retained earnings as appropriate, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership	
			December 31,2022	December 31,2021
The Company	TAIWAN KUREHA CO., LTD	Manufacturing and sale of nonwoven fabric material	84.62%	84.62%
"	SHINIH HOLDING CO., LTD.	Investing	100%	100%
"	SUNBURST INTERNATIONAL LTD.	International trading	100%	100%
"	VFT INC.	Manufacturing and sale of nonwoven fabric material	100%	100%
"	KUREHA(THAILAND)CO., LTD.	Manufacturing and sale of nonwoven fabric material	50%	50%
"	SHINIH USA INC.	Investing	100%	100%
"	SHINIH VIETNAM COMPANY LTD.	Manufacturing and sale of nonwoven fabric material	100%	100%
"	Dong Guan Taixin Fiber Products Co., Ltd.	Manufacturing and sale of nonwoven fabric material	100%	100%
"	INTERBOND CO., LTD.	Manufacturing and sale of nonwoven fabric material	100%	100%
"	Shinih Fiber Products (Suzhou) Co., Ltd.	Manufacturing and sale of nonwoven fabric material	11%(Note 1)	11%(Note 1)
SHINIH HOLDING CO., LTD.	Shinih Fiber Products (Suzhou) Co., Ltd.	Manufacturing and sale of nonwoven fabric material	89%(Note 1)	89%(Note 1)
	Dong Guan Shinih Fiber Products Co., Ltd.	Manufacturing and sale of nonwoven fabric material	100%	100%
	Hangzhou Shinih Fiber Products Co., Ltd. (Note 2)	Manufacturing and sale of nonwoven fabric material	100%	100%
"	Shinih Fiber Products (TangShan) Co., Ltd.	Manufacturing and sale of nonwoven fabric material	100%	100%
"	Taixin Fiber Products (Suzhou) Co., Ltd. (Note 3)	Manufacturing and sale of nonwoven fabric material	100%	100%
"	TangShan Taixin Fiber Products Co., Ltd.	Manufacturing and sale of nonwoven fabric material	100%	100%
"	QINGDAO TAIXIN FIBER PRODUCTS CO., LTD.	Manufacturing and sale of nonwoven fabric material	100%	100%
"	Hubei Taixin Fiber Products Co., Ltd.	Manufacturing and sale of nonwoven fabric material	100%	100%
"	SHINIH (CAMBODIA) CO., LTD.	Manufacturing and sale of nonwoven fabric material	100%	100%

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership	
			December 31,2022	December 31,2021
"	KUNSHAN SHINIH TRADING CORPORATION LIMITED	Trading	100%	100%
"	PT. SHINIH NONWOVENS INDONESIA	Manufacturing and sale of nonwoven fabric material	99%	99%
SHINIH USA INC.	AMERICAN OUTDOOR LIVING INC.	Manufacturing, processing and trading nonwoven material	100%	100%
"	WORLD FURNITURE GROUP	Manufacturing, processing and trading nonwoven material	100%	100%
WORLD FURNITURE GROUP	AMERICAN FURNITURE ALLIANCE INC.	Manufacturing, processing and trading nonwoven material	80%	80%
"	S INTERNATIONAL INC. (Note 4)	Trading	100%	-
VFT INC.	MS NONWOVEN INC.	Manufacturing, processing and trading nonwoven material	100%	100%
"	AMERICAN NONWOVEN INC.	Manufacturing, processing and trading nonwoven material	100%	100%

Note 1 : The consolidated shareholding of the Company and its subsidiary were 100%.

Note 2 : Hangzhou Shinih entered into the land expropriation and compensation agreement with Xiaoshan Economic and Technological Development Zone Management Committee (Xiaoshan Development Management Committee) in July 2021. Please refer to Note 6(26) for the information.

Note 3 : Taixin Suzhou entered into the land expropriation and compensation agreement with Loudong Subdistrict Office of the People's Government of Taichang Municipality (Taichang Municipal People's Government) in November 2022. Please refer to Note 6(26) for the information.

Note 4 : The subsidiary was established in October 2022.

C. Subsidiaries that have non-controlling interests that are material to the Group

Name of subsidiary	Percentage of Ownership of Non-controlling Interest	
	December 31, 2022	December 31, 2021
KUREHA (THAILAND) CO., LTD.(THAILAND KUREHA)	50%	50%

Name of subsidiary	Profit or Loss Distribute to Non-controlling Interest	
	2022	2021
THAILAND KUREHA	\$ 17,765	\$ 17,333
Others	(1,073)	(3,044)
Total	\$ 16,692	\$ 14,289

Name of subsidiary	Non-controlling Interest	
	December 31, 2022	December 31, 2021
THAILAND KUREHA	\$ 78,210	\$ 68,200
Others	(3,993)	(1,908)
Total	\$ 74,217	\$ 66,292

(1) Please refer to Note 13 Table 7 for the information about the principal place of business and the country of incorporation of the subsidiaries abovementioned.

(2) The summary financial information (including the intra-company transactions) of subsidiaries are as follows :

Balance Sheets

	THAILAND KUREHA	
	December 31, 2022	December 31, 2021
Current assets	\$ 161,963	\$ 145,252
Non-current assets	61,184	67,933
Current liabilities	(31,779)	(34,482)
Non-current liabilities	(34,948)	(42,303)
Equity	\$ 156,420	\$ 136,400
Equity attributable to:		
Shareholder of the parent	\$ 78,210	\$ 68,200
Non-controlling Interests of THAILAND KUREHA	78,210	68,200
	\$ 156,420	\$ 136,400

Statements of Comprehensive Incomes

	THAILAND KUREHA	
	2022	2021
Revenue	\$ 226,902	\$ 226,368
Net profit for the period	\$ 35,530	\$ 34,666
Other comprehensive income(net of income tax)	9,996	(18,434)
Total comprehensive income for the period	\$ 45,256	\$ 16,232
Net profit attributable to:		
Shareholder of the parent	\$ 17,765	\$ 17,333
Non-controlling Interests of THAILAND KUREHA	17,765	17,333
Total	\$ 35,530	\$ 34,666
Total comprehensive income attributable to:		
Shareholder of the parent	\$ 22,763	\$ 8,116
Non-controlling interests of THAILAND KUREHA	22,763	8,116
Total	\$ 45,526	\$ 16,232
Dividends paid to non-controlling interests		
THAILAND KUREHA	\$ 12,753	\$ 13,512

Statements of Cash Flows

	THAILAND KUREHA	
	2022	2021
Net cash generated from operating activities	\$ 42,864	\$ 45,447
Net cash used in investing activities	(3,644)	(6,544)
Net cash used in financing activities	(34,797)	(29,520)
Effect of exchange rate changes on cash and cash equivalents	10,082	(18,156)
Net increase (decrease) in cash and cash equivalents	14,505	(8,773)
Cash and cash equivalents at beginning of year	63,340	72,113

	THAILAND KUREHA	
	2022	2021
Cash and cash equivalents at the end of year	\$ 77,845	\$ 63,340

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

4.4 Foreign Currencies

- A. Items included in the financial statements of each of the Group's entities are measured using the functional currency of each entity. The consolidated financial statements are presented in New Taiwan Dollars, which is the Group's functional currency.
- B. In preparing the financial statements of each individual consolidated entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Such exchange differences are recognized in profit or loss in the year in which they arise. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Exchange differences arising in the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising in the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange difference are also recognized directly in other comprehensive income. Non-monetary items that are measured in terms of historical cost in foreign currencies are translated using the exchange rate at the date of the transaction and are not retranslated.
- C. When preparing the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into NT\$ using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (and allocated appropriately to the non-controlling interest).
- D. On disposal of a foreign operation that result in a loss of control, joint control, or significant influence, all related to that foreign operation could attributed to equity of the Company's owners that will be reclassified as profit or loss.
- E. On partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other equity is re-attributed to the non-controlling interests in that subsidiary. On any other partial disposal of a foreign operation, being the Company's ownership interest is reduced from an

associate or a jointly controlled entity, that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other equity is reclassified to profit or loss.

4.5 Classification of Current and Noncurrent Assets and Liabilities

A. Assets that meet one of the following criteria are classified as current assets:

- (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realized within twelve months from the end of reporting period;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the end of reporting period.

The Group classifies all assets that do not meet the above criteria as noncurrent.

B. Liabilities that meet one of the following criteria are classified as current liabilities:

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the end of reporting period, even if an agreement to refinance, or to reschedule payments on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the end of reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all liabilities that do not meet the above conditions as noncurrent.

4.6 Cash and cash equivalents

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

4.7 Financial Instruments

Financial assets and liabilities shall be recognized when the Group becomes a party of the contractual provisions of the instruments.

Financial assets and liabilities are initially recognized at fair values. 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.

A. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized using trade date accounting.

(a) Measurement categories

The category of the financial assets of the Group is financial assets at amortized cost.

i. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

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

Subsequent to initial recognition, financial assets at amortized cost are measured at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset, except for:

- (i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset; and
- (ii) Financial asset that has subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset.

(b) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses on financial assets at amortized cost (including trade receivables), investments in debt instruments at FVTOCI, and contract assets.

The Group recognizes loss allowances at an amount equal to lifetime expected credit losses (i.e. ECLs) for accounts receivable and contract assets. For all other financial instruments, the Group recognizes lifetime ECLs for which there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk of the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECLs represents the

expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represents the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group recognizes an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for debt investment that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset.

(c) Derecognition of financial assets

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

- i. The contractual rights to receive cash flows from the financial asset expired.
- ii. The contractual rights to receive cash flows from the financial asset which have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
- iii. The Group neither retains nor transfers substantially all risks and rewards of ownership of the financial asset; however, it has not retained control of the financial asset.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the carrying amount of financial asset and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of a debt investment at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without being recycled to profit or loss.

B. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

C. Financial liabilities

(a) Subsequent measurement

Financial liabilities other than those held for trading purposes and designated as at FVTPL are subsequently measured at amortized cost at the end of each reporting period.

(b) Derecognition of financial liabilities

The Group derecognizes a financial liability when, and only when, it is

extinguished—i.e. when the obligation is discharged or cancelled or expires. The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

D. Modification of Financial Instruments

When the contractual cash flows of a financial instrument are renegotiated or modified and the renegotiation or modification does not result in the derecognition of that financial instrument, the Group recalculates the gross carrying amount of the financial asset or the amortized cost of the financial liabilities using the original effective interest rate and recognizes a modification gain or loss in profit or loss. Any costs or fees incurred adjust the carrying amount of the modified financial instrument and are amortized over the remaining term of the modified financial instrument. If the renegotiation or modification results in that the derecognition of that financial instrument is required, then the financial instrument is derecognized accordingly.

If the basis for determining the contractual cash flows of a financial asset or financial liability changes resulting from interest rate benchmark reform and the change is necessary as a direct consequence of interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis, the Group applies the practical expedient to account for that change as a change in effective interest rate. If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first applies the practical expedient aforementioned to the changes required by interest rate benchmark reform, and then applies the applicable requirements to any additional changes to which that practical expedient does not apply.

4.8 Inventories

Inventories, under a perpetual system, are measured at the lower of cost and net realizable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity), excluding borrowing costs. The item-by-item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

4.9 Property, Plant and Equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized. For property, plant and equipment under construction, sample produced from testing whether the asset is functioning properly before its intended use are measured at lower of the costs or net realizable value. Proceeds from selling such an item and the cost of the item are recognized in

profit or loss.

- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repair and maintenance expenses are recognized in profit or loss as incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. The residual values of assets, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the residual values of assets and useful lives differ from previous estimates or the patterns of consumption of the future economic benefits of assets embodied in the assets which have changed significantly, any change is accounted for as a change in accounting estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

The estimated useful lives of property, plant and equipment are as follows:

Land improvements	5 years
Buildings	3~39 years
Machinery	3~15 years
Other equipment	2~15 years

- D. An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

4.10 Leases

At the inception of a contract, the Group evaluates a contract to determine whether it is or contains a lease component. For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

A. The Group as lessee

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

Right-of-use assets

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, less any lease incentives received, and plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets.

Subsequent measurement is calculated as cost less accumulated depreciation and accumulated impairment loss and adjusted for any remeasurement of the lease liabilities.

Right-of-use assets are presented as a separate line item in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. However, if leases transfer the ownership of the underlying assets is transferred to the Group by the end of the lease terms or if the costs of right-of-use assets reflect that the Group will exercise a purchase option, the Group depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

Lease liabilities

Lease liabilities are measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed lease payments. The lease payments shall be discounted using the interest rate implicit in the lease if that rate can be readily determined.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. If there is a change in the assessment of an option to purchase the underlying asset, amounts expected to be payable by the lessee under residual value guarantees or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group shall remeasure the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use asset is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. The lessee shall recognize in profit or loss any gain or loss relating to the partial or full termination of the lease and making a corresponding adjustment to the right-of-use asset for all other lease modifications. Lease liabilities are presented as a separate line item in the consolidated balance sheets.

B. The Group as lessor

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

When a lease includes both land and buildings elements, the Group assesses the classification of each element as a finance lease or an operating lease separately,

allocating lease payments (including any lump-sum upfront payments) between the land and the buildings elements in proportion to the relative fair values of the leasehold interests in the land element and buildings element of the lease at the inception date. If the lease payments cannot be allocated reliably between these two elements, the entire lease is classified as a finance lease, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

Under operating leases, lease payments, less any lease incentives payable, are recognized as lease income on a straight-line basis over the lease terms. The initial direct costs incurred from received the operating lease plus to the carrying amount of the underlying asset adopted the same basic of lease income. The Group recognizes the lease payments as expense over the lease terms. The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification.

4.11 Investment Property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes) and include land held for a currently undetermined future use.

Investment properties are measured at cost (including transaction costs) on initial recognition. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. The investment properties are depreciated using the straight-line basis over 5 to 60 years.

Investment properties under construction are stated at cost less accumulated impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Depreciation of these assets commences when the assets are ready for their intended use. On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

4.12 Intangible Assets

Separately acquired intangible assets with finite useful lives are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis over the estimated lives as follows:

- Computer software: 1 to 3 years;
- Trademarks: the estimated useful life or contract term.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually.

An intangible asset is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from the disposal of the assets is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognized in profit or loss.

4.13 Impairment of non-financial assets

The Group assesses at the end of reporting period the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. When the indication of impairment loss recognized in prior years for an asset other than goodwill no longer exists, the impairment loss is reversed to the extent of the loss previously recognized in profit or loss. When an impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is increased to the revised of its recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years.

4.14 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date. If the provisions are measured at the estimated cash flow to settle the obligation, its carrying amounts are those present value of the cash flow.

4.15 Employee Benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employee will receive on retirement for their services with the Group in current period or prior period. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is calculated

annually by independent actuaries using the projected unit credit method. The discount rate used is determined by using the market yields (at the end of the reporting period) on government bonds denominated in the currency in which the benefits are to be paid. The currency and term of the government bonds are consistent with the currency and estimated term of the obligation.

- ii. Remeasurement arising on defined benefit plans is recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognized immediately in profit or loss.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and the amount can be reliably estimated. Any differences between the amount accrued and the amount actually distributed is accounted for a change in accounting estimate.

4.16 Capital Stock and Treasury Stock

A. Capital stock

Common stock is classified as equity. Incremental costs directly attributable to the issue of new shares or share options are recorded as a deduction in equity.

B. Treasury stock

The Group's treasury stocks that have not been disposed or retired are stated at cost and shown as a deduction in stockholders' equity. When treasury stocks are sold, if the selling price is above the book value, the difference is credited to the capital surplus-treasury share transactions; if the selling price is below the book value, the difference is first offset against capital surplus from the same class of treasury share transactions, and the remainder, if any, is then debited to retained earnings. The carrying value of treasury stocks is calculated using the weighted-average approach in accordance with the purpose of repurchase.

Upon retirement, treasury stocks are derecognized against the capital surplus - premium on stocks and capital stock proportionately according to the ratio of shares retired. The carrying value of treasury stocks in excess of the sum of the par value and premium on stocks is first offset against capital surplus from the same class of treasury share transactions, and the remainder, if any, is then debited to retained earnings. The sum of the par value and premium on treasury stocks in excess of the carrying value is credited to capital surplus from the same class of treasury share transactions.

4.17 Income Tax

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

- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the end of the financial reporting period in the countries where the Company operate and generate taxable income. The management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. According to Income Tax Act of ROC, an additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the subsequent year when the stockholders approve to distribute retain earnings.
- C. Deferred income tax is recognized, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting or taxable profit nor loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the financial reporting period and are expected to apply when the related deferred tax asset is realized, or the deferred tax liability is settled.
- D. Deferred income tax assets are recognized only to the extent, unused tax losses and unused tax credits that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At the end of each reporting period, unrecognized and recognized deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset, and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

4.18 Revenue Recognition

The Group applies the following steps for revenue recognition:

- (a) Identifying the contract;
- (b) Identifying performance obligations;
- (c) Determine the transaction price;
- (d) Allocating the transaction price to performance obligations; and

(e) Recognizing revenue when (or as) a performance obligation is satisfied.

For contracts where the period between the date on which the Group transfers a promised good or service to a customer and the date on which the customer pays for that good or service is within one year, the Group does not adjust the promised amount of consideration for the effect of a significant financing component.

A. Revenue from sale of goods

The Group sells nonwoven fabric material, bedding, and related products. Sales are recognized when control of the products has been transferred to the customers since the customers obtain the rights to list price, use the products and assume the obligation to resale them as well as to bear the risk of obsolescence. The Group recognizes revenue and accounts receivable on transferring the control of the products. Revenue is presented net of sales return, quantity discounts and sales allowance.

The Group does not recognize revenue on materials delivered to subcontractors because such delivery does not involve a transfer of control.

B. Service revenue

Service revenue is recognized when the services are provided according to the relevant agreements.

4.19 Government Grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate. Government grants related to noncurrent assets are recognized as noncurrent liabilities and are amortized to profit or loss over the estimated useful lives of the related assets using the straight-line method.

4.20 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of those assets until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Except for those qualifying capitalization, all other borrowing costs are recognized as an expense in profit or loss as incurred.

4.21 Share-based payment transactions

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date and are

recognized as compensation cost over the vesting period, with a corresponding adjustment to equity.

5. CRITICAL ACCOUNTING JUDGMENTS AND MAJOR SOURCES OF ESTIMATION AND ASSUMPTION UNCERTAINTY

The Group takes into account the economic impact of the covid-19 pandemic, changes in climates and related governmental policies and regulations, the conflicts between Ukraine and Russia as well as related international sanctions, inflation and volatility in interest rate on significant accounting estimates and reviews the basic assumptions and estimation on an ongoing basis. If a change in accounting estimate affects only the current period, the effect is recognized in the current period. If a change in accounting estimate affects both current and future periods, the effects are recognized in both periods.

In the preparation of the consolidated financial statements, the critical accounting judgments the Group has made, and the major sources of estimation and assumption uncertainty are described as follows:

5.1 Critical judgments in applying accounting policies

A. Investment property

The Group's properties are mainly held for owner-occupied, and some are held to earn rentals or for capital appreciation. If these portions could be sold separately, which will be disposal of as investment property and property, plant and equipment separately. If the portions could not be sold separately, the property is investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

B. Lease terms

In determining a lease term, the Group considers all facts and circumstances that create an economic incentive to exercise or not to exercise an option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option. Main factors considered include contractual terms and conditions for the periods covered by the option, significant leasehold improvements undertaken over the contract term, the importance of the underlying asset to the lessee's operations, etc. The lease term is reassessed if a significant change in circumstances that are within the control of the Group occurs.

5.2 Critical accounting estimation and assumption

A. Estimated impairment of financial assets

The provision for impairment of accounts receivable and financial guarantee contracts is based on assumptions on risk of default and expected loss rates. The Group makes these assumptions and selects inputs for the impairment calculation, based on the Group's historical experience and existing market conditions, as well as forward looking information. Where the actual future cash inflows are less than expected, a material

impairment loss may arise.

B. Realizability of deferred tax assets

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deferred tax assets can be utilized. The Group's management assesses the realizability of deferred tax assets by making critical accounting judgements and significant estimates of expected future revenue growth rate and gross profit rate, the tax exemption period, available tax credits, and tax planning, etc. Changes in global economic environment, and laws and regulations might result in material adjustments to deferred tax assets.

C. Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value; thus, the Group needs to exercise judgments and estimates the net realizable value of inventory for obsolescence and unmarketable items on balance sheet date. The Group estimates the net realizable value of inventory for obsolescence and unmarketable items at the end of reporting period, and then writes down the cost of inventories to net realizable value. Such an evaluation of inventories is mainly based on the demand for the products within a specified period in the future. Therefore, there might be material changes to the evaluation.

D. Calculation of accrued pension obligations

When calculating the present value of defined pension obligations, the Group uses judgements and actuarial assumptions to determine related estimates, including discount rates and future salary increase rate at the end of reporting period. Any changes in these assumptions may have a significantly impact on the carrying amount of defined pension obligation.

E. The useful lives of the property, plant and equipment and investment property

The property, plant and equipment and investment property are average amortized using the straight-line method. The Group regularly assesses the useful lives and residual value of the property, plant and equipment and investment property. A significant change in the relevant estimate would be adjusted for that period and the following years.

F. Impairment assessment of tangible and intangible assets

In the course of impairment assessments, the Group determines, based on how assets are utilized and relevant industrial characteristics, the useful lives of assets and the future cash flows of a specific group of the assets. Changes in economic circumstances or the Group's strategy might result in material impairment of assets in the future.

G. The lessee's incremental borrowing rate

In determining a lessee's incremental borrowing rate used in discounting lease payments, a risk-free rate for the same currency and relevant duration is selected as a reference rate, and the lessee's credit spread adjustments and lease specific adjustments (such as asset type, guarantees, etc.) are also taken into account.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

6.1 CASH AND CASH EQUIVALENTS

Items	December 31, 2022	December 31, 2021
Cash on hand and petty cash	\$ 1,693	\$ 1,525
Checking accounts and demand deposits	664,072	460,648
Cash equivalents		
Deposit at call	723,142	112,879
Time deposits with original maturity period within three months	610,193	179,219
Total	\$ 1,999,100	\$ 754,271

(1) The cash and cash equivalents of the Group are not pledged to others.

(2) The Group inward remittance of \$8,000 thousand in accordance with the Regulations Governing the Investment of Repatriated Offshore Funds approved by the National Taxation Bureau, MOF, and submitted an investment plan to the MOEA on October 12, 2022. The approval letter was received on November 1, 2022. That amount is only used for the examined investment plan project under the relevant regulations, it should not be used for other purposes. As of December 31, 2022 and December 12, 2021, \$76,954 thousand and \$189,331 thousand were transferred to other noncurrent financial assets, respectively. As of December 12, 2022, \$144,158 thousand was transferred to other current financial assets.

(3) Please refer to Note 12 for relevant credit risk management and assessment methods.

6.2 NOTES RECEIVABLE, NET

Items	December 31, 2022	December 31, 2021
Gross carrying amount at amortized cost	\$ 35,055	\$ 43,784
Less: Loss allowance	-	-
Notes receivable, net	\$ 35,055	\$ 43,784

(1) The Group has no notes receivable pledged to others.

(2) Please refer to Note 6.3 for the loss allowance for notes receivable.

6.3 ACCOUNTS RECEIVABLE, NET

Items	December 31, 2022	December 31, 2021
Gross carrying amount at amortized cost	\$ 343,161	\$ 397,708
Less: Loss allowance	(24,400)	(9,371)
Accounts receivable, net	<u>\$ 318,761</u>	<u>\$ 388,337</u>

- (1) The average credit period of sales of goods ranges from 30 to 90 days, which is determined by reference to the credit granting policy based on the counterparties' industrial characteristics, operation scales and profitability.
- (2) The Group has no accounts receivable pledged to others.
- (3) Please refer to Note 7 for the related party transaction.
- (4) The Group applies the simplified approach to providing expected credit losses prescribed under IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses are estimated using an allowance matrix with reference to past default experiences of the debtor, an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision matrix for loss allowance based on past due status is not further distinguished according to the Group's different customer base.
- (5) The following table detailed the loss allowance of notes and accounts receivable based on the Group's provision matrix (include related parties):

December 31, 2022

Aging terms	Gross carrying amount	Loss allowance (lifetime ECLs)	Amortized cost
Neither past due nor impaired	\$ 324,011	\$ (1,623)	\$ 322,388
Past due 1-90 days	41,500	(14,093)	27,407
Past due 91-180 days	4,520	(2,833)	1,687
Past due 181-360 days	4,811	(2,477)	2,334
Past due over 361 days	3,374	(3,374)	-
Total	<u>\$ 378,216</u>	<u>\$ (24,400)</u>	<u>\$ 353,816</u>

December 31, 2021

Aging terms	Gross carrying amount	Loss allowance (lifetime ECLs)	Amortized cost
Neither past due nor impaired	\$ 367,196	\$ (1,053)	\$ 366,143
Past due 1-90 days	60,766	(1,934)	58,832
Past due 91-180 days	3,953	(885)	3,068
Past due 181-360 days	5,813	(1,735)	4,078
Past due over 361 days	3,764	(3,764)	-
Total	\$ 441,492	\$ (9,371)	\$ 432,121

(6) Movements of the loss allowances of notes receivable and accounts receivable (including related parties') were as follows:

Items	2022	2021
Balance, January 1	\$ 9,371	\$ 6,677
Add: Provision for impairment	17,783	3,667
Less: Write-offs	(3,392)	(944)
Effect of exchange rate changes	638	(29)
Balance, December 31	\$ 24,400	\$ 9,371

The Group did not hold any collaterals or other credit enhancements for these accounts receivable.

(7) Please refer to Note 12 for the relevant credit risk management and assessment methods.

6.4 OTHER RECEIVABLES, NET

Items	December 31, 2022	December 31, 2021
Gross carrying amount at amortized cost	\$ 16,601	\$ 8,604
Less: Loss allowance	(137)	(170)
Other receivables, net	\$ 16,464	\$ 8,434

(1) Please refer to Note 7 for the related party transaction.

(2) Movements of the loss allowance for other receivables were as follows:

Items	2022	2021
Balance, January 1	\$ 170	\$ 238
Less: Reversal of bad debts	(34)	-
Less: Write-off	-	(67)
Effect of exchange rate changes	1	(1)
Balance, December 31	<u>\$ 137</u>	<u>\$ 170</u>

6.5 INVENTORIES AND OPERATING COSTS

Items	December 31, 2022	December 31, 2021
Raw materials	\$ 355,616	\$ 351,901
Work-in-process	8,462	6,813
Finished goods	176,093	179,707
Inventory in transit	11,363	35,329
Total	<u>\$ 551,534</u>	<u>\$ 573,750</u>

(1) The cost of inventories recognized as expenses for the period :

Items	2022	2021
Loss on decline (gain on reversal) in market value of inventories	\$ (5,170)	\$ 38,134
Inventory (loss) gain	(2,455)	1,507
Loss on inventory disposed	16,019	3,325
Unallocated production overheads	40,723	58,183
Total	<u>\$ 49,117</u>	<u>\$ 101,149</u>

(2) The Group has no inventories pledged to others.

6.6 NONCURRENT ASSETS HELD FOR SALE

(1) Assets of the disposal group held for sale

Items	December 31, 2022	December 31, 2021
Property, plant and equipment	\$ 26,068	\$ -
Land use right	<u>37,845</u>	<u>-</u>

Items	December 31, 2022	December 31, 2021
Total	\$ 63,913	\$ -

(2) Liabilities directly relating to the noncurrent assets held for sale

Items	December 31, 2022	December 31, 2021
Temporary receipts	\$ 92,130	\$ -
Total	\$ 92,130	\$ -

The Group signed the real estate sale contract in Cambodia in November 2022. The contract price is US \$5,000 thousand (approximately \$153,550 thousand). The Group had provided the relevant documents to the buyer to transfer the ownership and had received US \$3,000 thousand (approximately \$92,130 thousand) as of December 31, 2022.

6.7 OTHER FINANCIAL ASSETS - CURRENT

Items	December 31, 2022	December 31, 2021
Time deposits with original maturity period of more than three months	\$ 95,267	\$ 770,694
Cash in banks for project investment plan	144,158	-
Total	\$ 239,425	\$ 770,694

The Group has no financial assets pledged to others.

6.8 PROPERTY, PLANT AND EQUIPMENT

Items	December 31, 2022	December 31, 2021
Land	\$ 525,621	\$ 525,621
Land improvements	6,931	12,670
Buildings	771,469	777,275
Machinery	2,058,207	1,825,575
Other equipment	289,039	276,011
Equipment to be inspected and construction in progress	574,093	805,606
Total cost	4,225,360	4,222,758
Less: Accumulated depreciation and	(2,039,496)	(2,032,871)

Items impairment	December 31, 2022						December 31, 2021	
Total	\$ 2,185,864						\$ 2,189,887	
	Land	Land improvements	Buildings	Machinery	Other equipment	Equipment to be inspected and construction in progress	Total	
Cost								
Balance, January 1, 2022	\$ 525,621	\$ 12,670	\$ 777,275	\$ 1,825,575	\$ 276,011	\$ 805,606	\$ 4,222,758	
Additions	-	-	4,510	66,581	14,163	165,458	250,712	
Disposals	-	(5,739)	(129)	(51,259)	(9,762)	(41)	(66,930)	
Reclassification (Note 1)	-	-	9,933	148,937	(8,029)	(401,671)	(250,830)	
Transfer to noncurrent asset held for sale	-	-	(38,402)	-	-	-	(38,402)	
Effect of exchange rate difference	-	-	18,282	68,373	16,656	4,741	108,052	
Balance, December 31, 2022	<u>\$ 525,621</u>	<u>\$ 6,931</u>	<u>\$ 771,469</u>	<u>\$ 2,058,207</u>	<u>\$ 289,039</u>	<u>\$ 574,093</u>	<u>\$ 4,225,360</u>	
Accumulated depreciation and impairment								
Balance, January 1, 2022	\$ -	\$ 7,650	\$ 487,362	\$ 1,343,925	\$ 193,934	\$ -	\$ 2,032,871	
Depreciation expense	-	1,279	26,672	112,887	14,967	-	155,805	
Impairment loss	-	-	-	49,966	-	-	49,966	
Disposals	-	(5,739)	(105)	(45,725)	(7,545)	-	(59,114)	
Reclassification (Note 1)	-	-	(39,734)	(155,703)	(13,227)	-	(208,664)	
Transfer to noncurrent asset held for sale	-	-	(13,064)	-	-	-	(13,064)	
Effect of exchange rate difference	-	-	11,551	58,702	11,443	-	81,696	
Balance, December 31, 2022	<u>\$ -</u>	<u>\$ 3,190</u>	<u>\$ 472,682</u>	<u>\$ 1,364,052</u>	<u>\$ 199,572</u>	<u>\$ -</u>	<u>\$ 2,039,496</u>	
Cost								
Balance, January 1, 2021	\$ 525,621	\$ 9,630	\$ 887,662	\$ 2,025,852	\$ 246,435	\$ 715,737	\$ 4,410,937	
Additions	-	1,271	1,374	38,429	36,222	252,024	329,320	
Disposals	-	-	(1,808)	(237,730)	(14,307)	(27,638)	(281,483)	
Reclassification (Note 2)	-	1,769	(96,333)	39,504	10,487	(136,233)	(180,806)	
Effect of exchange rate difference	-	-	(13,620)	(40,480)	(2,826)	1,716	(55,210)	
Balance, December 31, 2021	<u>\$ 525,621</u>	<u>\$ 12,670</u>	<u>\$ 777,275</u>	<u>\$ 1,825,575</u>	<u>\$ 276,011</u>	<u>\$ 805,606</u>	<u>\$ 4,222,758</u>	
Accumulated depreciation and impairment								
Balance, January 1, 2021	\$ -	\$ 6,582	\$ 550,027	\$ 1,466,903	\$ 194,612	\$ 7,459	\$ 2,225,583	
Depreciation expense	-	1,068	32,204	102,837	14,240	-	150,349	
Impairment loss	-	-	-	33,576	-	-	33,576	
Disposals	-	-	(1,808)	(190,912)	(12,449)	-	(205,169)	
Reclassification (Note 2)	-	-	(84,356)	(34,499)	(48)	(7,459)	(126,362)	
Effect of exchange rate difference	-	-	(8,705)	(33,980)	(2,421)	-	(45,106)	
Balance, December 31, 2021	<u>\$ -</u>	<u>\$ 7,650</u>	<u>\$ 487,362</u>	<u>\$ 1,343,925</u>	<u>\$ 193,934</u>	<u>\$ -</u>	<u>\$ 2,032,871</u>	

Note 1: It is reclassified to transfer to the land expropriation and compensation agreement and is shown as a deduction of \$41,403 thousand and the investment property of \$736 thousand in 2022.

Note 2 : It is reclassified to transfer to prepayments for business facilities of \$27,253 thousand and the deduction of the land expropriation and compensation agreement of \$27,191 thousand.

(1) The reconciliations of the current additions and the property, plant and equipment stated in the statement of cash flow are as follows:

Items	2022	2021
Additions to the property, plant and equipment	\$ 250,712	\$ 329,320
(Increase) in payables to contractor and equipment suppliers	(3,368)	(14,350)
Payments for acquisition of property, plant and equipment	\$ 247,344	\$ 314,970

(2) Please refer to Note 6.27 for information on the capitalization of interest.

(3) Please refer to Note 8 for property, plant and equipment pledged by the Group as a guarantee for loans.

(4) Please refer to Note 6.26 for the land expropriation agreement of Hangzhou Shinih and the land expropriation and compensation agreement of Suzhou Taixin.

6.9 LEASE ARRANGEMENT

(1) Right-of-use assets

Items	December 31, 2022	December 31, 2021
Land use right	\$ 152,228	\$ 194,577
Land	3,541	3,192
Buildings	228,585	176,394
Machinery	35,700	33,328
Total cost	420,054	407,491
Less: Accumulated depreciation and impairment	(164,226)	(120,060)
Total	\$ 255,828	\$ 287,431

	Land use right	Land	Buildings	Machinery	Total
Cost					
Balance, January 1, 2022	\$ 194,577	\$ 3,192	\$ 176,394	\$ 33,328	\$ 407,491
Additions	-	-	40,713	-	40,713

	Land use right	Land	Buildings	Machinery	Total
Derecognition	\$ (8,027)	\$ -	\$ (4,716)	\$ -	\$ (12,743)
Transfer to noncurrent asset held for sale	(40,162)	-	-	-	(40,162)
Effect of exchange rate difference	5,840	349	16,194	2,372	24,755
Balance, December 31, 2022	<u>\$ 152,228</u>	<u>\$ 3,541</u>	<u>\$ 228,585</u>	<u>\$ 35,700</u>	<u>\$ 420,054</u>
Accumulated depreciation and impairment					
Balance, January 1, 2022	\$ 9,522	\$ 1,615	\$ 91,617	\$ 17,306	\$ 120,060
Depreciation expense	2,997	595	29,804	5,473	38,869
Derecognition	(963)	-	(2,829)	-	(3,792)
Transfer to noncurrent asset held for sale	(3,378)	-	-	-	(3,378)
Effect of exchange rate difference	661	194	10,133	1,479	12,467
Balance, December 31, 2022	<u>\$ 8,839</u>	<u>\$ 2,404</u>	<u>\$ 128,725</u>	<u>\$ 24,258</u>	<u>\$ 164,226</u>

	Land use right	Land	Buildings	Machinery	Total
Cost					
Balance, January 1, 2021	\$ 217,981	\$ 3,284	\$ 181,831	\$ 38,154	\$ 441,250
Additions	-	-	6,590	-	6,590
Derecognition	(18,579)	-	(3,212)	-	(21,791)
Effect of exchange rate difference	(4,825)	(92)	(8,815)	(4,826)	(18,558)
Balance, December 31, 2021	<u>\$ 194,577</u>	<u>\$ 3,192</u>	<u>\$ 176,394</u>	<u>\$ 33,328</u>	<u>\$ 407,491</u>
Accumulated depreciation and impairment					
Balance, January 1, 2021	\$ 7,497	\$ 1,095	\$ 64,241	\$ 13,698	\$ 86,531
Depreciation expense	3,577	558	30,549	5,632	40,316
Derecognition	(1,533)	-	-	-	(1,533)
Effect of exchange rate difference	(19)	(38)	(3,173)	(2,024)	(5,254)
Balance, December 31, 2021	<u>\$ 9,522</u>	<u>\$ 1,615</u>	<u>\$ 91,617</u>	<u>\$ 17,306</u>	<u>\$ 120,060</u>

(2) Lease liabilities

Items	December 31, 2022	December 31, 2021
Carrying amount of lease liabilities		
Current	\$ 46,907	\$ 45,051
Noncurrent	\$ 74,318	\$ 79,104

Range of discounts rate for lease liabilities is as follow:

Items	December 31, 2022	December 31, 2021
Land	3. 25%	3. 25%
Buildings	1. 40%~6. 375%	1. 40%~6. 375%
Machinery	6. 375%	6. 375%

Please refer to Note 12 for the maturity analysis of the lease liabilities.

(3) Other lease information

The Company leases the investment properties under operating lease agreements, please refer to Note 6.10 investment property.

The Company elected to apply the recognition exemption to short-term leases and low-value asset leases and, thus, did not recognize right-of-use assets and lease liabilities for these leases in 2022 and 2021. Details for the relevant expense are as follows:

Items	2022	2021
Expenses relating to short-term leases	\$ 5,330	\$ 9,186
Total cash outflow for leases	\$ 60,964	\$ 48,287

(4) Please refer to Note 6.26 for the land expropriation agreement of Hangzhou Shinih and the land expropriation and compensation agreement of Suzhou Taixin.

(5) Material lease-in activities and terms

A. The Group's subsidiaries, sub-subsidiaries in PRC, SHINIHI VIETNAM COMPANY LTD. and SHINIHI (CAMBODIA) CO., LTD. entered into the land use contracts with the local government respectively. The terms of the contract are 20 to 50 years respectively.

B. Hubei Taixin Fiber Products Co., Ltd. obtained the land use right subsidy from the local government, which is classified as long-term deferred revenue and transferred to revenue at its deferred years.

- C. The abovementioned companies are entitled the land use rights, income rights and act of disposition for transferring and leasing within the land use terms. They should pay taxes for using lands. The lands are used to build plants, office buildings and employees' dormitories.
- D. PT. SHINIH NONWOVENS INDONESIA obtained the land use right in Indonesia in June 2017. The lands are used to build plants, office buildings and employees' dormitories.
- E. The Group has no land use rights pledged to others.

6.10 INVESTMENT PROPERTY

Items	December 31, 2022	December 31, 2021
Land	\$ 143,069	\$ 143,069
Buildings	88,297	87,534
Total cost	231,366	230,603
Less: accumulated depreciation and impairment	(73,869)	(72,102)
Investment property, net	\$ 157,497	\$ 158,501

	2022		
	Land	Buildings	Total
<u>Cost</u>			
Balance, January 1, 2022	\$ 143,069	\$ 87,534	\$ 230,603
Additions	-	763	763
Balance, December 31, 2022	\$ 143,069	\$ 88,297	\$ 231,366
<u>Accumulated depreciation and impairment</u>			
Balance, January 1, 2022	\$ -	\$ 72,102	\$ 72,102
Depreciation expense	-	1,767	1,767
Balance, December 31, 2022	\$ -	\$ 73,869	\$ 73,869

	2021		
	Land	Buildings	Total
<u>Cost</u>			
Balance, January 1, 2021	\$ 143,069	\$ 86,409	\$ 229,478

	2021		
	Land	Buildings	Total
Additions	\$ -	\$ 1,125	\$ 1,125
Balance, December 31, 2021	\$ 143,069	\$ 87,534	\$ 230,603
<u>Accumulated depreciation and impairment</u>			
Balance, January 1, 2021	\$ -	\$ 70,124	\$ 70,124
Depreciation expense	-	1,978	1,978
Balance, December 31, 2021	\$ -	\$ 72,102	\$ 72,102

(1) Rental revenue and direct operating expenses from the investment property:

Items	2022	2021
Rental revenue from investment properties	\$ 28,303	\$ 26,090
Direct operating expenses arising from the investment properties that generated rental revenue during the period	\$ 2,869	\$ 4,247
Direct operating expenses arising from the investment properties that did not generate rental revenue during the period	-	474
Total	\$ 2,869	\$ 4,721

(2) The investment properties held by the Group are not measured at fair value, but only disclosed its fair value information. Its fair value hierarchy is Level 3. The fair values of the Group's investment properties were \$824,000 thousand and \$801,600 thousand respectively as of December 31, 2022 and 2021. Those fair values were assessed by the Group's management by reference to the transaction prices of similar properties, but did not be assessed by independent valuer.

(3) The Group will receive the total rent from leasing the investment properties under the operating lease agreement as follows:

Items	December 31, 2022	December 31, 2021
Within 1 year	\$ 24,774	\$ 25,959
More than 1 year but less than 5 years	13,169	35,737
More than 5 years	5,751	7,493
Total	\$ 43,694	\$ 69,189

(4) Please refer to Note 8 for investment properties pledged by the Group as a guarantee for loans.

6.11 INTANGIBLE ASSETS

Items	December 31, 2022	December 31, 2021
Trademarks	\$ 9,180	\$ 8,274
Computer software	16,229	15,000
Other intangible assets - spunbond technology and rights	7,392	7,392
Total costs	32,801	30,666
Less: Accumulated amortization	(24,946)	(22,486)
Total	\$ 7,855	\$ 8,180

Items	2022			
	Trademarks	Computer software	Other intangible assets - spunbond technology and rights	Total
Cost				
Balance, January 1	\$ 8,274	\$ 15,000	\$ 7,392	\$ 30,666
Additions	-	1,044	-	1,044
Effect of exchange rate difference	906	185	-	1,091
Balance, December 31	\$ 9,180	\$ 16,229	\$ 7,392	\$ 32,801
Accumulated amortization				
Balance, January 1	\$ 8,274	\$ 14,212	\$ -	\$ 22,486
Amortization expense	-	1,385	-	1,385
Effect of exchange rate difference	905	170	-	1,075
Balance, December 31	\$ 9,179	\$ 15,767	\$ -	\$ 24,946

Items	2021			
	Trademarks	Computer software	Other intangible assets - Spunbond technology and rights	Total
<u>Cost</u>				
Balance, January 1	\$ 8,513	\$ 15,059	\$ 7,392	\$ 30,964
Additions	-	19	-	19
Effect of exchange rate difference	(239)	(78)	-	(317)
Balance, December 31	<u>\$ 8,274</u>	<u>\$ 15,000</u>	<u>\$ 7,392</u>	<u>\$ 30,666</u>
<u>Accumulated amortization</u>				
Balance, January 1	\$ 8,513	\$ 12,611	\$ -	\$ 21,124
Amortization expense	-	1,661	-	1,661
Effect of exchange rate difference	(239)	(60)	-	(299)
Balance, December 31	<u>\$ 8,274</u>	<u>\$ 14,212</u>	<u>\$ -</u>	<u>\$ 22,486</u>

6.12 SHORT-TERM LOANS

The nature of loans	December 31, 2022	December 31, 2021
Unsecured loans	\$ 360,687	\$ 322,098
Secured loans	120,000	120,104
Total	<u>\$ 480,687</u>	<u>\$ 442,202</u>
Interest rate range	<u>1.50%~6.50%</u>	<u>0.83%~4.55%</u>

Please refer to Note 8 for the assets pledged by the Group as a guarantee for the abovementioned loans.

6.13 OTHER PAYABLES

Items	December 31, 2022	December 31, 2021
Salaries and bonuses payable	\$ 41,747	\$ 44,242
Payable for equipment and construction	40,472	37,103
Payable for economic compensation	37,193	-

Items	December 31, 2022	December 31, 2021
Taxes payable	\$ 19,256	\$ 6,053
Compensation payable to employees and directors	9,640	21,733
Others	116,241	111,455
Total	\$ 264,549	\$ 220,586

6.14 DEFERRED REVENUE

Items	2022	2021
Revenue on relocating compensation	\$ 103,621	\$ -
Less: Economic compensation to employees	(37,551)	-
Expenses of moving and installing assets	(2,743)	-
Subtotal	(40,294)	-
Total	\$ 63,327	\$ -

Shinih Fiber Products (Suzhou) Co., Ltd. (Shinih Suzhou) entered into the land expropriation and compensation agreement with Loudong Subdistrict Office of the People's Government of Taichang Municipality (Taichang Municipal People's Government) on November 24, 2022. The contract includes the compensations for collecting lands and buildings, fixtures and appurtenances, cessation of production and business, relocation bonus from the government, equipment, expropriation contract bonus. The principal terms of the contract are as follows:

- a. The total compensation amounts to RMB78,414 thousand.
- b. Taichang Municipal People's Government shall pay RMB 23,500 thousand of the total compensation within 10 working days once the agreement is signed. RMB 23,500 thousand of the total compensation shall be paid within 10 working days when the certificates and relevant de-registration documents for the expropriated building of Shinih Suzhou are submitted to Taichang Municipal People's Government. Shinih Suzhou transferred the whole assets to Taichang Municipal People's Government, and the government shall pay RMB31,414 thousand within 10 working days once signing an asset delivery list. As of December 31, 2022, Shinih Suzhou had received \$103,621 thousand (RMB23,500 thousand) of the total compensation and has included in deferred income.
- c. Loss from disposal of the immovable items, termination of labor contracts and related relocation expenses are recognized as a deduction of deferred income on occurrence. Deferred income begins to be recognized in profit or loss upon the transfer of the immovable items.

- d. The agreement also states that Shinih Suzhou should transfer the land, buildings and ground attachments to Taichang Municipal People's Government. If Shinih Suzhou failed to transfer the land as agreed, it should pay the liquidated damages at 0.05% of the total compensation daily to Taichang Municipal People's Government from the due date. Besides, Taichang Municipal People's Government is entitled to take some compulsory actions for the power and water outages. When Shinih Suzhou fully completed the obligations of the contract, if Taichang Municipal People's Government failed to pay the compensation as agreed, it should pay the liquidated damages at 0.05% of the total compensation daily to Shinih Suzhou.

6.15 LONG-TERM LOANS

The nature of loans	December 31, 2022	December 31, 2021
Secured loans	\$ 1,140,000	\$ 1,040,000
Less: current portion	(166,250)	(132,917)
Total	\$ 973,750	\$ 907,083
Interest rate range	1. 65%~2. 02%	1. 15%~1. 40%
Year to maturity	2024~2027	2024~2025

NOTE 1: The method of repayment for the Group's long-term loans is paid in instalments to Chang Hwa Bank and Bank of Shanghai. The principal amount will be paid in full to KGI Bank at the maturity date.

NOTE 2: Please refer to Note 8 for the assets pledged by the Group as a guarantee for the abovementioned loans.

6.16 RETIREMENT BENEFIT PLANS

(1) Defined contribution plans

- A. The employ pension plan under the Labor Pension Act of the R.O.C. (the Act) is a defined contribution plan. Pursuant to the plan, the Company and TAIWAN KUREHA CO., LTD. have made monthly contributions equal to 6% of each employee's salary to employees' pension accounts.
- B. The foreign subsidiaries also make contribution in accordance with the rate specified in the plans in the local regulations, which is a defined contribution plan.
- C. The Group's recognized expenses in the consolidated statement of comprehensive income were \$19,278 thousand and \$20,110 thousand under the contributions rates specified in the plans for the years ended December 31, 2022 and 2021, respectively.

(2) Defined benefit plans

- A. The Company and TAIWAN KUREHA CO., LTD. have defined benefit plans in accordance with the Labor Standards Law of the R.O.C. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. Those companies have made monthly contributions equal to 2% of each employee's salary to employees' pension accounts, which submit to the Labor Retirement Reserve Supervisory Committee to the retirement fund deposited in Bank of Taiwan under the name of the committee. The Fund is managed by the Government's designated authorities and the Group have no right to influence their investment strategies.
- B. Amounts recognized in the consolidated balance sheet are as follows:

Items	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	\$ 24,730	\$ 28,502
Fair value of plan assets	(17,499)	(18,440)
Net defined benefit liability	\$ 7,231	\$ 10,062

As of December 31, 2022, the defined benefit plans included 296 thousand of the prepaid pension cost of TAIWAN KUREHA CO., LTD., which is classified under the other noncurrent assets.

- C. Movements in net defined benefit liability are as follows:

Items	2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance, January 1	\$ 28,502	\$ (18,440)	\$ 10,062
Service costs			
Current service cost	570	-	570
Interest expense (revenue)	231	(120)	111
Amounts recognized in profit and loss	801	(120)	681
Remeasurements			
Return on plan assets (Amounts included in interest income or expense are excluded)	-	(1,376)	(1,376)
Effect of changes in financial assumptions	(1,139)	-	(1,139)

Items	2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Experience adjustments	\$ 515	\$ -	\$ 515
Amounts recognized in other comprehensive income (losses)	(624)	(1,376)	(2,000)
Pension fund contributions	-	(1,321)	(1,321)
Paid pension	(4,391)	3,758	(633)
Effect of exchange rate difference	442	-	442
Balance, December 31	\$ 24,730	\$ (17,499)	\$ 7,231

Items	2021		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance, January 1	\$ 29,340	\$ (15,111)	\$ 14,229
Service costs			
Current service cost	762	-	762
Interest expense (revenue)	160	(50)	110
Amounts recognized in profit and loss	922	(50)	872
Remeasurements			
Return on plan assets (Amounts included in interest income or expense are excluded)	-	(232)	(232)
Actuarial (gains) losses -			
Effect of changes in demographic assumptions	518	-	518
Effect of changes in financial assumptions	(776)	-	(776)
Experience adjustments	236	-	236
Amounts recognized in other comprehensive income (losses)	(22)	(232)	(254)
Pension fund contributions	-	(3,047)	(3,047)
Paid pension	(337)	-	(337)
Effect of exchange rate difference	(1,401)	-	(1,401)

Items	2021		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance, December 31	\$ 28,502	\$ (18,440)	\$ 10,062

The pension costs of the aforementioned defined benefit plans were recognized in profit or loss by the following categories:

Items	2022	2021
Operating costs	\$ 516	\$ 702
Selling expenses	-	1
Administrative expenses	165	169
Total	\$ 681	\$ 872

D. Information about fair value of plan assets are as follows:

Items	December 31, 2022	December 31, 2021
Cash and cash equivalents	\$ 17,499	\$ 18,440

E. Because of the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

(a) Investment risk

The pension funds are invested in equity and debt securities, bank deposits, etc. at the discretion of the Bureau of Labor Funds of Ministry of Labor, or under the mandated management. However, under the Labor Standards Law, the rate of return on plan assets shall not be less than the average interest rate on a two-year time deposit published by the local banks.

(b) Interest risk

A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the debt investments of the plan assets.

(c) Salary risk

The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

F. The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions on measurement date were as follows:

Items	December 31, 2022	December 31, 2021
Discount rate	1.30%、1.35% and 0.74%-1.5%	0.70%、0.69% and 0.74%-1.5%
Expected salary increase rate	1.50% and 4.00%	1.50% and 4.00%

Reasonably possible changes to the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Items	December 31, 2022	December 31, 2021
Discount rate		
Increase 0.5%	\$ (1,176)	\$ (1,395)
Decrease 0.5%	1,234	1,181
Expected salary increase rate		
Increase 0.5%	\$ 1,162	\$ 2,318
Decrease 0.5%	(1,076)	(2,184)

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

G. The Group expects to make a contribution to its defined benefit pension plans next year is \$198 thousand. The weighted average maturity periods of the defined benefit obligation are 9.2 and 11 years.

6.17 COMMON STOCKS

- (1) As of December 31, 2022, the Company's authorized capital was \$2,000,000 thousand, consisting of 200,000 thousand shares, and the total amount of paid-in capital was \$1,091,071 thousand with a nominal value of \$10 each. The number of shares issued by the Company has been fully paid-up.
- (2) The reconciliation of the number and amount of the Company's common stocks outstanding is as follows:

	(Unit: Shares in thousand)	
	2022	2021
On January 1	106,170	109,107
Purchase of treasury stock	(567)	(2,937)
Treasury stock sold to employees	305	-
On December 31	105,908	106,170

6.18 CAPITAL SURPLUS

Items	December 31, 2022	December 31, 2021
Additional paid-in capital arising from bond conversion	\$ 213,926	\$ 213,926
Recognition of changes in ownership interest in subsidiaries	4	4
Others	16,844	16,844
Total	\$ 230,774	\$ 230,774

Under the Company Act, the capital surplus generated from the excess of the issuance price over the par value of capital stock (including additional paid-in capital from issuance of common stocks and additional paid-in capital arising from bond conversion) and from donations can be used to offset deficit or may be distributed as stock dividends or cash dividends. Under the regulations of the Security Exchange Law, the maximum amount transferred from the foregoing capital surplus to the Company's capital per year shall not be over 10% of the Company's capital surplus. Capital surplus can't be used to offset deficit unless legal capital reserve is insufficient. The capital surplus from long-term investments and stock options may not be used for any purpose.

6.19 RETAINED EARNINGS AND DIVIDEND POLICY

(1) According to the Company's Article of Incorporation, the current year's earnings, if any, shall first pay taxes, offset its losses, set aside a legal capital reserve at 10% of the remaining earnings until the accumulated legal capital reserve equals the Company's paid-in capital then reversal or set aside a special capital reserve in accordance with relevant laws or as requested by the authorities in charge. Any balance left over shall be allocated with unappropriated earnings submitted by the Board of Directors to be approved at a shareholders' meeting to distribute dividend to shareholders.

Cash dividends distribute the allocation of the abovementioned dividends as a priority, but it depends on the proportion of cash dividends on the Company's capital expenditure plan. Among these, the aggregate proportion of capitalization of retained

earnings and capital surplus transferred to common stock should not exceed 90% of the total dividends for the year.

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

(3) Special capital reserve

Items	December 31, 2022	December 31, 2021
Provisions on initial application of IFRSs	\$ 106,123	\$ 106,123
Provisions on debited other equity	42,838	9,806
Total	\$ 148,961	\$ 115,929

A. In accordance with the regulation, the Company shall set aside special capital reserve from the debit balance on other equity item at the end of the year before distributing earnings. When debit balance on other equity is reversed subsequently, the reversed amount could be included in the distributable earnings.

(4) The amounts set aside by the Company as \$106,123 thousand of special capital reserve on the initial application of IFRSs in accordance with rule NO.1010012865 issued by the FSC, dated April 6, 2012, are unrealized revaluation reserve transferred to retained earnings, shall be reversed proportionately to retained earnings when the relevant assets are used, disposed of or reclassified subsequently. The appropriations of 2021 and 2020 earnings have been approved by shareholders' meetings held on March 25, 2022 and March 26, 2021, respectively. The appropriations of earnings and dividends per share were as follows:

Items	Appropriation of Earnings		Dividends Per Share (NT\$)	
	2021	2020	2021	2020
Legal capital reserve	\$ 51,321	\$ 7,603		
Special capital reserve	33,032	9,806		
Cash dividends	105,603	43,643	\$ 1.00	\$ 0.40
Total	\$ 189,956	\$ 61,052		

The abovementioned legal capital reserve and special capital reserve have been approved by shareholder's meeting held on June 17, 2022 and July 23, 2021, respectively.

- (5) The Company's appropriation of earnings for 2022 had been approved in the Board meeting held on March 24, 2023. The appropriations of earnings were as follows:

Items	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal capital reserve	\$ 22,597	
Special capital reserve	(42,838)	
Cash dividends	111,204	\$ 1.05
Total	<u>\$ 90,963</u>	

The abovementioned legal capital reserve and special capital reserve are to be presented for approval in the shareholders' meeting held on June 16, 2023.

- (6) Information on the resolution of the Board and shareholder meetings regarding the appropriation of earnings is available from the Market Observation Post System on the website of the TWSE.

6.20 OTHER EQUITY

A. Exchange differences on translation of foreign operations

Items	December 31, 2022	December 31, 2021
Balance, January 1	\$ (42,838)	\$ (9,806)
Exchange differences on translation of foreign operations	109,351	(41,290)
Income taxes arising from exchange differences on translation of foreign operations	(21,870)	8,258
Balance, December 31	<u>\$ 44,643</u>	<u>\$ (42,838)</u>

The exchange differences arising from the translation of the net assets of foreign operations from their functional currency to the presentation currency of the Company are directly recognized in other comprehensive income and accumulated to the exchange differences arising from exchange differences on translation of foreign operations. Those previous exchange differences will be reclassified to profit or loss when the disposal of foreign operations.

6.21 TREASURY STOCK

A. Reasons for share repurchase and movements in the number of the treasury stock are as follows:

Reasons for share repurchase	2022		
	Balance, January 1	Increase (decrease) during the year	Balance, December 31
To be reissued to employees	2,937	262	3,199

(Unit: Shares in thousand)

Reasons for share repurchase	2021		
	Balance, January 1	Increase (decrease) during the year	Balance, December 31
To be reissued to employees	-	2,937	2,937

- a. The Company held the Board meeting on November 9, 2021, when the board approved repurchasing the Company's common stock and transfer to employees. It is estimated to repurchase 5,000 shares. The repurchase terms are from November 10, 2021 to January 9, 2022 with the value ranging from \$15.65 to \$33.05. There are 3,504 thousand treasury stocks during the repurchase period; the average price is \$23.41 for each for \$82,028 thousand. As of December 31, 2022, the Company has transferred 305 thousand shares; the remaining repurchase amount is \$74,888 thousand.
- b. The Company transferred treasury stock to employees under the Regulation of Transferring the Repurchased Treasury Stock approved by the board on August 9, 2022. The transfer price was the actual repurchased price of \$23.41. The subscription benchmark date was August 9, 2022 and the price per share was \$20.50 on the subscription benchmark date. The fair value of the subscription per share was \$0. As of December 31, 2022, there were 305 thousand shares for transferred shares with fully paid. All of them are transferred.
- c. Pursuant to the R.O.C. Securities and Exchange Law, the number of shares bought back as treasury stock should not exceed 10% of the number of the Company's issued, outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realized capital surplus.
- d. Pursuant to the R.O.C. Securities and Exchange Law, treasury stock should not be pledged as collateral and are not entitled to dividends before they are reissued.
- e. Pursuant to the R.O.C. Securities and Exchange Law, treasury stock should be reissued to the employees within three years from the repurchase date and shares not reissued within the three-year period are to be retired.

6.22 NON-CONTROLLING INTEREST

Items	2022	2021
Balance, January 1	\$ 66,292	\$ 74,296
Share attributable to non-controlling interests:		
Net income	16,692	14,289
Remeasurements of defined benefit plans	34	214

Items	2022	2021
Exchange differences on translation of foreign operations	\$ 3,952	\$ (8,995)
Cash dividends paid by subsidiaries	(12,753)	(13,512)
Balance, December 31	<u>\$ 74,217</u>	<u>\$ 66,292</u>

6.23 OPERATING REVENUE

Items	2022	2021
Revenue from contracts with customers		
Sale of goods	\$ 2,562,965	\$ 2,558,579
Processing revenue	38,985	28,578
Subtotal	<u>2,601,950</u>	<u>2,587,157</u>
Rent revenue		
Rental revenue from property	28,303	26,090
Total	<u>\$ 2,630,253</u>	<u>\$ 2,613,247</u>

A. Description of customer contract

The customer contract represents the revenue from selling and processing the nonwoven material and bedding. The target customers are the buyers of the manufactured garments and motor vehicle parts, and the Group sells at price stipulated in contract. The consideration is classified as short-term receivables, and is therefore measured at invoice price.

B. Disaggregation of revenue from contracts with customers

The Group classifies revenue from the following categories of main products:

Items	2022				
	China	U.S.	Taiwan	Southeast Asia	Total
Major products /Service line					
Nonwoven material	\$ 673,213	\$ 696,610	\$ 510,042	\$ 664,232	\$ 2,544,097
Bedding and others	18,152	-	18,868	20,833	57,853
Total	<u>\$ 691,365</u>	<u>\$ 696,610</u>	<u>\$ 528,910</u>	<u>\$ 685,065</u>	<u>\$ 2,601,950</u>
Timing of revenue recognition					
Performance obligation satisfied at a point in time	<u>\$ 691,365</u>	<u>\$ 696,610</u>	<u>\$ 528,910</u>	<u>\$ 685,065</u>	<u>\$ 2,601,950</u>

Items	2021				
	China	U.S.	Taiwan	Southeast Asia	Total
<u>Major products /Service line</u>					
Nonwoven material	\$ 832,234	\$ 669,490	\$ 479,339	\$ 552,814	\$ 2,533,877
Bedding and others	9,297	-	24,702	19,281	53,280
Total	\$ 841,531	\$ 669,490	\$ 504,041	\$ 572,095	\$ 2,587,157
<u>Timing of revenue recognition</u>					
Performance obligation satisfied at a point in time	\$ 841,531	\$ 669,490	\$ 504,041	\$ 572,095	\$ 2,587,157

C. Contract balances

The Group recognizes contract liabilities related to the revenue from contracts with customers as follows:

Items	December 31, 2022	December 31, 2021
Contract liabilities - current	\$ 26,387	\$ 15,476

6.24 PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

By nature	2022			2021		
	Cost of sales	Operating expense	Total	Cost of sales	Operating expense	Total
<u>Employee benefit expenses</u>						
Salary	\$ 318,275	\$ 202,073	\$ 520,348	\$ 304,338	\$ 208,411	\$ 512,749
Insurance	26,524	18,001	44,525	23,648	16,391	40,039
Pension	11,256	8,703	19,959	12,248	8,734	20,982
Others	14,658	13,025	27,683	18,716	14,336	33,052
Depreciation	136,721	59,720	196,441	143,821	48,822	192,643
Amortization	16	1,846	1,862	9	2,127	2,136
Total	\$ 507,450	\$ 303,368	\$ 810,818	\$ 502,780	\$ 298,821	\$ 801,601

A. The profit before tax represents the amount before the Company deducts the employee's and directors' remuneration for the year. The Company is stipulated to distribute compensation of employees at the rate between 1% to 5% of profit before tax, and directors' remuneration at the rate not higher than 3% of profit before tax. If there is a change in the proposed amount after the annual financial statement are authorized for issue, the difference is recorded as a change in accounting estimate and adjusted in

the next fiscal year. The number of employee stock compensation shares is calculated based on the closing price of the day before the board resolution date of the following year and taking into account the effects of ex-rights and ex-dividend.

- B. The appropriations of employees' compensation and directors' remuneration for 2022 and 2021 have been approved by the board of directors held on March 24, 2023, and March 25, 2022, respectively. The amount of approved and recognized in financial statement is shown as follows:

	2022		2021	
	Employees' compensation	Directors' remuneration	Employees' compensation	Directors' remuneration
Amounts approved	\$ 7,230	\$ 2,410	\$ 16,300	\$ 5,433
Amounts recognized in financial statement	7,230	2,410	16,300	5,433
Difference	\$ -	\$ -	\$ -	\$ -

The aforementioned employees' compensation is distributed in cash.

- C. Information regarding employees' compensation and directors' remuneration of the Company is available from the Market Observation Post System on the website of the TWSE.

6.25 OTHER INCOME

Items	2022	2021
Government subsidies	\$ 20	\$ 1,915
Others	38,374	21,250
Total	\$ 38,394	\$ 23,165

The above-mentioned subsidy income is mainly the development subsidy income of epidemic prevention and hygiene materials.

6.26 OTHER GAINS AND LOSSES

Items	2022	2021
Gain on the land expropriation and compensation	\$ 326,361	\$ 756,855
Gain on disposal of property, plant and equipment	1,787	1,914

Items	2022	2021
Gain on disposal of noncurrent assets classified as held for sale	\$ -	\$ 22,350
Net foreign exchange gain (loss)	29,781	(3,765)
Impairment loss	(49,966)	(33,576)
Others	(1,778)	(9,223)
Total	\$ 306,185	\$ 734,555

(1) Gain on the land expropriation and compensation

2022 Suzhou Taixin

Taixin Fiber Products (Suzhou) Co., Ltd. (Suzhou Taixin) entered into the land expropriation and compensation agreement with Loudong Subdistrict Office of the People's Government of Taichang Municipality (Taichang Municipal People's Government) on November 9, 2022. The agreement includes compensations for collecting lands and buildings, fixtures and appurtenances, cessation of production and business, relocation bonus from the government, equipment, expropriation contract bonus. The principal terms of the agreement are as follows:

- a. The total compensation amounts to RMB87,423 thousand.
- b. Taichang Municipal People's Government shall pay RMB26,000 thousand of the total compensation within 10 working days once the agreement is signed. RMB26,000 thousand of the total compensation shall be paid within 10 working days when the certificates and relevant de-registration documents for the expropriated building of Taixin Suzhou are submitted to Taichang Municipal People's Government. Taixin Suzhou transferred the whole assets to Taichang Municipal People's Government, and the government shall pay RMB35,423 thousand within 10 working days once signing an asset delivery list.
- c. Loss from disposal of the immovable items, termination of labor contracts and related relocation expenses are recognized as a deduction of deferred income on occurrence. Deferred net income shall be recognized in profit or loss upon the transfer of the immovable items.
- d. The agreement also states that Taixin Suzhou should transfer the land, buildings and ground attachments to Taichang Municipal People's Government before November 30, 2022. If Taixin Suzhou fails to transfer the land as agreed, it should pay the penalties at 0.05% of the total compensation daily to Taichang Municipal People's Government from the due date. Besides, Taichang Municipal People's Government is entitled to take some compulsory actions for the power and water outages. When Taixin Suzhou fully completed the obligations of the agreement, if Taichang Municipal People's Government fails to pay the compensation as agreed, it should pay the damages at 0.05% of the total compensation daily to Suzhou Taixin.

2021 Hangzhou Shinih

Hangzhou Shinih Fiber Products Co., Ltd. entered into the land expropriation agreement with Xiaoshan Economic and Technological Development Zone Management Committee (Xiaoshan Development Management Committee) in July 2021 in response to rule of NO.133 issued by Xiaoshan People's Government (2010) and the principal of the rule of NO.30 issued by Xiaoshan Development Management. The agreement includes compensations for collecting the immovable items such as the land use rights, buildings, and equipment, and cessation of production and business, termination of labor contracts and related relocation expenses. The principal terms of the agreement are as follows:

- a. The total compensation amounts to RMB199,985 thousand.
- b. Xiaoshan Development Management Committee shall pay RMB59,990 thousand of the total compensation within 10 working days once the agreement is signed. RMB59,990 thousand of the total compensation shall be paid within 10 working days when the property certificate of Hangzhou Shinih are submitted to Xiaoshan Development Management Committee. Xiaoshan Development Management Committee shall pay the remaining RMB80,005 thousand within 10 working days once transferring completed.
- c. Loss from disposal of the immovable items, termination of labor contracts and related relocation expenses are recognized as a deduction of deferred income on occurrence. Deferred net income shall be recognized in profit or loss upon the transfer of the immovable items.
- d. The agreement also states that Hangzhou Shinih should transfer the land, buildings and ground attachments to Xiaoshan Development Management Committee before November 30, 2021. Before the Hangzhou Shinih transfer, it should nullify the registration of the land certificate and the proof of housing ownership within 5 months ago. If Hangzhou Shinih fails to transfer the land as agreed, it should pay the penalties at 1% of the total compensation daily to Xiaoshan Development Management Committee from the due date. If Xiaoshan Development Management Committee fails to pay the compensation as agreed, it should pay the damages at 1% of the total compensation daily to Hangzhou Shinih.

Taixin Suzhou and Hangzhou Shinih have completed the relevant expropriation and compensation agreements, and the net gain on relocating compensation is recognized as follows:

Items	2022	2021
Revenue on the land expropriation and compensation	\$ 388,005	\$ 869,003
Less: Relocation expenses		
(Loss) on disposal of property, plant and equipment	(26,574)	(27,191)

Items	2022	2021
Loss on disposal of right-of-use asset, net	\$ (7,064)	\$ (17,046)
Expenses on moving and installing assets	(7,396)	(33,048)
Economic compensation to employee	(20,610)	(34,863)
Total	(61,644)	(112,148)
Gain on expropriation compensation	\$ 326,361	\$ 756,855

(2)The Group signed the property transaction contract in South Carolina, USA, in December 2020 with a selling price of US\$1,100 thousand (approximately \$30,862 thousand). The Group completed the transaction and received the payments in July 2021. The gain on disposal was US\$798 thousand (approximately \$22,350 thousand) and was included in the gain on disposal of noncurrent assets classified as held for sale.

6.27 FINANCIAL COSTS

Items	2022	2021
Interest expense		
Bank loans	\$ 25,577	\$ 16,079
Interest on lease liabilities	5,159	7,036
Less: Capitalized amount for qualified assets	(6,991)	(6,689)
Financial costs	\$ 23,745	\$ 16,426
Interest capitalization rates	1.43%	1.12%

6.28 INCOME TAX

A. Income tax expense

(1) Components of income tax expense

Items	2022	2021
Current tax expense (benefit) recognized in the current year	\$ 193,024	\$ 252,410
Adjustments on prior years	5,136	1,838
Repatriated offshore funds	-	11,204
Tax on undistributed surplus earnings	16,163	749
The origination and reversal of temporary differences	(11,097)	2,860

Items	2022	2021
Income tax expense recognized in profit or loss	\$ 203,226	\$ 269,061

(2) Income tax expenses (benefits) recognized in other comprehensive income

Items	2022	2021
Exchange differences on translation of foreign operations	\$ 21,870	\$ (8,258)
Remeasurements of defined benefit plans	400	51
Total	\$ 22,270	\$ (8,207)

B. Reconciliation between accounting profit and income tax expense recognized in profit or loss:

Items	2022	2021
Income before tax	\$ 444,318	\$ 796,574
Income tax expense at the statutory rate	\$ 235,210	\$ 339,362
Tax effect of adjusting items:		
Deductible items in determining taxable income	(42,186)	(86,952)
Repatriation of offshore funds	-	11,204
Income tax adjustments on prior years	5,136	1,838
Income tax on unappropriated earnings	16,163	749
Deferred income tax expense (benefit) related to temporary differences	(11,097)	2,860
Income tax expense recognized in profit or loss	\$ 203,226	\$ 269,061

The income tax rate for the Group subject to the ROC, Income Tax Act is 20%, and , the tax rate for unappropriated earnings is 5%. The income tax rate for the subsidiaries in mainland China 25%. For entities located in other jurisdictions, taxes are calculated using the applicable tax rate for each individual jurisdiction.

C. Income tax assets and liabilities:

Items	December 31, 2022	December 31, 2021
Income tax assets	\$ 18,429	\$ 20,052
Income tax liabilities	\$ 198,405	\$ 198,521

D. Deferred tax assets or liabilities arising from temporary differences, operating loss carryforward :

Items	2022				
	January 1	Recognized in (losses) gains	Recognized in other comprehensive income	Effect of exchange rate difference	December 31
Deferred income tax assets					
Operating loss carryforward	\$ 9,972	\$ 4,476	\$ -	\$ 309	\$ 14,757
Temporary differences					
Allowance for bad debts	240	4,498	-	144	4,882
Unrealized loss on Inventories	8,691	(1,139)	-	235	7,787
Investment income and unrealized profits/losses of subsidiaries	-	11,986	-	-	11,986
Unrealized accrued expenses	1,532	(1,651)	-	119	-
Unrealized profits/losses	1,310	(480)	-	-	830
Net defined benefit liability	3,730	(98)	(400)	135	3,367
Exchange differences on translation of foreign operations	31,680	-	(21,870)	-	9,810
Unrealized profit on debt conversion	40,984	(133)	-	-	40,851
Impairment loss	-	9,683	-	-	9,683
Others	3,311	(1,859)	-	24	1,476
Subtotal	101,450	25,283	(22,270)	966	105,429
Deferred tax liabilities					
Temporary differences					
Investment income and unrealized profits/losses of subsidiaries	(10,842)	(1,002)	-	-	(11,844)
Property, plant and equipment taxable differences	(10,792)	(8,642)	-	(1,432)	(20,866)
Foreign exchange gain or loss	-	(4,542)	-	-	(4,542)
Provision on land value increment tax	(65,107)	-	-	-	(65,107)
Subtotal	(86,741)	(14,186)	-	(1,432)	(102,359)

2022					
Items	January 1	Recognized in (losses) gains	Recognized in other comprehensive income	Effect of exchange rate difference	December 31
Total	\$ 14,709	\$ 11,097	\$ (22,270)	\$ (466)	\$ 3,070
2021					
Items	January 1	Recognized in (losses) gains	Recognized in other comprehensive income	Effect of exchange rate difference	December 31
Deferred income tax assets					
Operating					
loss carryforward	\$ 15,595	\$ (5,571)	\$ -	\$ (52)	\$ 9,972
Temporary differences					
Allowance for bad debts	497	(248)	-	(9)	240
Unrealized loss on inventories	7,009	1,774	-	(92)	8,691
Investment income and unrealized profits/losses of subsidiaries	(13,521)	13,521	-	-	-
Unrealized accrued expenses	1,684	(106)	-	(46)	1,532
Unrealized profits/losses	1,236	74	-	-	1,310
Net defined benefit liability	3,286	655	(51)	(160)	3,730
Exchange differences on translation of foreign operations	23,422	-	8,258	-	31,680
Unrealized profit on debt conversion	41,116	(132)	-	-	40,984
Others	3,405	(72)	-	(22)	3,311
Subtotal	83,729	9,895	8,207	(381)	101,450
Deferred tax liabilities					
Temporary differences					
Investment income and unrealized profits/losses of subsidiaries	-	(10,842)	-	-	(10,842)
Property, plant and equipment taxable differences	(9,158)	(1,913)	-	279	(10,792)
Provision on land value increment tax	(65,107)	-	-	-	(65,107)
Subtotal	(74,265)	(12,755)	-	279	(86,741)
Total	\$ 9,464	\$ (2,860)	\$ 8,207	\$ (102)	\$ 14,709

E. The income tax returns of the Company and TAIWAN KUREHA CO., LTD. have examined through 2020 by tax authority.

6.29 OTHER COMPREHENSIVE INCOME

Items	2022		
	Before tax	Income tax (expense)	After tax
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit plans	\$ 2,000	\$ (400)	\$ 1,600
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	113,303	(21,870)	91,433
Recognized in other comprehensive income	<u>\$ 115,303</u>	<u>\$ (22,270)</u>	<u>\$ 93,033</u>

Items	2021		
	Before tax	Income tax (expense) benefit	After tax
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit plans	\$ 254	\$ (51)	\$ 203
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	(50,285)	8,258	(42,027)
Recognized in other comprehensive income	<u>\$ (50,031)</u>	<u>\$ 8,207</u>	<u>\$ (41,824)</u>

6.30 EARNINGS PER SHARE

Items	2022	2021
Basic earnings per share		
Net income attributable to ordinary shareholders of the Company	<u>\$ 224,400</u>	<u>\$ 513,224</u>
Weighted average shares outstanding (in thousands)	<u>105,731</u>	<u>108,873</u>
Basic earnings per share (after tax) (in dollars)	<u>\$ 2.12</u>	<u>\$ 4.71</u>
Diluted earnings per share		
Net income attributable to ordinary shareholders of the Company	<u>\$ 224,400</u>	<u>\$ 513,224</u>
Net income for calculating diluted earnings per share	<u>\$ 224,400</u>	<u>\$ 513,224</u>

Items	2022	2021
Weighted average shares outstanding (in thousands)	\$ 105,731	\$ 108,873
Effect of dilutive potential common shares		
Employees' compensation (in thousands)	523	771
Weighted average shares outstanding for diluted earnings per share (in thousands)	<u>106,254</u>	<u>109,644</u>
Diluted earnings per share (after tax) (in dollars)	<u>\$ 2.11</u>	<u>\$ 4.68</u>

If the Group is able to settle the employee compensation by cash or stocks, the employee compensation should be assumed to be settled in stocks and the resulting potential shares increased should be included in the weighted average shares outstanding in calculation of diluted earnings per share, if the shares have a dilutive effect. Such dilutive effect of the potential shares needs to be included in the calculation of diluted earnings per share until employee compensation is approved in the following year.

7. RELATED PARTY TRANSACTIONS

A. Names of related parties and relationship

Names of related parties	Relationship with the Group
KUREHA LIMITED-JAPAN(KUREHA)	Investors with significant influence over the Group
CHIEN JUNG TSAI	Other related parties
CHIEN JUI JUI	Chairman of the Company
CHIEN YU HSIA	Other related parties
CHIEN SHENG HUNG	Other related parties
CHIEN TIEN SHENG MEMORIAL FOUNDATION	Substantive related party
Sunnex Industrial Co., Ltd. (Sunnex)	Substantive related party
Shinih (Thailand) Co., Ltd.	Substantive related party
Suntex Textile Vietnam Co., Ltd (Suntex)	Substantive related party
Corona MS LLC	Substantive related party
Big Jung Inc.	Substantive related party
Tien Sheng Corp.	Substantive related party
Jianbao Health Product Technical Co., Ltd.	Substantive related party

Other related parties (hereinafter the same) represent individuals with relatives within the second degree of kinship of the Company's chairman.

B. Significant transactions between related parties (Excepts as disclosed in other notes)

(a) Operating revenue

Categories/Names of related parties	2022	2021
Investors with significant influence over the subsidiaries	\$ 48,611	\$ 44,262
Substantive related party	3,668	8,023
Total	<u>\$ 52,279</u>	<u>\$ 52,285</u>

Sales prices between related parties were determined and negotiated referring to the relevant market prices. The payment terms were ranging from approximately 30 to 60 days for advance receipts.

(b) Purchases

Categories/Names of related parties	2022	2021
Investors with significant influence over the Group	\$ 28,342	\$ 19,763
Substantive related party	13,056	6,848
Total	<u>\$ 41,398</u>	<u>\$ 26,611</u>

Purchase prices between related parties were determined and negotiated referring to the relevant market prices. The payment terms were ranging from approximately 30 to 90 days for advance receipts.

(c) Lease arrangements

(a) Lease liabilities

Categories/Names of related parties	December 31, 2022	December 31, 2021
Substantive related party	\$ 52,759	\$ 88,452
Other related parties	9,455	10,017
Total	<u>\$ 62,214</u>	<u>\$ 98,469</u>

(b) Interest expense		
Categories/Names of related parties	December 31, 2022	December 31, 2021
Substantive related party	\$ 49	\$ 2,138
Total	\$ 49	\$ 2,138

(c) Interest expense		
Categories/Names of related parties	2022	2021
Substantive related party	\$ 3,684	\$ 5,260
Other related parties	137	145
Total	\$ 3,821	\$ 5,405

(d) Accounts receivable		
Categories/Names of related parties	December 31, 2022	December 31, 2021
Investors with significant influence over the Group	\$ 6,582	\$ 6,463
Substantive related party	1,505	1,184
Total	\$ 8,087	\$ 7,647

(e) Other receivables		
Categories/Names of related parties	December 31, 2022	December 31, 2021
Substantive related party	\$ 4,980	\$ 954
Total	\$ 4,980	\$ 954

(f) Accounts Payable		
Categories/Names of related parties	December 31, 2022	December 31, 2021
Substantive related party	\$ 5,235	\$ 4,876
Investors with significant influence over the Group	121	2,330
Total	\$ 5,356	\$ 7,206

(g) Other payables

Categories/Names of related parties	December 31, 2022	December 31, 2021
Other related parties-CHIEN JUNG TSAI	\$ 25,570	\$ 25,570
Investors with significant influence over the Group	3,647	4,624
Chairman of the Company	5,000	5,000
Other related parties	2,500	2,500
Substantive related party	601	107
Total	<u>\$ 37,318</u>	<u>\$ 37,801</u>

The other payables above included TAIWAN KUREHA CO., LTD. obtaining interest-free and security-free funds from related parties. The financing is as follows:

Maximum balance

Categories/Names of related parties	December 31, 2022	December 31, 2021
Other related parties-CHIEN JUNG TSAI	\$ 25,570	\$ 25,570
Chairman of the Company	5,000	5,000
Other related parties	2,500	2,500
Total	<u>\$ 33,070</u>	<u>\$ 33,070</u>

Closing balance

Categories/Names of related parties	December 31, 2022	December 31, 2021
Other related parties-CHIEN JUNG TSAI	\$ 25,570	\$ 25,570
Chairman of the Company	5,000	5,000
Other related parties	2,500	2,500
Total	<u>\$ 33,070</u>	<u>\$ 33,070</u>

(h) Advance sales receipts

Categories/Names of related parties	December 31, 2022	December 31, 2021
Substantive related party	\$ 2,957	\$ -
Total	<u>\$ 2,957</u>	<u>\$ -</u>

(i) Property transaction-disposals of property, plant and equipment

Related Party	2022		2021	
	Proceeds from disposal	Gain on disposal	Proceeds from disposal	Gain (loss) on disposal
Substantive related party	\$ 1,949	\$ 393	\$ 2,624	\$ 206
Other related parties	-	-	712	(7)
Total	<u>\$ 1,949</u>	<u>\$ 393</u>	<u>\$ 3,336</u>	<u>\$ 199</u>

(j) Other related party transactions

Items	Related Party	2022	2021
Deduction of operating costs	Substantive related party	\$ 227	\$ 281
Production overheads	Substantive related party	\$ 1,014	\$ -
Selling expenses	Investors with significant influence over the Subsidiaries	\$ 660	\$ 2,239
Administrative expenses	Investors with significant influence over the Subsidiaries	\$ 3,214	\$ 3,740
Other income-Commission income	Substantive related party	\$ 402	\$ 675
Rental revenue	Substantive related party	\$ 1,714	\$ 1,286

C. Compensation of key management personnel

Items	2022	2021
Salaries and other short-term employee benefits	\$ 22,134	\$ 22,866
Post-employment benefits	612	531
Total	<u>\$ 22,746</u>	<u>\$ 23,397</u>

8. PLEDGED ASSETS

The following assets have already provided various performance guarantees and collateral for long-term and short-term loans:

Items	December 31, 2022	December 31, 2021
Property, plant and equipment, net	\$ 634,906	\$ 642,471
Investment property, net	147,403	148,384
Total	<u>\$ 782,309</u>	<u>\$ 790,855</u>

9. SIGNIFICANT CONTINGENCY LIABILITIES AND UNRECOGNIZED COMMITMENTS

A. The letters of credit opened with the banks but not yet used are as follows:

Items	December 31, 2022	December 31, 2021
Letters of credit	<u>\$ 10,900</u>	<u>\$ 4,466</u>

B. Material capital expenditures contracted but not yet incurred are as follows :

Items	December 31, 2022	December 31, 2021
Property, plant, and equipment	<u>\$ 66,974</u>	<u>\$ 99,125</u>

C. Contingency : None.

10. SIGNIFICANT DISASTERS: NONE.

11. SIGNIFICANT SUBSEQUENT EVENTS: NONE.

12. OTHERS:

12.1 Capital risk management

The Group requires an adequate capital structure to enable the expansion and enhancement of its plant and equipment. Therefore, the Group manages its capital in a manner to ensure that it has sufficient and necessary financial resources and operating plan to fund its working capital needs, capital asset purchases, development expenditure, debt service requirements and other business requirements associated with its existing operations over the next 12 months.

12.2 Financial risks on financial instruments

A. Financial risk management policies

The Group's activities expose it to a variety of financial risks. These financial risks included market risk (including foreign exchange risk, interest rate risk and price risk),

credit risk and liquidity risk. The Group's overall risk management strategy focuses on the unpredictability of financial markets and seeks to mitigate potential adverse effects on its financial performance.

The Group's material financial activities are approved by the Board of Directors (and Audit Committee) in accordance with relevant requirements and internal control mechanism, which requires the Group to comply with its financial operating policies and procedures that provide guiding principles for the overall financial risk management and accountability and separation of duties.

B. Significant financial risks and degrees of financial risks

(a) **Market risk**

i. Foreign exchange risk

- (i) The Group's sales purchase and borrowing activities denominated in foreign currencies are exposed to foreign currency risk. The Group's functional currencies are New Taiwan dollars, CYN, US dollars, and THB. The main foreign currencies of those thousand transactions are US dollars and CNY, etc. To protect against reductions in value and the volatility of future cash flows results from changes in foreign exchange rates, the Group might hedge its foreign exchange risk exposure by using foreign currency loans and derivatives, such as forward exchange agreements. The usage of derivative financial instruments can assist the Group to reduce but not completely eliminate the influence of changes in foreign exchange rates.
- (ii) Foreign currency risk and sensitivity analysis

	December 31, 2022		
	Foreign Currency	Exchange Rate	New Taiwan Dollars
Financial Assets			
Monetary Items			
USD	\$ 19,738	30.71	\$ 606,159
JPY	51,210	0.2324	11,901
CNY	11,949	4.4094	52,689
Financial Liabilities			
Monetary Items			
USD	4,041	30.71	124,114
JPY	14,416	0.2324	3,350
CNY	623	4.4094	2,745

	December 31, 2021		
	Foreign Currency	Exchange Rate	New Taiwan Dollars
Financial Assets			
Monetary Items			
USD	\$ 17,254	27.68	\$ 477,594
CNY	15,161	4.3415	65,820
Financial Liabilities			
Monetary Items			
USD	4,057	27.68	112,310
CNY	92	4.3415	401

The Group is mainly exposed to US dollar and CNY. The sensitivity analysis rate for the Group is 1% increase and decrease in NTD against the relevant foreign currencies 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 1% change in foreign currency rates. An increase/ decrease in profit before tax would be resulted where the NTD strengthens/ weakens 1% against the relevant currencies with all other variables held constant in the amounts of \$5,405 thousand and \$4,307 thousand for the years ended December 31, 2022 and 2021, respectively.

ii. Price risk

The Group does not hold the financial assets in the form of equity securities measured at fair value through profit or loss and has no other price risk items.

iii. Interest rate risk

The carrying amounts of interest - bearing financial instruments held by the Group as of the reporting date are as follows:

Items	Carrying Amounts	
	December 31, 2022	December 31, 2021
Fair value interest rate risk		
Financial assets	\$ 926,573	\$ 1,078,243
Financial liabilities	(250,000)	(27,784)
Net	\$ 676,573	\$ 1,050,459
Cash flow interest rate risk		
Financial assets	\$ 1,264,927	\$ 561,295

Items	Carrying Amounts	
	December 31, 2022	December 31, 2021
Financial liabilities	\$ (1,370,687)	\$ (1,454,417)
Net	\$ (105,760)	\$ (893,122)

Sensitivity analysis for instruments with fair value interest rate risk

The Group does not classify any fixed-rate instruments as financial assets measured at fair value through profit and loss. In addition, the Group does not designate derivatives as hedge instruments under the fair value hedge accounting model. Therefore, the change in interest rate on the reporting date has no effect on profit or loss and other comprehensive income.

Sensitivity analysis for instruments with cash flow interest rate risk

The effective interest rates for the Group's floating interest rate financial instruments are susceptible to the market interest rate. If the market interest rate increases/decreases 0.25%, the profit before tax will increase/decrease \$264 thousand and \$2,233 thousand for the years ended December 31, 2022 and 2021, respectively.

(b) **Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group is exposed to credit risk from operation activities, primarily trade receivable, and from investing activities, primarily bank deposits and other financial instruments. Credit risk is managed separately for business related and financial related exposures.

Business - related credit risk

In order to maintain the credit quality of the trade receivables, the Group has established procedures to monitor and limit exposure to credit risk on trade receivables. Credit evaluation is performed taking into account relevant factors that may affect a customer's paying ability, such as the customer's financial condition and historical transaction records, internal and external credit rating and economic conditions.

Financial credit risk

The Group's exposure to financial credit risk pertaining to bank deposits and other financial instruments was evaluated and monitored by the Group's treasury function. The Group only transacts with creditworthy counterparties and banks; therefore, no significant financial credit risk was identified.

i. Credit concentration risk

The credit concentration risk of accounts receivable is relatively immaterial because the Group has not concentrated on the minority as target customers.

ii. Measurement of expected credit loss

(i)Accounts receivable: The Group applies simplified approach to accounts receivable. Please refer to Note 6.3 for more information.

(ii)The criteria used to determine whether credit risk has increased significantly: The Group considered credit factors and reviewed relevant information associated with debtors to assess whether credit risks on financial instruments have increased significantly since initial recognition.

iii. Holding collateral and other credit enhancement to hedge against credit risk of financial assets: None.

iv. Credit risk of financial assets measured at amortized cost

Please refer to Note 6.3 for information on the Group's credit exposures associated with accounts receivable. Other financial instruments amortized at cost, such as cash and cash equivalents and other receivables, have low credit loss. Therefore, the loss allowance is assessed based on the 12-month expected credit loss. After the assessment, the Group determines that no material impairment occurred.

(c) Liquidity risk

i. Liquidity risk management

The objective of the Group's management of liquidity risk is to maintain sufficient cash and cash equivalents, highly liquid securities, and banking facilities to ensure that the Group has sufficient financial flexibility for its operations.

For the years ended December 31, 2022 and 2021, the Group's unused financing facilities were \$2,025,000 thousand and \$1,996,000 thousand, respectively.

ii. Maturity analysis for financial liabilities

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities:

Non-derivative financial liabilities	December 31, 2022				
	Within 1 year	1-5 years	Over 5 years	Contract cash flows	Carrying amounts
Short-term loans	\$ 483,369	\$ -	\$ -	\$ 483,369	\$ 480,687
Notes payable	30,127	-	-	30,127	30,127
Accounts payable	86,853	-	-	86,853	86,853
Other payables	239,986	-	-	239,986	239,986
Lease liabilities	51,836	68,512	13,971	134,319	121,225
Long-term loan (include current)	185,351	988,079	-	1,173,430	1,140,000

Non-derivative financial liabilities	December 31, 2022				
	Within 1 year	1-5 years	Over 5 years	Contract cash flows	Carrying amounts
portion) Guarantee deposits received	\$ -	\$ 5,171	\$ -	\$ 5,171	\$ 5,171
Total	\$ 1,077,522	\$ 1,061,762	\$ 13,971	\$ 2,153,255	\$ 2,104,049

Non-derivative financial liabilities	December 31, 2021				
	Within 1 year	1-5 years	Over 5 years	Contract cash flows	Carrying amounts
Short-term loans	\$ 443,824	\$ -	\$ -	\$ 443,824	\$ 442,202
Notes payable	50,064	-	-	50,064	50,064
Accounts payable	137,161	-	-	137,161	137,161
Other payables	247,396	-	-	247,396	247,396
Lease liabilities	55,246	69,380	13,349	137,975	124,155
Long-term loan (include current portion)	144,882	920,831	-	1,065,713	1,040,000
Guarantee deposits received	-	5,474	-	5,474	5,474
Total	\$ 1,078,573	\$ 995,685	\$ 13,349	\$ 2,087,607	\$ 2,046,452

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

12.3 Categories of financial instruments

Items	December 31, 2022	December 31, 2021
<u>Financial assets</u>		
Financial assets at amortized cost (Note 1)	\$ 2,696,264	\$ 2,160,483
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (Note 2)	1,982,824	1,922,297

Note 1: The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable, accounts receivable, other receivables, other financial assets and refundable deposits.

Note 2: The balances included financial liabilities measured at amortized cost, which comprise short-term loan, notes payable, accounts payable, other payables, long-term loan and guarantee deposits received.

12.4 Fair value information of financial instruments

- A. Definition of fair value measurements are grouped into Level 1 to 3 as follows:
- Level 1: Relevant inputs are quoted prices in active markets for identical assets or liabilities that the entity can access on the measurement date.
 - Level 2: Inputs other than quoted prices included within Level 1 are observable for the asset or liability, either directly or indirectly.
 - Level 3: Inputs are unobservable inputs that used to measure fair value to the extent when relevant observable inputs are not available.
- B. Financial instruments that are not measured at fair value
The fair value of the Group's financial instruments not measured at fair value including cash and cash equivalents, accounts receivable, other financial assets, refundable deposits, short-term loan, accounts payables, long-term loan and other financial liabilities approximate their fair value.
- C. Fair value of financial instruments that are measured at fair value: None.
- D. The methods and assumptions the Group used to measure fair value are as follows:
- (a) The Group measures the fair values of its financial instruments with an active market using their quoted prices in the active market.
 - (b) The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models.
 - (c) Fair value of other financial assets and financial liabilities (except for aforementioned) are determined in accordance with generally accepted pricing model based on the discounted cash flow analysis.
- E. Transfer between Level 1 and Level 2 of the fair value hierarchy: None.
- F. Changes in level 3 instruments: None.

13. SUPPLEMENTARY DISCLOSURES

13.1 Significant transactions information (before inter-company eliminations):

- A. Financings provided to others: Please see Table 1 attached.
- B. Endorsement and guarantee provided to others: Please see Table 2 attached;
- C. Marketable securities held (excluding investments in subsidiaries, associates and joint ventures at the end of the period): None.

- D. Marketable securities acquired and disposed of at costs or prices of at least \$300 million or 20% of the paid-in capital: None.
 - E. Acquisition of individual real estate properties at costs of at least \$300 million or 20% of the paid-in capital: None.
 - F. Disposal of individual real estate properties at prices of at least \$300 million or 20% of the paid-in capital: Please see Table 3 attached.
 - G. Total purchases from or sales to related parties of at least \$100 million or 20% of the paid-in capital: Please see Table 4 attached.
 - H. Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital: Please see Table 5 attached.
 - I. Information on the derivative instrument transactions: None.
 - A. The business relationship between the parent and the subsidiaries and significant transaction between them: Please see Table 6 attached.
- 13.2 Information on investees (before inter-company eliminations): Please see Table 7 attached.
- 13.3 Information on investment in Mainland China (before inter-company eliminations)
- (1) The name of the investee in Mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, ending balance, amount received as dividends from the investee, and the limitation on investee: Please see Table 8 attached.
 - (2) Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in Mainland China on financial reports: Please see Table 6 attached.
- 13.4 Information of major shareholder (Names, number of shares and ownership of shareholders whose equity interest is greater than 5%): Please see Table 9 attached.

14. SEGMENT INFORMATION

14.1 General information

The Group's management has identified the reportable segment under the reporting information used for making decisions adopted by the chief operating decision maker. The Group has provided the chief operating decision maker the information on resource allocation and assessment of segment performance, focusing on the financial information by geographic plants.

14.2 Measurement basis

Management monitors the operation results of its segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss before tax and is measured consistently with profit or loss before tax in the consolidated financial statements. Furthermore, the information of assets and liabilities do not report to chief operating decision maker for

operation decision making, segment assets and liabilities are not disclosed. The accounting policies for reportable segments are the same as Group's accounting policies described in Note 4.

14.3 Segment information

Please refer to Table 10 for the reportable segment information provided to the chief operating officer.

14.4 Reconciliation for segment income (loss)

The segment revenue and segment income (loss) reported to the chief operating decision maker is measured in a manner consistent with that in the consolidated statements of comprehensive income.

14.5 Information on product and service

Items	2022		2021	
Nonwoven material department	\$	2,544,097	\$	2,533,877
Others		86,156		79,370
Total	\$	2,630,253	\$	2,613,247

14.6 Information on geographic area

The information on the revenue and noncurrent assets of the Group on the geographic area for the years ended December 31, 2022 and 2021 were as follows:

Areas	Sales from external customers		Noncurrent assets	
	2022	2021	2022	2021
China	\$ 691,365	\$ 841,531	\$ 485,268	\$ 514,492
Taiwan	557,213	530,131	1,705,405	1,679,385
America	696,610	669,490	132,579	104,392
Southeast Asia	685,065	572,095	314,267	391,141
Total	\$ 2,630,253	\$ 2,613,247	\$ 2,637,519	\$ 2,689,410

14.7 Major customer information

For the years ended December 31, 2022 and 2021, the Group had no customers accounting for more than 10% of its consolidated operating revenue.

SHINIH ENTERPRISE CO., LTD. AND SUBSIDIARIES
FINANCING PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 1 Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

No.	Financing Company	Counterparty	Financial Statement Account	Related party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn (Note 5)	Interest Rate	Nature for Financing (Note 2)	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 3)	Financing Company's Total Financing Amount Limits (Note 4)
													Item	Value		
1	SHINIH HOLDING CO., LTD.	SHINIH FIBER PRODUCTS (TANGSHAN) CO., LTD.	Other receivables	Yes	NTD 11,024 (CNY 2,500)	NTD 11,024 (CNY 2,500)	NTD 11,024 (CNY 2,500)	2.5%	2	-	Operating capital	-	-	-	NTD 2,060,682 (USD 67,101)	NTD 4,121,364 (USD 134,203)
		TANGSHAN TAIXIN FIBER PRODUCTS CO., LTD.	Other receivables	Yes	NTD 33,071 (CNY 7,500)	NTD 33,071 (CNY 7,500)	NTD 33,071 (CNY 7,500)	2.5%	2	-	Operating capital	-	-	-		
		HUBEI TAIXIN FIBER PRODUCTS CO., LTD.	Other receivables	Yes	NTD 15,355 (USD 500)	NTD 15,355 (USD 500)	NTD 15,355 (USD 500)	2.5%	2	-	Operating capital	-	-	-		
			Other receivables	Yes	NTD 46,065 (USD 1,500)	NTD 46,065 (USD 1,500)	NTD 46,065 (USD 1,500)	3.5%	2	-	Operating capital	-	-	-		
		SHINIH (CAMBODIA) CO., LTD.	Other receivables	Yes	NTD 94,008 (USD 3,061)	NTD 1,878 (USD 61)	NTD 1,878 (USD 61)	-	2	-	Operating capital	-	-	-		
		SHINIH VIETNAM COMPANY LTD.	Other receivables	Yes	NTD 61,420 (USD 2,000)	NTD 61,420 (USD 2,000)	NTD 61,420 (USD 2,000)	2.5%	2	-	Operating capital	-	-	-		
			Other receivables	Yes	NTD 61,420 (USD 2,000)	NTD 61,420 (USD 2,000)	NTD 61,420 (USD 2,000)	5%	2	-	Operating capital	-	-	-		
		AMERICAN FURNITURE ALLIANCE INC.	Other receivables	Yes	NTD 30,710 (USD 1,000)	NTD 30,710 (USD 1,000)	NTD 30,710 (USD 1,000)	3%	2	-	Operating capital	-	-	-	NTD 618,205 (USD 20,130)	NTD 824,273 (USD 26,841)
PT. SHINIH NONWOVENS INDONESIA	Other receivables	Yes	NTD 30,710 (USD 1,000)	NTD 30,710 (USD 1,000)	NTD 30,710 (USD 1,000)	3%	2	-	Operating capital	-	-	-				
2	SUNBURST INTERNATIONAL LTD.	SHINIH (CAMBODIA) CO., LTD.	Other receivables	Yes	NTD 9,922 (USD 323)	NTD 9,922 (USD 323)	NTD 9,922 (USD 323)	-	1	NTD 9,922 (USD 323)	Operating capital				NTD 23,053	NTD 46,106
3	SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.	HUBEI TAIXIN FIBER PRODUCTS CO., LTD.	Other receivables	Yes	NTD 17,638 (CNY 4,000)	NTD 17,638 (CNY 4,000)	NTD 17,638 (CNY 4,000)	3%	2	-	Operating capital	-	-	-	NTD 302,471 (CNY 68,597)	NTD 604,942 (CNY 137,194)
		KUNSHAN SHINIH TRADING CO., LTD.	Other receivables	Yes	NTD 8,819 (CNY 2,000)	NTD 8,819 (CNY 2,000)	NTD 8,819 (CNY 2,000)	3%	2	-	Operating capital	-	-	-		

(Continued)

SHINIH ENTERPRISE CO., LTD. AND SUBSIDIARIES
FINANCINGS PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 1

Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

No.	Financing Company	Counterparty	Financial Statement Account	Related party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn (Note 5)	Interest Rate	Nature for Financing (Note 2)	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 3)	Financing Company's Total Financing Amount Limits (Note 4)
													Item	Value		
3	SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.	QINGDAO TAIXIN FIBER PRODUCTS CO., LTD.	Other receivables	Yes	NTD 35,716 (CNY 8,100)	NTD 35,716 (CNY 8,100)	NTD 26,897 (CNY 6,100)	3%	2	-	Operating capital	-	-	-	NTD 302,471 (CNY 68,597)	NTD 604,942 (CNY 137,194)
4	AMERICAN NONWOVEN INC.	VFT INC.	Other receivables	Yes	NTD 76,775 (USD 2,500)	NTD 76,775 (USD 2,500)	NTD 53,787 (USD 1,751)	1%	2	-	Operating capital	-	-	-	NTD 290,661 (USD 9,465)	NTD 581,322 (USD 18,929)
		AMERICAN FURNITURE ALLIANCE INC.	Other receivables	Yes	NTD 55,278 (USD 1,800)	NTD 55,278 (USD 1,800)	NTD 49,136 (USD 1,600)	3%	2	-	Operating capital	-	-	-	NTD 87,198 (USD 2,839)	NTD 116,264 (USD 3,786)
5	AMERICAN OUTDOOR LIVING INC.	SHINIH USA INC.	Other receivables	Yes	NTD 24,568 (USD 800)	NTD 15,354 (USD 500)	NTD 10,747 (USD 350)	3.5%	2	-	Operating capital	-	-	-	NTD 125,955 (USD 4,101)	NTD 251,909 (USD 8,203)
		WORLD FURNITURE GROUP	Other receivables	Yes	NTD 3,071 (USD 100)	NTD 3,071 (USD 100)	NTD 3,071 (USD 100)	4%	2	-	Operating capital	-	-	-		
6	MS NONWOVEN INC.	VFT INC.	Other receivables	Yes	NTD 19,962 (USD 650)	NTD 19,962 (USD 650)	NTD 19,962 (USD 650)	3.5%	2	-	Operating capital	-	-	-	NTD 35,672 (USD 1,162)	NTD 71,345 (USD 2,323)
7	SHINIH FIBER PRODUCTS (DONG GUAN) CO., LTD.	DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	Other receivables	Yes	NTD 37,480 (CNY 8,500)	NTD 37,480 (CNY 8,500)	NTD 37,480 (CNY 8,500)	3%	2	-	Operating capital	-	-	-	NTD 57,300 (CNY 12,995)	NTD 114,600 (CNY 25,990)
8	SHINIH FIBER PRODUCTS (TANGSHAN) CO., LTD.	DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	Other receivables	Yes	NTD 28,661 (CNY 6,500)	NTD 28,661 (CNY 6,500)	NTD 28,661 (CNY 6,500)	3%	2	-	Operating capital	-	-	-	NTD 64,167 (CNY 14,552)	NTD 128,334 (CNY 29,105)
		HUBEI TAIXIN FIBER PRODUCTS CO., LTD.	Other receivables	Yes	NTD 4,409 (CNY 1,000)	NTD 4,409 (CNY 1,000)	NTD 4,409 (CNY 1,000)	3%	2	-	Operating capital	-	-	-		
9	TAIXIN FIBER PRODUCTS (SUZHOU) CO., LTD.	DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	Other receivables	Yes	NTD 11,024 (CNY 2,500)	NTD 11,024 (CNY 2,500)	NTD 11,024 (CNY 2,500)	3%	2	-	Operating capital	-	-	-	NTD 411,564 (CNY 93,338)	NTD 823,128 (CNY 186,676)
		HUBEI TAIXIN FIBER PRODUCTS CO., LTD.	Other receivables	Yes	NTD 11,024 (CNY 2,500)	NTD 11,024 (CNY 2,500)	NTD 11,024 (CNY 2,500)	3%	2	-	Operating capital	-	-	-		

(Continued)

SHINIH ENTERPRISE CO., LTD. AND SUBSIDIARIES
FINANCINGS PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 1

Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

No.	Financing Company	Counterparty	Financial Statement Account	Related party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn (Note 5)	Interest Rate	Nature for Financing (Note 2)	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 3)	Financing Company's Total Financing Amount Limits (Note 4)
													Item	Value		
10	TANGSHAN TAIXIN FIBER PRODUCTS CO., LTD.	DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	Other receivables	Yes	NTD 37,480 (CNY 8,500)	NTD 37,480 (CNY 8,500)	NTD 37,480 (CNY 8,500)	3%	2	-	Operating capital	-	-	-	NTD 74,317 (CNY 16,854)	NTD 148,633 (CNY 33,708)
11	HANGZHOU SHINIH FIBER PRODUCTS CO., LTD.	DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	Other receivables	Yes	NTD 180,785 (CNY 41,000)	NTD 180,785 (CNY 41,000)	NTD 180,785 (CNY 41,000)	3%	2	-	Operating capital	-	-	-	NTD 223,861 (CNY 50,769)	NTD 447,721 (CNY 101,538)

Note 1 : The numbers filled in for the financing company represent the following :

- (1) The Company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2 : Nature for Financing as follows :

- (1) Business transactions.
- (2) The need for short-term financing.

Note 3 : The financing limits for each foreign companies directly and indirectly held by the Company is 100% of the net value of the lending company, and the rest is 30% of the net value of the lending company.

Note 4 : The total financing limits for foreign companies directly and indirectly held by the Company is 200% of the net value of the lending company, and the rest is 40% of the net value of the lending company.

Note 5 : All the transactions had been eliminated when preparing consolidated financial statements.

SHINIH ENTERPRISE CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS / GUARANTEES PROVIDED

FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 2

Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

NO.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship										
○	The Company	VFT INC.	2	NTD 1,705,888	NTD 184,260 (USD 6,000)	NTD 92,130 (USD 3,000)	-	-					
○	The Company	SHINIH HOLDING CO., LTD.	2		NTD 829,170 (USD 27,000)	NTD 675,620 (USD 22,000)	-	-					
○	The Company	AMERICAN OUTDOOR LIVING INC.	3		NTD 184,260 (USD 6,000)	NTD 92,130 (USD 3,000)	-	-	28.55%	NTD 3,411,775	Y	N	N
○	The Company	TAIWAN KUREHA CO., LTD.	2		NTD 170,000 NTD 30,710 (USD 1,000)	NTD 120,000 NTD 15,355 (USD 500)	NTD 30,000 -	-					

Note 1 : The Company is '○'.

Note 2 : '2' The subsidiary invested directly by the Company.

'3' The sub-subsidiary invested directly by the Company.

Note 3 : The limits on endorsement to a single enterprise : 50% of equity attributable to shareholders of the parent.

Note 4 : The maximum limits for endorsement/guarantee : 100% of equity attributable to shareholders of the parent.

Note 5 : The balance and amount referred to in the table above, except for the amount actually drawn, refers to the endorsement/guarantee limits or amount for others that occurred on the date

of occurrence (the date of the Board resolution, the date of signing the transaction, the date of payment or any other date sufficient to determine the transaction party and the transaction amount, whichever is earlier).

SHINIH ENTERPRISE CO., LTD. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE PROPERTIES AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 3

Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

Disposed of by	Types of Property	Date of Occurrence	Date of Acquisition	Carrying Amount	Transaction Amount (Note 2)	Status of Collection	Gain (loss) on Disposal	Counterparty	Relationship	Purpose of Disposal	Basis of Reference Used in Setting the Price	Other Commitments
TAIXIN FIBER PRODUCTS (SUZHOU) CO., LTD.	Property, plant, and right-of-use assets	November 9, 2022	Note 1	CNY 3,135	CNY 87,423	Note 2	Note 2	Loudong Subdistrict Office of Taicang Municipal People's Government	NIL	To cooperate with the local government's urban planning division	Note 3	Note 2
SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.	Property, plant, and right-of-use assets	November 24, 2022	Note 4	Note 5	CNY 78,414	Note 5	Note 5	Loudong Subdistrict Office of Taicang Municipal People's Government	NIL	To cooperate with the local government's urban planning division	Note 3	Note 5

Note 1 : TAIXIN FIBER PRODUCTS (SUZHOU) CO., LTD. obtained the land use rights and built factories in succession in 2000.

Note 2 : Transaction amount included the compensations for collecting the immovable items such as the land use rights, buildings, and equipment, and cessation of production and business, termination of labor contracts and related relocation expenses. Please refer to Note 6.26 for the information.

Note 3 : The land expropriation compensation and appraisal report from the local government.

Note 4 : SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD. obtained the land use rights and built factories in succession in 1993.

Note 5 : Please refer to Note 6.14 for the relocation progress and status of collection of SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.

SHINIH ENTERPRISE CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 4

Amounts in Thousands of New Taiwan Dollars

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes/ Accounts Payable or Receivable		Note
			Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
AMERICAN OUTDOOR LIVING INC.	AMERICAN NONWOVEN INC.	Please refer to Note 4 of consolidated financial statements	Sales	(NTD 167,424)	(65%)	As prescribed by the agreement	—	—	1,642	13%	Note

Note : All the transactions had been eliminated when preparing the consolidated financial statements.

SHINIH ENTERPRISE CO., LTD. AND SUBSIDIARIES
RECEIVABLES FROM RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2022

TABLE 5

Amounts in Thousands of New Taiwan Dollars

Creditor	Counterparty	Relationship	Ending Balance (Note)	Turnover Rate	Overdue Receivables		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
SHINIH HOLDING COMPANY LTD.	SHINIH VIETNAM COMPANY LTD.	Please refer to Note 4 of consolidated financial statements	Other receivables NTD 124,190	-	-	-	-	-
HANGZHOU SHINIH FIBER PRODUCTS CO., LTD.	DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	Please refer to Note 4 of consolidated financial statements	Accounts receivable NTD 3,496	1.59	-	-	Accounts receivable NTD 1,473	-
			Other receivables NTD 180,785	-	-	-	-	

Note 1 : All the transactions had been eliminated when preparing the consolidated financial statements.

SHINIH ENTERPRISE CO., LTD. AND SUBSIDIARIES

SUBSIDIARIES INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTION

FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 6

Amounts in Thousands of New Taiwan Dollars

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount (Note 4)	Terms	Percentage of Consolidated Net Revenue or Total Assets
0	SHINIH ENTERPRISE CO., LTD.	TAIWAN KUREHA CO., LTD.	1	Sales revenue	\$ 2,110	Note 3	-
		TAIWAN KUREHA CO., LTD.	1	Rental revenue	5,680	Note 3	-
		SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.	4	Sales revenue	6,020	Note 3	-
		SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.	4	Commission revenue	1,844	Note 3	-
		SHINIH VIETNAM COMPANY LTD.	1	Commission revenue	4,125	Note 3	-
		SHINIH VIETNAM COMPANY LTD.	1	Other revenue	16,122	Note 3	1%
		PT. SHINIH NONWOVENS INDONESIA	4	Other revenue	3,514	Note 3	-
		AMERICAN OUTDOOR LIVING INC.	4	Other revenue	3,651	Note 3	-
		SHINIH (CAMBODIA) CO., LTD	4	Commission revenue	598	Note 3	-
		HANGZHOU SHINIH FIBER PRODUCTS CO., LTD.	4	Sales revenue	851	Note 3	-
1	TAIWAN KUREHA CO., LTD.	SHINIH ENTERPRISE CO., LTD.	2	Sales revenue	735	Note 3	-
		DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	3	Sales revenue	2,226	Note 3	-

(Continued)

SHINIH ENTERPRISE CO., LTD. AND SUBSIDIARIES

SUBSIDIARIES INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTION

FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 6

Amounts in Thousands of New Taiwan Dollars

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets
2	SHINIH HOLDING COMPANY LTD.	HUBEI TAIXIN FIBER PRODUCTS CO., LTD.	6	Interest revenue	\$ 1,940	Note 3	-
		PT. SHINIH NONWOVENS INDONESIA	6	Interest revenue	895	Note 3	-
		TANGSHAN TAIXIN FIBER PRODUCTS CO., LTD.	6	Interest revenue	838	Note 3	-
		SHINIH VIETNAM COMPANY LTD.	3	Interest revenue	2,063	Note 3	-
		AMERICAN FURNITURE ALLIANCE INC.	6	Interest revenue	652	Note 3	-
3	DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	HANGZHOU SHINIH FIBER PRODUCTS CO., LTD.	6	Sales revenue	18,245	Note 3	1%
		TAIXIN FIBER PRODUCTS (SUZHOU) CO., LTD.	6	Sales revenue	668	Note 3	-
		SHINIH ENTERPRISE CO., LTD.	2	Sales revenue	553	Note 3	-
4	SHINIH USA INC.	SHINIH VIETNAM COMPANY LTD.	3	Sales revenue	8,061	Note 3	-
5	HANGZHOU SHINIH FIBER PRODUCTS CO., LTD.	DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	7	Interest revenue	4,954	Note 3	-
		DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	7	Sales revenue	5,567	Note 3	-

(Continued)

SHINIH ENTERPRISE CO., LTD. AND SUBSIDIARIES
SUBSIDIARIES INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTION
FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 6

Amounts in Thousands of New Taiwan Dollars

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets
6	SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.	SHINIH ENTERPRISE CO., LTD.	5	Sales revenue	\$ 2,546	Note 3	-
		SHINIH VIETNAM COMPANY LTD.	7	Sales revenue	1,088	Note 3	-
		HUBEI TAIXIN FIBER PRODUCTS CO., LTD.	8	Sales revenue	3,357	Note 3	-
		QINGDAO TAIXIN FIBER PRODUCTS CO., LTD.	8	Interest revenue	539	Note 3	-
7	TAIXIN FIBER PRODUCTS (SUZHOU) CO., LTD.	HANGZHOU SHINIH FIBER PRODUCTS CO., LTD.	8	Sales revenue	4,914	Note 3	-
		DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	7	Sales revenue	6,931	Note 3	-
		TANGSHAN TAIXIN FIBER PRODUCTS CO., LTD.	8	Sales revenue	1,069	Note 3	-
8	SHINIH FIBER PRODUCTS (DONG GUAN) CO., LTD.	DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	7	Rental revenue	16,014	Note 3	1%
		DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	7	Interest revenue	793	Note 3	-
9	TANGSHAN TAIXIN FIBER PRODUCTS CO., LTD.	HANGZHOU SHINIH FIBER PRODUCTS CO., LTD.	8	Sales revenue	7,923	Note 3	-
		DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	7	Interest revenue	1,106	Note 3	-
		DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	7	Sales revenue	510	Note 3	-

(Continued)

SHINIH ENTERPRISE CO., LTD. AND SUBSIDIARIES

SUBSIDIARIES INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTION

FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 6

Amounts in Thousands of New Taiwan Dollars

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets
9	TANGSHAN TAIXIN FIBER PRODUCTS CO., LTD.	TAIXIN FIBER PRODUCTS (SUZHOU) CO., LTD.	8	Sales revenue	\$ 1,782	Note 3	-
10	SHINIH FIBER PRODUCTS (TANGSHAN) CO., LTD.	TANGSHAN TAIXIN FIBER PRODUCTS CO., LTD.	8	Rental revenue	6,636	Note 3	-
		DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	7	Interest revenue	546	Note 3	-
11	HUBEI TAIXIN FIBER PRODUCTS CO., LTD.	DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	7	Sales revenue	1,224	Note 3	-
12	AMERICAN OUTDOOR LIVING INC.	AMERICAN NONWOVEN INC.	8	Sales revenue	167,424	Note 3	7%
		AMERICAN NONWOVEN INC.	8	Other revenue	10,746	Note 3	-
		MS NONWOVEN INC.	8	Other revenue	1,970	Note 3	-
		VFT INC.	7	Sales revenue	92,097	Note 3	4%
		VFT INC.	7	Other revenue	7,701	Note 3	-
13	WORLD FURNITURE GROUP	AMERICAN NONWOVEN INC.	8	Other revenue	3,283	Note 3	-
		AMERICAN OUTDOOR LIVING INC.	8	Other revenue	26,865	Note 3	1%
		AMERICAN FURNITURE ALLIANCE INC.	8	Other revenue	1,790	Note 3	-
		VFT INC.	7	Other revenue	3,582	Note 3	-

(Continued)

SHINIH ENTERPRISE CO., LTD. AND SUBSIDIARIES

SUBSIDIARIES INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTION

FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 6

Amounts in Thousands of New Taiwan Dollars

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets
13	WORLD FURNITURE GROUP	MS NONWOVEN INC.	8	Other revenue	\$ 1,060	Note 3	
14	VFT INC.	AMERICAN NONWOVEN INC.	6	Other revenue	4,656	Note 3	-
		AMERICAN NONWOVEN INC.	6	Sales revenue	18,516	Note 3	1%
		MS NONWOVEN INC.	6	Sales revenue	877	Note 3	-
15	AMERICAN NONWOVEN INC.	MS NONWOVEN INC.	8	Sales revenue	2,322	Note 3	-
		VFT INC.	7	Sales revenue	12,702	Note 3	-
		VFT INC.	7	Interest revenue	759	Note 3	-
		AMERICAN FURNITURE ALLIANCE INC.	8	Interest revenue	1,432	Note 3	-
16	AMERICAN FURNITURE ALLIANCE INC.	AMERICAN NONWOVEN INC.	8	Rental revenue	3,384	Note 3	-
17	SHINIH VIETNAM COMPANY LTD.	SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.	6	Sales revenue	570	Note 3	-
		PT. SHINIH NONWOVENS INDONESIA	6	Sales revenue	973	Note 3	-

(Continued)

SHINIH ENTERPRISE CO., LTD. AND SUBSIDIARIES
SUBSIDIARIES INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTION
FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 6

Amounts in Thousands of New Taiwan Dollars

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets
0	SHINIH ENTERPRISE CO., LTD.	TAIWAN KUREHA CO., LTD.	1	Accounts receivable	\$ 1,470	Note 3	-
		SHINIH VIETNAM COMPANY LTD.	1	Other receivables	18,318	Note 3	-
		TANGSHAN TAIXIN FIBER PRODUCTS CO., LTD.	4	Other receivables	1,626	Note 3	-
		HANGZHOU SHINIH FIBER PRODUCTS CO., LTD.	4	Other receivables	845	Note 3	-
		SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.	4	Other receivables	2,109	Note 3	-
		AMERICAN OUTDOOR LIVING INC.	4	Other receivables	1,893	Note 3	-
		1	SHINIH HOLDING COMPANY LTD.	HANGZHOU SHINIH FIBER PRODUCTS CO., LTD.	6	Other receivables	12,587
SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.	6			Other receivables	23,615	Note 3	-
HUBEI TAIXIN FIBER PRODUCTS CO., LTD.	6			Other receivables	70,083	Note 3	1%
SHINIH (CAMBODIA) CO., LTD	6			Other receivables	1,878	Note 3	-
PT. SHINIH NONWOVENS INDONESIA	6			Other receivables	30,978	Note 3	1%
AMERICAN FURNITURE ALLIANCE INC.	6			Other receivables	31,132	Note 3	1%
TANGSHAN TAIXIN FIBER PRODUCTS CO., LTD.	6			Other receivables	35,210	Note 3	1%

(Continued)

SHINIH ENTERPRISE CO., LTD. AND SUBSIDIARIES
SUBSIDIARIES INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTION
FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 6

Amounts in Thousands of New Taiwan Dollars

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets
2	SUNBURST INTERNAL LTD.	SHINIH FIBER PRODUCTS (TANGSHAN) CO., LTD.	6	Other receivables	\$ 11,737	Note 3	-
		AMERICAN OUTDOOR LIVING INC.	6	Other receivables	2,324	Note 3	-
		SHINIH VIETNAM COMPANY LTD.	3	Other receivables	124,190	Note 3	2%
		SHINIH VIETNAM COMPANY LTD.	3	Other receivables	9,046	Note 3	-
		SHINIH (CAMBODIA) CO., LTD	6	Other receivables	9,922	Note 3	-
3	TAIWAN KUREHA CO., LTD.	SHINIH ENTERPRISE CO., LTD.	2	Other receivables	789	Note 3	-
4	SHNIH USA INC.	SHINIH ENTERPRISE CO., LTD.	2	Accounts receivable	1,593	Note 3	-
5	HANGZHOU SHINIH FIBER PRODUCTS CO., LTD.	DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	7	Other receivables	180,785	Note 3	3%
		DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	7	Accounts receivable	3,496	Note 3	-
		TANGSHAN TAIXIN FIBER PRODUCTS CO., LTD.	8	Other receivables	1,072	Note 3	-
6	SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.	SHINIH ENTERPRISE CO., LTD.	2	Accounts receivable	929	Note 3	-
		KUNSHAN SHINIH TRADING CO., LTD.	8	Other receivables	8,819	Note 3	-
		HUBEI TAIXIN FIBER PRODUCTS CO., LTD.	8	Other receivables	17,638	Note 3	-

(Continued)

SHINIH ENTERPRISE CO., LTD. AND SUBSIDIARIES
SUBSIDIARIES INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTION
FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 6

Amounts in Thousands of New Taiwan Dollars

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets
7	TAIXIN FIBER PRODUCTS (SUZHOU) CO., LTD.	DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	7	Other receivables	\$ 7,193	Note 3	-
		QINGDAO TAIXIN FIBER PRODUCTS CO., LTD.	8	Accounts receivable	1,464	Note 3	-
		QINGDAO TAIXIN FIBER PRODUCTS CO., LTD.	8	Other receivables	31,637	Note 3	1%
		SHINIH ENTERPRISE CO., LTD.	5	Accounts receivable	3,527	Note 3	-
		HUBEI TAIXIN FIBER PRODUCTS CO., LTD.	8	Other receivables	11,024	Note 3	-
		SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.	8	Other receivables	560	Note 3	-
8	TANGSHAN TAIXIN FIBER PRODUCTS CO., LTD.	DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	7	Other receivables	17,710	Note 3	-
		HANGZHOU SHINIH FIBER PRODUCTS CO., LTD.	8	Accounts receivable	1,931	Note 3	-
		TAIXIN FIBER PRODUCTS (SUZHOU) CO., LTD.	8	Accounts receivable	1,297	Note 3	-
9	SHINIH FIBER PRODUCTS (TANGSHAN) CO., LTD.	DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	7	Other receivables	37,480	Note 3	1%
		TANGSHAN TAIXIN FIBER PRODUCTS CO., LTD.	8	Other receivables	2,419	Note 3	-
		DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	7	Other receivables	28,661	Note 3	-

(Continued)

SHINIH ENTERPRISE CO., LTD. AND SUBSIDIARIES

SUBSIDIARIES INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTION

FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 6

Amounts in Thousands of New Taiwan Dollars

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets
10	SHINIH FIBER PRODUCTS (DONG GUAN) CO., LTD.	HUBEI TAIXIN FIBER PRODUCTS CO., LTD.	8	Other receivables	\$ 4,409	Note 3	-
		DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	7	Other receivables	39,185	Note 3	1%
11	QINGDAO TAIXIN FIBER PRODUCTS CO., LTD.	SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.	8	Accounts receivable	549	Note 3	-
12	AMERICAN OUTDOOR LIVING INC.	SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.	8	Other receivables	749	Note 3	-
		VFT INC.	7	Accounts receivable	11,234	Note 3	-
		SHINIH USA INC.	7	Other receivables	10,329	Note 3	-
		AMERICAN FURNITURE ALLIANCE INC.	8	Other receivables	1,843	Note 3	-
		AMERICAN NONWOVEN INC.	8	Accounts receivable	1,642	Note 3	-
		WORLD FURNITURE GROUP	8	Other receivables	3,321	Note 3	-
13	AMERICAN NONWOVEN INC.	AMERICAN FURNITURE ALLIANCE INC.	8	Other receivables	49,136	Note 3	1%
		VFT INC.	7	Other receivables	53,787	Note 3	1%
14	MS NONWOVEN INC.	VFT INC.	7	Notes receivable	22,526	Note 3	1%
		AMERICAN NONWOVEN INC.	8	Prepaid equipment	3,272	Note 3	-
		VFT INC.	8	Other receivables	19,962	Note 3	-

(Continued)

SHINIH ENTERPRISE CO., LTD. AND SUBSIDIARIES

SUBSIDIARIES INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTION

FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 6

Amounts in Thousands of New Taiwan Dollars

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets
15	AMERICAN FURNITURE ALLIANCE INC.	SHINIH USA INC.	7	Other receivables	\$ 6,933	Note 3	-
16	WORLD FURNITURE GROUP	SHINIH USA INC.	7	Other receivables	968	Note 3	-

Note 1: The parent company and subsidiaries are coded as follows:

- (1) Parent company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationships between transaction companies and counterparties are classified into the following three categories as listed below:

- '1' represents parent company to subsidiary.
- '2' represents subsidiary to parent company.
- '3' represents subsidiary to subsidiary.
- '4' represents parent company to sub-subsidiary.
- '5' represents sub-subsidiary to parent company.
- '6' represents subsidiary to sub-subsidiary.
- '7' represents sub-subsidiary to subsidiary.
- '8' represents sub-subsidiary to sub-subsidiary.

Note 3: Sale price with related parties were determined and negotiated referring to related market price.

Note 4: All the transactions had been eliminated when preparing the consolidated financial statements.

SHINIH ENTERPRISE CO., LTD. AND SUBSIDIARIES
 NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
 DECEMBER 31, 2022

TABLE 7 Amounts in Thousands of New Taiwan Dollars

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2020			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2021	December 31, 2020	Shares	Percentage of Ownership	Carrying Value			
The Company	TAIWAN KUREHA CO., LTD.	Note 1	The manufacture, processing and sale of nonwoven fabric material, carpets, tapestries, conveyor belts and air filters	NTD 54,800	NTD 54,800	55,000	84.62%	NTD 27,208	NTD (9,747)	NTD (8,287)	Note 19, 20
	SHINIH HOLDING CO., LTD.	Note 2	Securities trading and investment	USD 6,700	USD 6,700	10,000,000	100%	NTD 2,060,585	NTD 223,338	NTD 224,366	Note 19, 20
	SUNBURST INTERNATIONAL LTD.	Note 3	Operating textile, polyester cotton and other import and export trade and reinvestment business	USD 50	USD 50	50,000	100%	NTD 12,233	NTD 1,896	NTD 5,566	Note 19, 20
	VFT INC.	Note 4	Nonwoven fabric material manufacturing, processing and trading	USD 1,800	USD 1,800	100	100%	NTD 269,512	NTD 38,563	NTD 39,395	Note 19, 20
	KUREHA (THAILAND) CO., LTD.	Note 5	The manufacture, processing and trading of blankets and air filters	USD 1,018	USD 1,018	37,500	50%	NTD 78,210	NTD 35,530	NTD 17,765	Note 20

(Continued)

SHINIH ENTERPRISE CO., LTD. AND SUBSIDIARIES
 NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
 DECEMBER 31, 2022

TABLE 7

Amounts in Thousands of New Taiwan Dollars

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2020			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2021	December 31, 2020	Shares	Percentage of Ownership	Carrying Value			
SHINIH ENTERPRISE CO., LTD.	SHINIH VIETNAM COMPANY LTD.	Note 6	Nonwoven fabric material manufacturing, processing and trading	USD 2,000	USD 2,000	-	100%	NTD 258,486	NTD 61,685	NTD 61,605	Note 19, 20
	SHINIH USA INC.	Note 7	Securities trading and investment	USD 1,100	USD 1,100	1,100,000	100%	NTD 48,533	NTD 6,539	NTD 7,266	Note 19, 20
	INTERBOND CO., LTD.	Note 8	Nonwoven fabric material manufacturing, processing and trading	NTD 2,000	NTD 2,000	200,000	100%	NTD 1,324	NTD (107)	NTD (107)	Note 20
SHINIH HOLDING CO., LTD.	SHINIH (CAMBODIA) CO., LTD.	Note 9	Nonwoven fabric material and other manufacturing and sales	USD 1,500	USD 1,500	-	100%	USD (1,005)	USD (175)	Note 17	Note 20
	PT. SHINIH NONWOVENS INDONESIA	Note 10	Nonwoven fabric material and other manufacturing and sales	USD 6,435	USD 6,435	-	99%	USD 4,872	USD 212	Note 17	Note 20
SHINIH USA INC.	AMERICAN OUTDOOR LIVING INC.	Note 11	Nonwoven fabric material manufacturing, processing and trading	USD 1,000	USD 1,000	-	100%	USD 4,101	USD 107	Note 17	Note 20

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2020			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2021	December 31, 2020	Shares	Percentage of Ownership	Carrying Value			
	WORLD FURNITURE GROUP	Note 12	Investment business	USD 400	USD 400	-	100%	USD (1,267)	USD 56	Note 17	Note 20
WORLD FURNITURE GROUP	AMERICAN FURNITURE ALLIANCE INC.	Note 13	Nonwoven fabric material manufacturing, processing and trading	USD 400	USD 400	-	80%	USD (1,356)	USD 58	Note 17	Note 20
	SINTERNATION INC.	Note 14	General merchandise trade	USD 100	USD -	-	100%	USD 98	USD (2)	Note 17	Note 20
VFT INC.	MS NONWOVEN INC.	Note 15	Nonwoven fabric material manufacturing, processing and trading	USD 7,428	USD 7,428	-	100%	USD 1,162	USD 102	Note 17	Note 20
	AMERICAN NONWOVEN INC.	Note 16	Nonwoven fabric material manufacturing, processing and trading	USD 100	USD 100	-	100%	USD 9,465	USD 771	Note 17	Note 20

(Continued)

Note 1: No. 2-23, Tuku, Shuixiu Vil., Yanshui Dist., Tainan City 73743, Taiwan (R.O.C.)

Note 2: OFFSHORE CHANBERS P.O.BOX 217.APIA WESTERN SAMOA

Note 3: P.O.BOX 957,OFFSHORE INCOPORATIONS CENTRE ROAD TOWN,TORTOLA,BRITISH VIRGIN ISLANDS

Note 4: 1040 S.Vail AVE. Montebello,CA

Note 5: 525 Moo 4 Bangpoo Industral Estate, Sukhumvit RD., Praksa, Muang District, Samutrpakarn 10280 Thailand

Note 6: B3-3 Cu Chi Northwest Industrial Zone,Cu Chi District, HCMC,Vietnam

Note 7: 1040 S VAIL AVENUE MONTEBELLO,CA 90640 LOS ANGELES COUNTY CALIFORNIA

Note 8: 5F.-1, No. 266, Sec. 1, Wenhua 2nd Rd., Linkou Dist., New Taipei City 244022 , Taiwan (R.O.C.)

Note 9: Phnom Penh Special Economic Zone (Sangkat Kantouk, Sangkat Phleung Chhes Rotes, Sangkat Beung Thom, Khan Por Senchey, Phnom Penh)

Note 10: Kawasan Industri Indotaisei Sektor IA Blok D-Z, Kalihurip Cikampek, Karawang-Jawa Barat

Note 11: 820 S VINTAGE AV#A ONTARIO CA 91764 CALIFORNIA

Note 12: 9141 Arrow Route, Rancho Cucamonga, CA

Note 13: 785 E. Harrison Street, Corona, CA

Note 14: 785 E. Harrison Street, Corona, CA

Note 15: 275 Industrial DR, Pontotoc, MS

Note 16: 9141 Arrow Route, Rancho Cucamonga, CA

Note 17: According to the regulations, it can be exempted from filling in columns.

Note 18: Please refer to Table 8 for information of investees in Mainland China.

Note 19: The difference between the investment income and loss recognized in the current period and the income and loss of the invested company recognized according to the shareholding ratio in the current period is the unrealized income and loss of the upstream and downstream transactions within the group.

Note 20: All the transactions had been eliminated when preparing the consolidated financial statements.

SHINIH ENTERPRISE CO., LTD. AND SUBSIDIARIES
 INFORMATION ON INVESTMENT IN MAINLAND CHINA
 FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 8 Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1,2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net Income (Losses) of the Investee Company	Percentage of Ownership	Shares of Profits/Losses	Carrying Amount as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Inflow						
DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	Nonwoven fabric material manufacturing, processing and trading	NTD 61,420 (USD 2,000)	Note 2	NTD 60,000	-	-	NTD 60,000	NTD (40,553)	100%	NTD (39,825)	NTD 41,844	NTD 131,709
SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.	Nonwoven fabric material manufacturing, processing and trading	NTD 76,775 (USD 2,500)	Note 2	NTD 8,430	-	-	NTD 8,430	NTD 71,112	11%	NTD 7,650	NTD 18,241	NTD 31,145
“	Nonwoven fabric material manufacturing, processing and trading	“	Note 1	Note 1			Note 1	NTD 71,112	89%	NTD 62,946	NTD 277,517	-
SHINIH FIBER PRODUCTS (DONG GUAN) CO., LTD.	Nonwoven fabric material manufacturing, processing and trading	NTD 52,821 (USD 1,720)	Note 1	Note 1	-	-	Note 1	NTD 12,442	100%	NTD 12,442	NTD 57,301	-
HANGZHOU SHINIH FIBER PRODUCTS CO., LTD.	Nonwoven fabric material manufacturing, processing and trading	NTD 115,163 (USD 3,750)	Note 1	Note 1	-	-	Note 1	NTD 2,339	100%	NTD 2,385	NTD 223,862	-

(Continued)

SHINIH ENTERPRISE CO., LTD. AND SUBSIDIARIES
 INFORMATION ON INVESTMENT IN MAINLAND CHINA
 FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 8 Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net Income (Losses) of the Investee Company	Percentage of Ownership	Shares of Profits/Losses	Carrying Amount as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Inflow						
SHINIH FIBER PRODUCTS (TANGSHAN) CO., LTD.	Nonwoven fabric material manufacturing, processing and trading	NTD 61,420 (USD 2,000)	Note 1	Note 1	-	-	Note 1	NTD 4,593	100%	NTD 4,601	NTD 64,167	-
TAIXIN FIBER PRODUCTS (SUZHOU) CO., LTD.	Nonwoven fabric material manufacturing, processing and trading	NTD 153,550 (USD 5,000)	Note 1	Note 1	-	-	Note 1	NTD 234,769	100%	NTD 234,710	NTD 411,566	-
TANGSHAN TAIXIN FIBER PRODUCTS CO., LTD.	Nonwoven fabric material manufacturing, processing and trading	NTD 64,491 (USD 2,100)	Note 1	Note 1	-	-	Note 1	NTD 951	100%	NTD 656	NTD 74,607	-
QINGDAO TAIXIN FIBER PRODUCTS CO., LTD.	Nonwoven fabric material manufacturing, processing and trading	NTD 92,130 (USD 3,000)	Note 1	Note 1	-	-	Note 1	NTD (8,603)	100%	NTD (8,603)	NTD 25,784	-
HUBEI TAIXIN FIBER PRODUCTS CO., LTD.	Nonwoven fabric material manufacturing, processing and trading	NTD 115,163 (USD 3,750)	Note 1	Note 1	-	-	Note 1	NTD (19,495)	100%	NTD (19,495)	NTD(18,585)	-

(Continued)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net Income (Losses) of the Investee Company	Percentage of Ownership	Shares of Profits/Losses	Carrying Amount as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Inflow						
KUNSHAN SHINIH TRADING CO., LTD.	General merchandise trade	NTD 9,213 (USD 300)	Note 1	Note 1	-	-	Note 1	NTD 4,111	100%	NTD (9,782)	NTD (2,972)	-

Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
NTD 160,560	NTD 882,298 (USD 28,730)	NTD 2,047,065

Note 1 : The Company remitted US\$3,000 thousand from Taiwan to invest in SHINIH HOLDING CO., LTD., and pass through SHINIH HOLDING CO., LTD. to invest in SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD., SHINIH FIBER PRODUCTS (DONG GUAN) CO., LTD., HANGZHOU SHINIH FIBER PRODUCTS CO., LTD., SHINIH FIBER PRODUCTS (TANGSHAN) CO., LTD., TAIXIN FIBER PRODUCTS (SUZHOU) CO., LTD., TANGSHAN TAIXIN FIBER PRODUCTS CO., LTD., QINGDAO TAIXIN FIBER PRODUCTS CO., LTD., HUBEI TAIXIN FIBER PRODUCTS CO., LTD. and KUNSHAN SHINIH TRADING CO., LTD.

Note 2 : Directly invest in a company in Mainland China.

Note 3 : It is recognized according to the financial statements audited by Taiwan accountants for the same period.

Note 4 : All the transactions had been eliminated when preparing the consolidated financial statements.

Note 5 : According to the "Principles for Reviewing Investment or Technical Cooperation in the Mainland Area", investors who remit dividends or profits from mainland investment enterprises back to Taiwan shall deduct their accumulated investment amount. As of December 31, 111, the accumulated amount of investment remitted out was \$160,560 thousand; the accumulated profit remitted back from the mainland was \$162,854 thousand.

SHINIH ENTERPRISE CO., LTD. AND SUBSIDIARIES
 MAJOR SHAREHOLDERS INFORMATION
 FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 9

Share	Total Shares Owned	Ownership Percentage
Major shareholders		
LEE PONT INVESTMENT CO., LTD.	24,075,234	22.06%

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}
 Note 1 : The information on major shareholders in this table is calculated by TDCC on the last business day of each quarter, based on shareholders holding a total of 5% or more of the Company's common and special shares that have completed non-physical registration and delivery. As for the share capital recorded in the Company's financial statements and the actual number of shares that have completed non-physical registration and delivery, there may be differences due to different calculation bases.

Note 2 : If the data above belongs to shareholders who transfer their shares to trust, it is disclosed by the individual accounts of the trustors who open trust accounts by the trustees. As for the shareholders who report their shareholding over 10% of the internal person's equity according to the securities trading laws and regulations, their shareholding includes their own shares plus those transferred to trust and those with decision-making power over trust property. For information on internal person's equity reporting, please refer to the Public Information Observation Station.

TABLE 10

SHINIH ENTERPRISE CO., LTD. AND SUBSIDIARIES
SEGMENT INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021

Amounts in Thousands of New Taiwan Dollars

2022

	China	U.S.	Taiwan	Southeast Asia	Eliminations	Total
Revenue						
Revenue from external customers	\$ 691,365	\$ 696,610	\$ 557,213	\$ 685,065	\$ -	\$ 2,630,253
Revenue from intersegments	57,688	267,661	17,993	1,544	(344,886)	-
Total	<u>\$ 749,053</u>	<u>\$ 964,271</u>	<u>\$ 575,206</u>	<u>\$ 686,609</u>	<u>\$ (344,886)</u>	<u>\$ 2,630,253</u>
Financial costs	<u>\$ 16,173</u>	<u>\$ 5,024</u>	<u>\$ 15,451</u>	<u>\$ 6,689</u>	<u>\$ (19,592)</u>	<u>\$ 23,745</u>
Depreciation and amortization	<u>\$ 55,424</u>	<u>\$ 33,105</u>	<u>\$ 95,780</u>	<u>\$ 45,520</u>	<u>\$ (31,526)</u>	<u>\$ 198,303</u>
Impairment loss	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,966</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,966</u>
Segment profit or loss	<u>\$ 357,530</u>	<u>\$ 60,118</u>	<u>\$ (94,127)</u>	<u>\$ 128,146</u>	<u>\$ (7,349)</u>	<u>\$ 444,318</u>
Profit before tax						<u>\$ 444,318</u>
Total assets						<u>\$ 6,178,438</u>

(Continued)

SHINIH ENTERPRISE CO., LTD. AND SUBSIDIARIES
SEGMENT INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021

Amounts in Thousands of New Taiwan Dollars

2021

	China	U.S.	Taiwan	Southeast Asia	Eliminations	Total
Revenue						
Revenue from external customers	\$ 841,531	\$ 669,490	\$ 530,131	\$ 572,095	\$ -	\$ 2,613,247
Revenue from intersegments	123,738	347,673	35,558	3,971	(510,940)	-
Total	<u>\$ 965,269</u>	<u>\$ 1,017,163</u>	<u>\$ 565,689</u>	<u>\$ 576,066</u>	<u>\$ (510,940)</u>	<u>\$ 2,613,247</u>
Financial costs	<u>\$ 11,682</u>	<u>\$ 5,107</u>	<u>\$ 8,210</u>	<u>\$ 4,251</u>	<u>\$ (12,824)</u>	<u>\$ 16,426</u>
Depreciation and amortization	<u>\$ 57,465</u>	<u>\$ 35,321</u>	<u>\$ 82,695</u>	<u>\$ 47,658</u>	<u>\$ (28,360)</u>	<u>\$ 194,779</u>
Impairment loss	<u>\$ 19,733</u>	<u>\$ -</u>	<u>\$ 13,843</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,576</u>
Segment profit or loss	<u>\$ 775,694</u>	<u>\$ 82,364</u>	<u>\$ (149,292)</u>	<u>\$ 90,903</u>	<u>\$ (3,095)</u>	<u>\$ 796,574</u>
Profit before tax						<u>\$ 796,574</u>
Total assets						<u>\$ 5,664,675</u>