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Independent Auditors' Report

To the Board of Directors of TEX-RAY INDUSTRIAL CO., LTD.:

Opinion

We have audited the consolidated financial statements of TEX-RAY INDUSTRIAL CO., LTD. and its 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 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 with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of 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 Accountants of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters that in our professional judgement, should be communicated are as follows:

1. Revenue recognition

   Please refer to Note 4(o) for the accounting policies on revenue and Note 6(t) "Revenue from contracts with customers" for the details of the related disclosure.

Description of key audit matter:

The Group is in the garment textile industry. In order to enhance the international competency, the management adopts global layout as its business strategy and adds multiple production and sales supply chains overseas. Therefore, the extent of influence of local laws and political and economic changes in various countries to such strategy increases dramatically. Resulting in that the revenue recognition is regarded as highly concerns. Therefore, the Group’s revenue recognition has been identified as one of the key audit matters.

How the matter was addressed in our audit:

We have performed certain audit procedures including understanding the design of internal controls over the recognition of revenue and the collection of receivables, performing test of details by inspecting the sales orders, shipping records, invoices and documents related to accounts receivable and cash collection, and sending confirmation letters to verify the sales records and assessing the adequacy of revenue recognition. Furthermore, we also performed sample testing for verification from transactions within a period before and after balance sheet date to determine whether the revenue is recognized in appropriate period.

2. Valuation of accounts receivable

For the accounting policies on the valuation of accounts receivable, please refer to Note 4(g). Refer to Note 5(a) for the accounting estimates and assumptions related to the valuation of accounts receivable on reporting date and refer to Note 6(c) for the details of the accounts receivable.

Description of key audit matter:

As of December 31, 2022, the accounts receivable of the Group was $720,650 thousand . We have considered that the Group’s trading partners are scattered in different industries and geographic regions, how the management control credit risk of its customer is thoroughly important. Therefore, the impairment assessment of accounts receivable has been identified as one of the key audit matters.

How the matter was addressed in our audit:

We have performed certain audit procedures including inspecting the controls over customer credit assessment process, analyzing the accounts receivable aging table, viewing past collection experience of customers and checking cash collection records after the reporting date to evaluate whether the impairment of the accounts receivable has been properly assessed.

Other Matter

TEX-RAY INDUSTRIAL CO., LTD. has prepared its parent-company-only financial statements 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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed by the 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 operations, or has no realistic alternative but to do so.

Those charged with governance (including 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of 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 Standards on Auditing of the Republic of China, we exercise professional judgment and 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 and 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 of the current period 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 Kuo-Yang Tseng and Shu-Ying Chang.

KPMG

Taipei, Taiwan (Republic of China)
March 28, 2023

Notes to Readers

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

The auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

TEX-RAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (Note 6(a))	$ 2,144,613	25	1,343,026	16
1150	Notes receivable, net (Note 6(c))	33,069	-	1,232	-
1170	Accounts receivable, net (Notes 6(c), 7 and 8)	720,650	8	1,293,485	15
1200	Other receivables, net (Notes 6(d) and 7)	88,876	1	110,610	1
1220	Current tax assets	5,283	-	4,827	-
1310	Inventories, manufacturing business, net (Note 6(e))	1,250,817	14	1,495,212	17
1410	Prepayments	134,589	2	129,439	2
1470	Other current assets	7,553	-	3,149	-
1476	Other current financial assets (Note 8)	178,190	2	172,533	2
		4,563,640	52	4,553,513	53
	Non-current assets:				
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(b))	24,512	-	10,689	-
1600	Property, plant and equipment (Notes 6(f) and 8)	1,936,570	22	1,984,873	23
1755	Right-of-use assets (Notes 6(g) and 8)	301,164	3	280,832	3
1760	Investment property, net (Notes 6(h) and 8)	1,435,942	17	1,422,784	17
1780	Intangible assets (Note 6(i))	256,893	3	248,238	3
1840	Deferred tax assets (Note (p))	58,059	1	61,783	1
1960	Non-current prepayments for investments	-	-	9,092	-
1980	Other non-current financial assets (Note 8)	42,811	1	38,196	-
1990	Other non-current assets, others	36,898	1	8,265	-
		4,092,849	48	4,064,752	47
	Total assets	**$ 8,656,489**	**100**	**8,618,265**	**100**

		December 31, 2022		December 31, 2021	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (Note 6(j))	$ 1,440,752	17	1,432,249	17
2110	Short-term notes and bills payable (Note 6(k))	279,473	3	299,584	4
2130	Current contract liabilities (Notes 6(t) and 7)	108,992	1	80,400	1
2150	Notes payable	1,653	-	9,456	-
2170	Accounts payable	536,277	6	872,157	10
2200	Other payables	340,232	4	296,294	4
2220	Other payables to related parties (Note 7)	20,816	-	29,061	-
2230	Current tax liabilities	60,881	1	101,417	1
2310	Advance receipts	4,733	-	24,935	-
2313	Unearned revenue	2,836	-	-	-
2280	Current lease liabilities (Note 6(m))	46,253	1	33,277	-
2320	Long-term liabilities, current portion (Note 6(l))	118,053	1	226,251	3
2300	Other current liabilities	6,981	-	7,960	-
		2,967,932	34	3,413,041	40
	Non-Current liabilities:				
2540	Long-term borrowings (Note 6(l))	2,067,926	24	1,691,168	20
2570	Deferred tax liabilities (Note 6(p))	180,307	2	178,613	2
2580	Non-current lease liabilities (Note 6(m))	205,220	2	189,775	2
2640	Net defined benefit liability, non-current (Note 6(o))	11,719	-	21,933	-
2670	Other non-current liabilities, others	4,430	-	16,966	-
		2,469,602	28	2,098,455	24
	Total liabilities	5,437,534	62	5,511,496	64
	Equity attributable to owners of parent (Note 6(q)):				
3110	Ordinary share	2,336,247	27	2,336,247	27
3200	Capital surplus (Note 6(q))	239,699	3	239,714	3
3300	Retained earnings	259,608	3	281,648	3
3400	Other equity interest	224,138	3	77,073	1
36XX	Non-controlling interests	159,263	2	172,087	2
	Total equity	3,218,955	38	3,106,769	36
	Total liabilities and equity	**$ 8,656,489**	**100**	**8,618,265**	**100**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TEX-RAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		2022		2021	
		Amount	%	Amount	%
4000	**Operating revenue (Note 6(t))**	$ 6,129,220	100	6,637,936	100
5000	**Operating costs (Notes 6(e) and (o))**	4,828,337	79	5,311,863	80
5900	**Gross profit from operations**	1,300,883	21	1,326,073	20
6100	Selling expenses	587,327	10	667,571	10
6200	Administrative expenses	534,329	8	484,526	7
6300	Research and development expenses	77,898	1	56,694	1
6450	Expected credit loss (gain)	70,706	1	23,248	-
	Operating expenses (Notes 6(o) and (u))	1,270,260	20	1,232,039	18
6900	**Net operating income (loss)**	30,623	1	94,034	2
7000	**Non-operating income and expenses:**				
7010	Other income (Notes 6(v) and 7)	8,445	-	3,748	-
7020	Other gains and losses, net (Note 6(v))	73,776	1	49,872	1
7100	Interest income (Note 6(v))	32,440	1	20,927	-
7510	Interest expense (Notes 6(v) and 7)	(99,981)	(2)	(94,919)	(1)
		14,680	-	(20,372)	-
7900	**Profit from continuing operations before tax**	45,303	1	73,662	2
7950	Less: Income tax expenses (Note 6(p))	86,977	1	116,417	2
	(Loss) profit	(41,674)	-	(42,755)	-
8300	**Other comprehensive income:**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefit plans	5,825	-	2,594	-
8312	Gains on revaluation surplus	958	-	59,893	-
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	10,164	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will not be reclassified to profit or loss	16,947	-	62,487	-
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	151,156	2	(127,510)	(2)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	151,156	2	(127,510)	(2)
8300	**Other comprehensive income**	168,103	2	(65,023)	(2)
	Total comprehensive income	**$ 126,429**	**2**	**(107,778)**	**(2)**
	(Loss) profit , attributable to:				
	Owners of parent	$ (38,383)	-	(30,882)	
	Non-controlling interests	(3,291)	-	(11,873)	-
		$ (41,674)	**-**	**(42,755)**	
	Comprehensive income attributable to:				
	Owners of parent	$ 125,025	2	(95,481)	(2)
	Non-controlling interests	1,404	-	(12,297)	-
		$ 126,429	**2**	**(107,778)**	**(2)**
	Basic earnings per share (Note 6(s))				
	Basic earnings per share (dollars)	**$**	**(0.16)**		**(0.13)**
	Diluted earnings per share (dollars)	**$**	**(0.16)**		**(0.13)**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TEX-RAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent											
			Retained earnings				Total other equity interest					
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Revaluation surplus	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2021	$ 2,336,247	234,052	166,655	201,749	105,236	473,640	(848,171)	(36,504)	1,028,774	3,188,038	143,962	3,332,000
Loss	-	-	-	-	(30,882)	(30,882)	-	-	-	(30,882)	(11,873)	(42,755)
Other comprehensive income	-	-	-	-	2,427	2,427	(126,919)	-	59,893	(64,599)	(424)	(65,023)
Total comprehensive income	-	-	-	-	(28,455)	(28,455)	(126,919)	-	59,893	(95,481)	(12,297)	(107,778)
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	10,523	-	(10,523)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(163,537)	(163,537)	-	-	-	(163,537)	-	(163,537)
Reversal of special reserve	-	-	-	(201,749)	201,749	-	-	-	-	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	5,164	-	-	-	-	-	-	-	5,164	-	5,164
Changes in ownership interests in subsidiaries	-	498	-	-	-	-	-	-	-	498	-	498
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	40,422	40,422
Balance at December 31, 2021	2,336,247	239,714	177,178	-	104,470	281,648	(975,090)	(36,504)	1,088,667	2,934,682	172,087	3,106,769
Loss	-	-	-	-	(38,383)	(38,383)	-	-	-	(38,383)	(3,291)	(41,674)
Other comprehensive income	-	-	-	-	5,661	5,661	151,107	5,682	958	163,408	4,695	168,103
Total comprehensive income	-	-	-	-	(32,722)	(32,722)	151,107	5,682	958	125,025	1,404	126,429
Changes in non-controlling interests	-	(15)	-	-	-	-	-	-	-	(15)	(14,228)	(14,243)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	10,682	10,682	-	(10,682)	-	-	-	-
Balance at December 31, 2022	**$ 2,336,247**	**239,699**	**177,178**	**-**	**82,430**	**259,608**	**(823,983)**	**(41,504)**	**1,089,625**	**3,059,692**	**159,263**	**3,218,955**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TEX-RAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31	
	2022	2021
Cash flows from (used in) operating activities:		
Profit before tax	$ 45,303	73,662
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	203,482	206,525
Amortization expense	17,405	17,488
Provision for expected credit loss	70,706	23,248
Gain on financial assets or liabilities at fair value through profit or loss	-	(111)
Interest expense	99,981	94,919
Interest income	(32,440)	(20,927)
Dividend income	-	(21)
Share-based payments	-	3,028
(Gain) loss on disposal of property, plan and equipment	(415)	808
Loss on disposal of intangible assets	-	146
Impairment loss on non-financial assets	225	-
Loss (gain) on fair value adjustment of investment property	34,250	(27,988)
Gain on lease modification	(300)	(26)
Total adjustments to reconcile profit	392,894	297,089
Changes in operating assets and liabilities:		
Changes in operating assets:		
(Increase) decrease in notes receivable	(31,961)	645
Decrease (increase) in accounts receivable	500,425	(273,254)
Decrease (increase) in other receivable	21,434	(25,408)
Decrease (increase) in inventories	241,612	(236,582)
(Increase) decrease in prepayments	(5,760)	58,809
(Increase) decrease in other current assets	(4,420)	828
Total changes in operating assets	721,330	(474,962)
Changes in operating liabilities:		
Increase in contract liabilities	28,630	14,762
Decrease in notes payable	(7,803)	(38,085)
(Decrease) increase in accounts payable	(334,846)	194,876
Increase (decrease) in other payable	25,190	(192,260)
(Decrease) increase in other payable to related parties	(8,211)	14,612
(Decrease) increase in other current liabilities	(965)	2,241
Decrease in net defined benefit liability	(4,389)	(3,174)
Increase in deferred credits	2,846	-
(Decrease) increase in other operating liabilities	(32,706)	5,054
Total changes in operating liabilities	(332,254)	(1,974)
Total changes in operating assets and liabilities	389,076	(476,936)
Total adjustments	781,970	(179,847)
Cash inflow (outflow) generated from operations	827,273	(106,185)
Interest received	32,440	20,927
Dividends received	-	21
Interest paid	(100,162)	(94,786)
Income taxes paid	(103,066)	(153,850)
Net cash flows from (used in) operating activities	656,485	(333,873)

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TEX-RAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows (CONT'D)

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31	
	2022	2021
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(10,920)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	16,380	-
Proceeds from disposal of financial assets at fair value through profit or loss	-	723
Acquisition of property, plant and equipment	(70,366)	(195,152)
Proceeds from disposal of property, plant and equipment	13,948	16,723
Acquisition of intangible assets	(8,080)	(5,645)
(Increase) Decrease in other financial assets	(10,419)	32,559
Increase in other non-current assets	(40,005)	(24,335)
Net cash flows from (used in) investing activities	(109,462)	(175,127)
Cash flows from (used in) financing activities:		
Increase in short-term loans	2,734,980	1,975,628
Decrease in short-term loans	(2,726,477)	(1,394,448)
Increase in short-term notes and bills payable	779,889	49,924
Decrease in short-term notes and bills payable	(800,000)	-
Proceeds from long-term debt	1,941,111	511,765
Repayments of long-term debt	(1,672,205)	(451,627)
Payment of lease liabilities	(41,393)	(32,093)
Cash dividends paid	-	(163,537)
Change in non-controlling interests	(14,243)	43,057
Net cash flows from financing activities	201,662	538,669
Effect of exchange rate changes on cash and cash equivalents	52,902	(54,961)
Net increase (decrease) in cash and cash equivalents	801,587	(25,292)
Cash and cash equivalents at beginning of period	1,343,026	1,368,318
Cash and cash equivalents at end of period	$ **2,144,613**	**1,343,026**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TEX-RAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

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

(1) Company history

TEX-RAY INDUSTRIAL CO., LTD. (the "Company") was established with the approval of the Ministry of Economic Affairs in August 1978, and was listed in Taiwan Stock Exchange in 1998. The registered address is 2F., No. 426, Linsen N. Rd., Jhongshan Dist., Taipei City. The Company was originally a modern yarn dyeing factory, and then expanded to spinning business, plain weaving business, and garment business, etc.. In order to enhance competency in international business, the Group established multiple production and sales supply chains overseas in Mexico, Eswatini, Vietnam, and Mainland China, and deployed the marketing department in US and Mexico market. The Company further divided its departments or established new subsidiaries for specialization purpose in particular technologies and markets in order to enhance the overall economic efficiency.

The main business of the Company and its subsidiaries (the "Group") is in weaving, manufacturing and processing, dyeing and spinning, and trading of cotton and any kind of fibers and textiles, and yarn trading business, garment processing and trading business, ultrasonic cleaning and supercritical cleaning business and extraction businesses.

(2) Approval date and procedures of the consolidated financial statements:

The consolidated financial statements were authorized for issue by the Board of Directors on March 28, 2023.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2022:

- Amendments to IAS 16 "Property, Plant and Equipment－Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

(b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"

(Continued)

TEX-RAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	After reconsidering certain aspects of the 2020 amendments1, new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability' s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.	January 1, 2024

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information“
- Amendments to IFRS16 “Requirements for Sale and Leaseback Transactions”

(4) Summary of significant accounting policies:

The significant accounting policies presented in the consolidated financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C..

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

1) Financial instruments at fair value through profit or loss are measured at fair value;

2) Fair value through other comprehensive income are measured at fair value;

3) Investment property is measured at fair value; and

4) The defined benefit liabilities (assets) is recognized as the fair value of the plan assets less the present value of defined benefit obligation and the upper limit impact mentioned in Note 4(p).

(ii) Functional and presentation currency

The functional currency of each Group entities is determined based on the primary economic environment in which the entities operate. The Group’s consolidated financial statements are presented in New Taiwan Dollar, which is the Company’ s functional currency. All the financial information presented in New Taiwan Dollar has been rounded to the nearest thousands.

TEX-RAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Basis of consolidation

(i) Principles for preparing consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, 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.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income 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.

Financial statements of subsidiaries are adequately adjusted to align their accounting policies with those of the Group.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control 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 will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements:

			Shareholding percentage		
Name of investor	**Name of subsidiary**	**Principal activity**	**December 31, 2022**	**December 31, 2021**	**Note**
The Company	TEX-RAY INDUSTRIAL CO., LTD. (BELIZE) (TEX-RAY(BELIZE))	Oversea investment holding (China)	100.00 %	100.00 %	The subsidiary that the Company holds more than 50% shares
The Company	TEX-RAY (BN) INTERNATIONAL CO., LTD. (TEX-RAY(BN))	Oversea investment holding (Vietnam and Cambodia)	100.00 %	100.00 %	The subsidiary that the Company holds more than 50% shares.
The Company	FLYNN INTERNATIONAL LTD. (FLYNN(SAMOA))	Oversea investment holding (USA)	100.00 %	100.00 %	The subsidiary that the Company holds more than 50% shares.
The Company	KING'S METAL FIBER TECHNOLOGIES CO., LTD. (KMT)	Non-woven fabrics, copper secondary processing and fabric retailing, etc.	59.22 %	59.22 %	The subsidiary that the Company holds more than 50% shares.
The Company	GREAT CPT INTERNATIONAL CO., LTD. (GREAT CPT)	Oversea investment holding (Eswatini)	100.00 %	100.00 %	The subsidiary that the Company holds more than 50% shares.
The Company	TEX-RAY (SA) (PTY) Ltd.(TEX-RAY (SA))	Marketing and trading	100.00 %	100.00 %	The subsidiary that the Company holds more than 50% shares.

(Continued)

TEX-RAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

			Shareholding percentage		
Name of investor	Name of subsidiary	Principal activity	December 31, 2022	December 31, 2021	Note
The Company	TEX-RAY INDUSTRIAL CO., LTD. (CAYMAN) (TEX-RAY(CAYMAN))	Oversea investment holding	100.00 %	100.00 %	The subsidiary that the Company holds more than 50% shares.
The Company	ZHENG-RAY Industrial CO.,LTD. (ZHENG-RAY)	Trading and manufacturing of weaving and garments	100.00 %	100.00 %	The subsidiary that the Company holds more than 50% shares.
The Company	WEI LI TEXTILE CO., LTD. (WLT)	Wholesale of clothing and fabrics	68.60 %	68.60 %	The subsidiary that the Company holds more than 50% shares.
The Company	AIQ SMART CLOTHING INC. (AIQ)	Wholesale of textile	70.44 %	70.44 %	The subsidiary that the Company holds more than 50% shares.
The Company	TRLA GROUP, INC(TRLA GROUP)	Marketing and trading	100.00 %	- %	The subsidiary that the Company holds more than 50% shares. (Note 2)
The Company	Z-PLY CORPORATION (Z-PLY(NY))	Marketing and trading	100.00 %	- %	The subsidiary that the Company holds more than 50% shares. (Note 2)
TEX-RAY (SA)	KASUMI APPARELS SWAZILAND PTY LTD. (KASUMI (SWAZILAND))	Garment processing	100.00 %	100.00 %	The subsidiary that TEX RAY (SA) holds more than 50% shares.
TEX-RAY (SA)	TQM TEXTILE SWAZILAND (PTY) LTD. (T.Q.M.(SWAZILAND))	Weaving and dyeing	100.00 %	100.00 %	The subsidiary that TEX RAY (SA) holds more than 50% shares.
TEX-RAY (SA)	UNION INDUSTRIAL WASHING PTY LTD. (U.I.W.(SWAZILAND))	Garment processing	100.00 %	100.00 %	The subsidiary that TEX RAY (SA) holds more than 50% shares.
TEX-RAY (SA)	J.M. Rotary Print Industrial Co., Ltd. (J.M. (SWAZILAND))	Printing	100.00 %	100.00 %	The subsidiary that TEX RAY (SA) holds more than 50% shares.
TEX-RAY (SA)	GOLDEN JUBILEE APPAREL (PTY) LTD.(GOLDEN (SWAZILAND))	Garment processing	100.00 %	100.00 %	The subsidiary that TEX RAY (SA) holds more than 50% shares.
TEX-RAY (BELIZE)	TEX-RAY (SHANGHAI) INDUSTRIAL CO., LTD. (TEX-RAY (SHANGHAI))	Warehousing and trading business of textile	100.00 %	100.00 %	The subsidiary that TEX RAY (BELIZE) holds more than 50% shares.
FLYNN (SAMOA)	TRLA GROUP, INC.(TRLA GROUP)	Marketing and trading	- %	100.00 %	The subsidiary that FLYNN (SAMOA) holds more than 50% shares. (Note 2)
FLYNN (SAMOA)	Z-PLY CORPORATION (Z-PLY (NY))	Marketing and trading	- %	100.00 %	The subsidiary that FLYNN (SAMOA) holds more than 50% shares. (Note 2)
GREAT CPT INTERNATIONAL CO., LTD.	TEXRAY SWAZILAND PTY LTD.(TEXRAY (SWAZILAND))	Garment processing	100.00 %	100.00 %	The subsidiary that GREAT holds more than 50% shares.

(Continued)

TEX-RAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Principal activity	Shareholding percentage December 31, 2022	Shareholding percentage December 31, 2021	Note
ZHENG-RAY	HUAI WEI BIOTECHNOLOGY CO., LTD	Biotechnology Service	60.00 %	60.00 %	The subsidiary that ZHENG-RAY holds more than 50% shares
ZHENG-RAY	Taiwan Supercritical Technology CO.,LTD.(TST)	Ultrasonic cleaning and supercritical cleaning, extraction, etc.	75.63 %	75.63 %	The subsidiary that ZHENG-RAY holds more than 50% share (Note 1)
TEX-RAY (BN)	GOOD TIME(VIETNAM) ENTERPRISE CO.,LTD. (GOOD TIME)	Garment processing	100.00 %	100.00 %	The subsidiary that TEX RAY (BN) holds more than 50% shares.
TEX-RAY (BN)	MSWATI HOLDINGS LTD. (MSWATI)	Oversea investment holding	100.00 %	100.00 %	The subsidiary that TEX RAY (BN) holds more than 50% shares.
TEX-RAY (BN)	TEXRAY (VN) CO., LTD.(TEXRAY(VN))	Garment processing	100.00 %	100.00 %	The subsidiary that TEX RAY (BN) holds more than 50% shares.
TEX-RAY (BN)	T.R.C.A GARMENT CO., LTD. (TRCA GARMENT)	Garment processing	100.00 %	100.00 %	The subsidiary that TEX RAY (BN) holds more than 50% shares.
TEX-RAY (CAYMAN)	TEXRAY MEXICO S.A. DE C.V.(TEXRAY (MEXICO))	Dyeing	100.00 %	100.00 %	The subsidiary that TEX RAY (CAYMAN) holds more than 50% shares.
TEX-RAY (CAYMAN)	AMRAY S.A. DE C.V. (AMRAY (MEXICO))	Garment processing	100.00 %	100.00 %	The subsidiary that TEX RAY (CAYMAN) holds more than 50% shares.
KMT	KING'S METAL FIBER TECHNOLOGIES B.V. (KMBV)	Marketing and tradeing	100.00 %	100.00 %	The subsidiary that KING'S METAL FIBER TECH holds more than 50% shares.
TEX-RAY (SHANGHAI)	TEX-RAY INDUSTRIAL CO., LTD. (YANCHENG) (TEX-RAY (YANCHENG))	Manufacturing and sales of textiles, clothing, shoes and hats	100.00 %	100.00 %	The subsidiary that TEX-RAY (SHANGHAI) holds more than 50% shares.
TEX RAY (SHANGHAI)	TEXRAY(KUNSHAN) INDUSTRIAL CO., LTD. (TEXRAY(KUNSHAN))	Development of composite fabrics	100.00 %	100.00 %	The subsidiary that TEX-RAY (SHANGHAI) holds more than 50% shares.
AIQ	AIQ SYNERTIAL LTD. (AIQ-S)	Development of smart clothing technology	50.00 %	50.00 %	The subsidiary that AIQ holds more than 50% shares.
AIQ	KING’S METAL FIBER (SHANGHAI)	Wholesale of glass products and textiles	100.00 %	100.00 %	The subsidiary that AIQ holds more than 50% shares.
AIQ	Taiwan Innovation Technology Co., Limted (HK) (Taiwan Innovation (HK))	Marketing and trading of machine	100.00 %	100.00 %	The subsidiary that AIQ holds more than 50% shares.

(Continued)

TEX-RAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

			Shareholding percentage		
Name of investor	Name of subsidiary	Principal activity	December 31, 2022	December 31, 2021	Note
KING'S METAL FIBER (SHANGHAI)	AIQ SMART CLOTHING (Zhejiang) CO., LTD. (AIQ (Zhejiang))	System development, production and sales of smart devices	100.00 %	100.00 %	The subsidiary that KING'S METAL FIBER (SHANGHAI) holds more than 50% shares.
MSWATI	TRYD APPAREL CO.,LTD.(TRYD APPAREL)	Knitted garment processing	100.00 %	100.00 %	The subsidiary that MSWATI holds more than 50% shares.
MSWATI	JIANGSU TRYD TEXTILE TECHNOLOGY CO.,LTD. (TRYD TEXTILE)	Spinning, weaving, high-end fabrics, bleaching and dyeing, printing and garment production	100.00 %	100.00 %	The subsidiary that MSWATI holds more than 50% shares.
TRYD TEXTILE	Yancheng Wei Da Textile Testing Service Co.,Ltd. (Wei Da Testing)	Testing service and environmental evaluation	100.00 %	100.00 %	The subsidiary that TRYD TEXTILE holds more than 50% shares.

Note 1: Due to its organizational restructuring, the Company issues all TST's shares in exchange for ZHENG RAY's shares on October 21, 2021.

Note 2: Due to its organizational restructuring, the Company acquired 100% of equity interests in TRLA GROUP INC and Z-PLY CORPORATION from its subsidiary FLYNN International Ltd by cash on December 27, 2022.

Note 3: There are no subsidiaries that are not included in this consolidated financial report.

(d) Foreign currencies

(i) currencies transaction

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for equity securities designated as at fair value through other comprehensive income; which are recognized in other comprehensive income.

(ii) Foreign operation

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current when

(i) The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

(ii) The Group holds the asset primarily for the purpose of trading;

(iii) The Group expects to realize the asset within twelve months after the reporting period;

(iv) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current when

(i) The Group expects to settle the liability in its normal operating cycle;

(ii) The Group holds the liability primarily for the purpose of trading;

(iii) The liability is due to be settled within twelve months after the reporting period;

(iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

Bank overdrafts that are repayable on demand and form an integral part of the Group’ s cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI)– equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

· it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

· its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(Continued)

TEX-RAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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2) Fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

3) Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

· the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;

· how the performance of the portfolio is evaluated and reported to the Group's management;

· the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

· how managers of the business are compensated — e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

· the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

(Continued)

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and trade receivables, other receivables, guarantee deposit and other financial assets) and contract assets.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

Since the performance object of the Group's cash deposits are investment grade financial institutions, the Group's credit risk are considered low.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

5) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

(Continued)

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(Continued)

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In case of manufactured inventories and work in process, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but no control, over the financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, minus any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align the accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

Gains and losses resulting from the transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate.

When the Group's share of losses of an associate equals or exceeds its interest in associates, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Group accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss (or retained earnings) on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) (or retained earnings) when the equity method is discontinued. If the Group's ownership interest in an associate is reduced while it continues to apply the equity method, the Group reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

(Continued)

If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method without remeasuring the retained interest.

When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Group’s proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Group’s ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(j) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is initially measured at cost and subsequently at fair value with any change therein recognized in profit or loss.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in ‘other equity - revaluation surplus’ is transferred to retained earnings.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease.

(k) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

The cost includes any expenditure of acquiring assets. Self-built asset cost includes materials, direct labor, any other expenditure to make the asset usable, removement and recovery cost, and the loan cost meeting the criteria of capitalization. Besides, the cost also includes the software purchased to integrate related functions, which is capitalized as a part of the equipment.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(Continued)

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straightline basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1)	Buildings	3～55 years
2)	Machinery equipment	1～15 years
3)	Transportation equipment	3～5 years
4)	Office and Other equipment	1～20 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(iv) Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owneroccupied to investment property.

(l) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lease

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

(Continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

— fixed payments, including in-substance fixed payment;

— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

— amounts expected to be payable under a residual value guarantee; and

— payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

— there is a change in future lease payments arising from the change in an index or rate; or

— there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or

— there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or

— there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the 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, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of machinery and that have a lease term of 12 months or less and leases of low-value assets, office equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(Continued)

As a practical expedient, the Group elects not to assess whether all rent concessions that meets all the following conditions are lease modifications or not:

- the rent concessions occurring as a direct consequence of the COVID-19 pandemic;
- the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2022; and
- there is no substantive change in other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(ii) As a leasor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

(m) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets, including patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(Continued)

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. Additionally intangible assets such as computer software are amortized at estimated useful lives ranging from three to twenty years, and recognized in profit and loss.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(n) Impairment of non financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, deferred tax assets and investment properties measured at fair value, less costs) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(Continued)

(o) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

(i) Sale of goods

The Group engages in manufacturing, processing and wholesaling of textile and garments, and cleansing and extracting equipment. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

(ii) Financial components

The Group does not expect to have any contracts where the period between the transfer of the goods or services to the customer and payment by the customer exceeds one year.The Group required advanced receipts when selling machines, which follows the practice of the industry. Thus it is not considered to be financial components. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

(Continued)

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity.

The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

(iv) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(q) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(r) Earnings per share

The Group discloses the Company’ s basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as convertible bonds and employee compensation.

(s) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may incur revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group’ s chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Each operating segment consists of standalone financial information.

(Continued)

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

There is no judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

(a) The loss allowance of trade receivables

The Group has estimated the loss allowance of trade receivables that is based on the risk of a default occurring and the rate of expected credit loss. The Group has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. The relevant assumptions and input values, please refer to note 6(c).

(b) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to Note 6(e) for further description of the valuation of inventories.

(c) Impairment of property, plant and equipment

In the process of evaluating the potential impairment of tangible , the Group is required to make subjective judgments in determining the independent cash flows, useful lives, expected future income and expenses related to the specific asset groups considering of the nature of the industry. Any changes in these estimates based on changed economic conditions or business strategies and could result in significant impairment charges or reversal in future years.The cash-generating units for the Group's assessment of asset impairment include property, plant and equipment and intangible assets - goodwill. Refer to note 6(i) for further description of the key assumptions used to determine the recoverable amount.

(Continued)

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(d) Impairment of goodwill

The assessment of impairment of goodwill requires the Group to make subjective judgments to identify cash-generating units (CGUs), allocate the goodwill to relevant CGUs, and estimate the recoverable amount of relevant CGUs. Refer to Note 6(i) for further description of the impairment of goodwill.

The Group’s accounting policies include measuring financial and non-financial assets and liabilities at fair value through profit or loss. TheGroup’ s financial instrument valuation group conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This financial instrument valuation group also periodically adjusts valuation models, conducts back-testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value. Investment property measured at fair value is periodically remeasured by the Group’s finance Dept. or by appraisers using appraisal method accepted by FSC.

The Group strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

(a) Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.

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

(c) Level 3: inputs for the assets or liability that are not based on observable market data.

For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date.

Please refer to notes listed as below for assumptions used in measuring fair value.

(a) Note 6(h), Investment property

(b) Note 6(w), Financial instruments

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

		December 31, 2022	December 31, 2021
Cash	$	11,373	5,835
Check deposits		11,786	16,956
Demand deposits		900,247	566,097
Foreign currency deposits		206,750	219,577
Time deposits		1,014,457	534,561
Cash and cash equivalents in consolidated statement of cash flows	**$**	**2,144,613**	**1,343,026**

Please refer Note 6(w) for the disclosure of the Group’s financial assets and liabilities interest risk and sensitivity analysis.

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(b) Financial assets and liabilities at fair value through profit or loss

		December 31, 2022	December 31, 2021
Equity investments at fair value through other comprehensive income:			
Unlisted Common Share	$	24,512	10,689

(i) The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term strategic purposes. The revaluation loss of the investment has been recognized in equity accounts.

(ii) Please refer to Note 6(x) for credit risk and market risk.

(iii) The aforesaid financial assets were not pledged as collateral.

(c) Notes and trade receivables

		December 31, 2022	December 31, 2021
Notes receivables from operating activities	$	33,069	1,232
Accounts receivable-measured at amortized cost		987,903	1,478,570
Less: Allowance for impairment		267,253	185,085
	$	753,719	1,294,717

(i) The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward looking information. The expected credit losses of the note receivables and trade receivables were as follows:

	December 31, 2022			
		Gross carrying amount	Weighted-average loss rate	Loss allowance Provision
Current	$	595,359	0~12%	1,313
Overdue 90 days		108,059	0~7%	1,399
Overdue 90 to 180 days		34,378	10%~31%	5,868
Overdue 180 to 360 days		72,990	50%~100%	48,487
360 days past due		210,186	100%	210,186
	$	1,020,972		267,253

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	December 31, 2021		
	Gross carrying amount	Weighted-average loss rate	Loss allowance Provision
Current	$ 954,216	0%~5%	4,343
Overdue 90 days	274,020	0%~12%	1,603
Overdue 90 to 180 days	80,215	10%~66%	8,407
Overdue 180 to 360 days	2,158	50%~100%	1,539
360 days past due	169,193	100%	169,193
	$ 1,479,802		185,085

(ii) The movement in the allowance for notes and accounts receivable was as follow:

	For the years ended December 31	
	2022	2021
Balance on January 1	$ 185,085	167,287
Impairment losses recognized	70,706	23,248
Amounts write-off	(5,834)	(3,000)
Foreign exchange losses	17,296	(2,450)
Balance on December 31	$ 267,253	185,085

(iii) The aforementioned notes and trade receivables of the Group had been pledged as collateral for long-term borrowings; please refer to Note 8.

(iv) As of December 31, 2022, the accumulated accounts receivable of this individual customer have been recognized as expected credit impairment losses amounting to US$ 4,939 thousand. The Group has also obtained the collateral for US$1,000 thousand portion of the 6,370 first-round ordinary shares of this customer at US$157 per share.

(d) Other receivables

	December 31, 2022	December 31, 2021
Other receivables—tax-refund	$ 70,437	80,333
Other	24,740	36,578
Less: Allowance for impairment	(6,301)	(6,301)
	$ 88,876	110,610

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Except for the other receivables below, all the other receivables are financial asset with low credit risk; therefore, the allowance for loss was measured at the expected credit loss of 12 months. The movement in the allowance for other receivables was as follow:

	For the years ended December 31	
	2022	2021
Balance on January 1	$ 6,301	6,456
Amounts write-off	-	(155)
Balance on December 31	$ 6,301	6,301

(e) Inventories

	December 31, 2022	December 31, 2021
Raw materials	$ 523,310	549,345
Work in prograss	423,908	615,605
Finished goods	289,511	315,159
Merchandise	14,088	15,103
	$ 1,250,817	1,495,212

(i) As of December 31, 2022, raw material, consumables, and changes in the finished goods and work in progress recognized as cost of sales amounted to $4,820,614 thousand (2021: $5,334,032 thousand). In 2022, The write-downs of inventories amounted to $7,723 thousand. In 2021, the reversal of The write-down of inventories amounted to $22,169 thousand due to the income in market. The write-downs and reversals were included in cost of sales.

(ii) The aforesaid inventories were not pledged as collateral.

(f) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2022 and 2021, were as follows:

	Land	Buildings	Machinery equipment	Transportation equipment	Office equipment	Lease assets	Other facilities	Construction in progress	Total
Cost:									
Balance on January 1, 2022	$ 465,458	1,423,705	1,057,796	37,969	126,939	444	93,647	126,436	3,332,394
Additions	-	12,334	21,656	4,665	4,187	-	8,768	18,756	70,366
Transfers	-	135,072	15,687	-	2,437	-	-	(142,111)	11,085
Disposals	-	(10,486)	(111,078)	(4,105)	(6,414)	-	(5,029)	-	(137,112)
Reclassification to investment property	-	(4,753)	-	-	-	-	-	-	(4,753)
Effect of movement in exchange rate	972	38,077	32,750	1,367	3,409	-	1,815	1,121	79,511
Balance on December 31, 2022	$ 466,430	1,593,949	1,016,811	39,896	130,558	444	99,201	4,202	3,351,491

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	Land	Buildings	Machinery equipment	Transportation equipment	Office equipment	Lease assets	Other facilities	Construction in progress	Total
Balance on January 1, 2021	$ 466,058	1,393,684	1,296,486	39,707	128,078	444	132,623	224,419	3,681,499
Additions	-	30,454	26,951	3,691	5,833	-	4,113	124,110	195,152
Transfers	-	223,275	17,484	-	322	-	1,824	(222,520)	20,385
Disposals	-	(16,483)	(263,995)	(4,539)	(7,356)	-	(41,088)	-	(333,461)
Reclassification to Investment property	-	(207,876)	-	-	-	-	-	-	(207,876)
Effect of movement in exchange rate	(600)	651	(19,130)	(890)	62	-	(3,825)	427	(23,305)
Balance on December 31, 2021	**$ 465,458**	**1,423,705**	**1,057,796**	**37,969**	**126,939**	**444**	**93,647**	**126,436**	**3,332,394**
Depreciation and impairment loss:									
Balance on January 1, 2022	$ -	403,985	732,124	26,902	104,984	444	79,082	-	1,347,521
Depreciation for the period	-	62,116	73,835	3,939	6,570	-	4,976	-	151,436
Disposals	-	(6,746)	(103,236)	(3,452)	(5,523)	-	(4,622)	-	(123,579)
Reclassification to investment property	-	(1,832)	-	-	-	-	-	-	(1,832)
Effect of movement in exchange rate	-	12,068	24,012	1,031	2,725	-	1,539	-	41,375
Balance on December 31, 2022	**$ -**	**469,591**	**726,735**	**28,420**	**108,756**	**444**	**80,975**	**-**	**1,414,921**
Balance on January 1, 2021	$ -	439,127	915,726	28,140	105,244	444	118,108	-	1,606,789
Depreciation for the period	-	64,376	82,665	3,561	6,839	-	5,208	-	162,649
Disposals	-	(10,375)	(253,343)	(4,100)	(7,184)	-	(40,928)	-	(315,930)
Reclassification to investment property	-	(89,235)	-	-	-	-	-	-	(89,235)
Effect of movements in exchange rates	-	92	(12,924)	(699)	85	-	(3,306)	-	(16,752)
Balance on December 31, 2021	**$ -**	**403,985**	**732,124**	**26,902**	**104,984**	**444**	**79,082**	**-**	**1,347,521**
Carrying amounts:									
Balance on December 31, 2022	**$ 466,430**	**1,124,358**	**290,076**	**11,476**	**21,802**	**-**	**18,226**	**4,202**	**1,936,570**
Balance on January 1, 2021	**$ 466,058**	**954,557**	**380,760**	**11,567**	**22,834**	**-**	**14,515**	**224,419**	**2,074,710**
Balance on December 31, 2021	**$ 465,458**	**1,019,720**	**325,672**	**11,067**	**21,955**	**-**	**14,565**	**126,436**	**1,984,873**

(i) On November 11, 2021, the Board of Directors approved that the part of the TRYD TEXTILE plant in China that had been leased out, and the real estate of the factory site to be reclassified from property, plant and equipment to investment property. Please refer to Note 6(h) for details.

(ii) The property, plant and equipment of the Group had been pledged as collateral for bank borrowings, please refer to Note 8.

(g) Right-of-use assets

The Group leases assets including land, buildings and transportation equipment. Information about leases for which the Group as a lessee was presented below:

	Land	Buildings	Transporation equipment	Total
Cost:				
Balance on January 1, 2022	$ 107,840	223,080	6,531	337,451
Additions	1,578	57,468	1,164	60,210
Disposal	-	(25,368)	(4,641)	(30,009)
Effect of movement in exchange rates	3,688	10,863	61	14,612
Balance on December 31, 2022	**$ 113,106**	**266,043**	**3,115**	**382,264**

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	Land	Buildings	Transporation equipment	Total
Balance on January 1, 2021	$ 107,423	89,201	6,778	203,402
Additions	-	173,140	1,453	174,593
Disposal	-	(29,719)	(1,599)	(31,318)
Effect of movement in exchange rates	417	(9,542)	(101)	(9,226)
Balance on December 31, 2021	$ 107,840	223,080	6,531	337,451
Accumulated depreciation:				
Balance on January 1, 2022	$ 14,754	37,440	4,425	56,619
Depreciation for the year	6,948	43,604	1,494	52,046
Disposal	-	(25,740)	(4,641)	(30,381)
Effect of movement in exchange rates	784	2,018	14	2,816
Balance on December 31, 2022	$ 22,486	57,322	1,292	81,100
Balance on January 1, 2021	$ 8,060	32,009	3,845	43,914
Depreciation for the year	6,625	35,037	2,214	43,876
Disposal	-	(28,274)	(1,599)	(29,873)
Effect of movement in exchange rates	69	(1,332)	(35)	(1,298)
Balance on December 31, 2021	$ 14,754	37,440	4,425	56,619
Carrying amounts:				
Balance on December 31, 2022	$ 90,620	208,721	1,823	301,164
Balance on January 1, 2021	$ 99,363	57,192	2,933	159,488
Balance on December 31, 2021	$ 93,086	185,640	2,106	280,832

The right-of-use assets of the Group had been pledged as collateral for bank borrowings, please refer to Note 8.

(h) Investment property

The movement of the investment property were as follows:

	Land and improvement	Buildings	Total
Book Value:			
Balance on January 1, 2022	$ 1,090,185	332,599	1,422,784
Transfer from property, plant, and equipment	-	2,921	2,921
Chang in fair value	9,410	(42,702)	(33,292)
Effect of movements in exchange rates	27,958	15,571	43,529
Balance on December 31, 2022	$ 1,127,553	308,389	1,435,942

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	Land and improvement	Buildings	Total
Balance on January 1, 2021	$ 1,087,867	138,117	1,225,984
Transfer from property, plant, and equipment	-	118,641	118,641
Chang in fair value	9,656	78,225	87,881
Effect of movements in exchange rates	(7,338)	(2,384)	(9,722)
Balance on December 31, 2021	**$ 1,090,185**	**332,599**	**1,422,784**

(i) The recurring fair value measurement for the investment properties has been categorized as a Level 3 fair value based on the input to the valuation technique used. The above table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

The Group’s investment properties were subsequently measured at fair value using the income approach after initial recognition. The relevant contract information and key assumptions used in the method are as follows:

Contract terms	**Land No. 228-240, 240-1, 241, 531, 531-1, 533-535 and buildings located at Shengli Sec., Rende Dist., Tainan City, total in twenty items.**	
	December 31, 2022	**December 31, 2021**
Rent at local market rate (note)	$220~$280 /Py /month	$200~$218 /Py /month
Current market rent for comparable properties in similar locations and condition	As above	As above
Current status	Available for leasing	Available for leasing
Capitalization rate	2.345%	1.754%
Discount rate	2.22%	3.29%
Appraised by external independent appraiser or self-appraisal	Appraised by external independent appraiser	Appraised by external independent appraiser
Appraiser office(s)	Grand Elite Real Estate Appraisers Firm	CHINA PROPERTY APRAISING CENTER CO., LTD.
Appraiser name(s)	Fu-Sheng Wang、Ming-Quan Chen	Dian-Jing Hsieh、Xiang-Ling Chiu
Appraisal date	December 31, 2022	December 31, 2021
Fair value by external independent appraiser(s)	$930,260 thousand	$934,513 thousand

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Contract Terms	Building No. 6576, Sec. 3, Zhongshan Dist., Taipei City	
	December 31, 2022	**December 31, 2021**
Contract terms	1.Rental:$238 thousand /month 2.Period:60 months 3.Deposits: $460 thousand 4.Tax borne by lessor:$83 thousand/year	1.Rental:$238 thousand /month 2.Period:60 months 3.Deposits: $460 thousand 4.Tax borne by lessor:$84 thousand/year
Rent at local market rate (note)	$3,220 /Py /month	$3,250 /Py /month
Current market rent for comparable properties in similar locations and condition	$2,794～$3,065 /Py /month	$2,794~$4,125 /Py /month
Current status	In use	In use
Capitalization rate	3.95%	3.77%
Discount rate	2.20%	2.02%
Appraised by external independent appraiser or self-appraisal	Appraised by external independent appraiser	Appraised by external independent appraiser
Appraiser office(s)	Grand Elite Real Estate Appraisers Firm	Grand Elite Real Estate Appraisers Firm
Appraiser name(s)	Fu-Sheng Wang	Fu-Sheng Wang
Appraisal date	December 31, 2022	December 31, 2021
Fair value by external independent appraiser(s)	$67,670 thousand	$70,970 thousand

Contract terms	The Group's property located at Parque Industrial la Primavera, Mexico	
	December 31, 2022	**December 31, 2021**
Rent at local market rate (note)	$63～$287 /square feet/month	$41～$240 /square feet/month
Current market rent for comparable properties in similar locations and condition	As above	As above
Current status	Available for leasing	Available for leasing
Capitalization rate	11.00%	10.00%
Discount rate	10.50%	7.50%

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Contract terms	The Group's property located at Parque Industrial la Primavera, Mexico	
	December 31, 2022	**December 31, 2021**
Appraised by external independent appraiser or self-appraisal	Appraised by external independent appraiser	Appraised by external independent appraiser
Appraiser office(s)	Grand Elite Real Estate Appraisers Firm (review opinion)	Grand Elite Real Estate Appraisers Firm (review opinion)
Appraiser name(s)	Fu-Sheng Wang	Fu-Sheng Wang
Appraisal date	Febuary 18, 2023	January 18, 2022
Fair value by external independent appraiser(s)	$285,183 thousand ($181,020 thousand peso)	$238,493 thousand ($176,198 thousand peso)

Contract item	The Group's property located at Jiangsu Yancheng Economic Development Zone, China	
	December 31, 2022	**December 31, 2021**
Contract terms	1.Rental:$45/ square feet/month 2.Period:120 months 3.Deposits: None 4.Tax borne by lessor:$2,985 thousand/year	1.Rental:$45/ square feet/month 2.Period:120 months 3.Deposits: None 4.Tax borne by lessor:$2,985 thousand/year
Rent at local market rate (note)	$533/square feet/month	$533/square feet/month
Current market rent for comparable properties in similar locations and condition	As above	As above
Current status	In use	In use
Capitalization rate	3.25%	4.00%
Discount rate	2.75%	2.75%
Appraised by external independent appraiser or self-appraisal	Appraised by external independent appraiser	Appraised by external independent appraiser
Appraiser office(s)	Grand Elite Real Estate Appraisers Firm	Grand Elite Real Estate Appraisers Firm
Appraiser name(s)	Fu-Sheng Wang	Fu-Sheng Wang
Appraisal date	December 31 2022	November 2 2021
Fair value by external independent appraiser(s)	$199,526 thousand ($44,808 thousand Chinese Yuan)	$224,218 thousand ($51,529 thousand Chinese Yuan)

Note: If there is no actual lease case in the area where the target premises are, the valuation report's selection of the rent comparison case for the premises is based on the investigation and evaluation of the target land use, within the range of the neighboring area, select three appropriate comparison cases, after analysis and comparison and adjustment, obtain the reasonable market rent of the target land.

(Continued)

In accordance with Article34 of the Regulations on Real Estate Appraisal, the procedures of the income approach include estimating the effective gross income and total expenses, computing the net operating income, determining the capitalization rate or discount rate, and computing the income. The attributes used by the Group for the estimations above were the last three years' data from the subject property and comparable properties which have similar characteristics, and these data were assessed and adjusted based on their persistency, stability, and growth to ensure the availability and reasonableness of these data. The movement of income (cash inflows) and expenditure (cash outflows) for future periods was based on the vacancies or losses, existing or future cash flow plans of the Group, and historical cash flows from the subject property, identical properties, or properties in the same industry. The estimation and computation of the net income were based on the highest and best use of the subject property and have taken into consideration the income generated from comparable properties in the same location based on their highest and best use.

The discount rate is determined by the risk premium method, which considers the bank time deposit interest rate, government bond interest rate, the risk of real estate investment, currency changes and the trend of real estate prices, etc., and selects the investment return of the most general property The rate is a benchmark, and it is determined after adjusting the difference between the investment property and the individual characteristics of the target. The discount rate is based on the mobile interest rate of the two-year postal fixed deposit small deposit issued by Chunghwa Post Co., Ltd. plus no less than three yards, and considers the underlying income situation, liquidity, risk, value-added and management For factors such as the difficulty of the above, the risk premium will be added on December 31, 2022 and 2021 to determine the discount rate of the target to be 2.20%~10.50% and 2.02%～7.50%. The estimation of income capitalization refers to the weighted average calculation after dividing the net income of the comparison target by the price.

(ii) In 2022 and 2021, the Group reclassified its real estate from property, plant and equipment to investment property measured at fair value and recognized the difference between the fair value and the book value, amounting to $958 thousand and $59,893 thousand respectively, as revaluation surplus under other equity. Please refer to Note 6(f).

(iii) Remeasurement gains and losses arising from investment property measured at fair value, please refer to Note 6(v).

(iv) As of December 31, 2022 and 2021, the investment property of the Group had been pledged as collateral for long-term borrowings; please refer to Note 8.

(i) Intangible assets

The cost, amortization and impairment of the intangible assets of the Group for the years ended December 31, 2022 and 2021, were as follows:

		Patent	Goodwill	Soft cost	Others	Total
Costs:						
Balance on January 1, 2022	$	208,131	247,307	89,861	1,424	546,723
Additions		-	-	5,867	2,213	8,080
Effect of movement in exchange rate		986	16,963	516	(2)	18,463
Balance on December 31, 2022	**$**	**209,117**	**264,270**	**96,244**	**3,635**	**573,266**

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		Patent	Goodwill	Soft cost	Others	Total
Balance on January 1, 2021	$	206,320	249,688	86,717	1,424	544,149
Additions		2,606	-	3,039	-	5,645
Disposals		(291)	-	-	-	(291)
Effect of movement in exchange rate		(504)	(2,381)	105	-	(2,780)
Balance on December 31, 2021	$	**208,131**	**247,307**	**89,861**	**1,424**	**546,723**
Amortization and impairment loss:						
Balance on January 1, 2022	$	181,604	46,025	69,432	1,424	298,485
Amortization for the year		3,019	4,058	9,608	720	17,405
Effect of movement in exchange rates		177	-	301	5	483
Balance on December 31, 2022	$	**184,800**	**50,083**	**79,341**	**2,149**	**316,373**
Balance on January 1, 2021	$	178,852	42,149	58,803	1,362	281,166
Amortization for the year		2,987	3,876	10,563	62	17,488
Disposals		(145)	-	-	-	(145)
Effect of movement in exchange rates		(90)	-	66	-	(24)
Balance on December 31, 2021	$	**181,604**	**46,025**	**69,432**	**1,424**	**298,485**
Carrying amounts:						
Balance on December 31, 2022	$	**24,317**	**214,187**	**16,903**	**1,486**	**256,893**
Balance on December 31, 2021	$	**26,527**	**201,282**	**20,429**	**-**	**248,238**
Balance on January 1, 2021	$	**27,468**	**207,539**	**27,914**	**62**	**262,983**

(i) The amortization of intangible assets were recognized in the statement of comprehensive income as follows:

	For the years ended December 31	
	2022	**2021**
Operating costs	**$ 1,330**	**1,508**
Operating expenses	**$ 16,075**	**15,980**

(ii) Impairment

For impairment testing purposes, goodwill had been allocated to operating units. They were the minimum level used to monitor the goodwill of the Group for internal management purposes and shall not be larger than the operating segment of the Group.

The carrying amount of goodwill had been allocated to each operating unit were as follows:

	December 31, 2022	December 31, 2021
America region	$ 161,252	145,342
Swaziland region	44,397	44,397
Vietnam region	8,538	11,543
	$ 214,187	**201,282**

(Continued)

The recoverable amount of the goodwill was based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU.

The value in use is determined by the Group's self-assessment by discounting the future cash flows generated by the continuous use of the unit. The value in use (including property, plant and equipment and goodwill) as of December 31, 2022 and 2021, were performed on the same basis, which was estimated based on factors such as past experience and actual operating results.

The key assumptions of the calculation represent the management's assessment of future trends, or it was determined by appraisal agency based on its own professional judgement. And it takes consideration of both external and internal information (historical information) as well.

(iii) The aforesaid intangible assets were not pledged as collateral.

(j) Short-term borrowings

	December 31, 2022	December 31, 2021
Unsecured bank loans	$ 776,066	826,175
Unsecured non-financial institution loans	25,000	-
Secured bank loans	639,686	606,074
Total	**$ 1,440,752**	**1,432,249**
Unused credit line	**$ 1,200,957**	**415,996**
Range of interest rates	**1.5%~5.50%**	**1.00%~6.00%**

The Group had pledged assets as collateral for short-term borrowing, please refer to Note 8.

(k) Short-term notes and bills payable

	December 31, 2022	December 31, 2021
Commercial paper payable	$ 280,000	300,000
Less: Discount on short-term notes and bills payable	(527)	(416)
Net	**$ 279,473**	**299,584**
Range of interest rates	**1.89~2.07%**	**1.31%**
Guarantee institution	CHANG HWA Bank and other four syndicated banks, IBFC	CHANG HWA Bank and other ten syndicated banks

The Group had pledged assets as collateral for short-term notes and bills payable, please refer to Note 8.

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(l) Long-term borrowings

The details were follows:

	December 31, 2022	December 31, 2021
Unsecured non-financial institution loans	$ 26,082	94,186
Secured non-financial institution loans	133,589	8,669
Unsecured bank loans	108,041	41,000
Secured bank loans	1,922,434	1,777,385
Less: current portion	(118,053)	(226,251)
borrowing fees	(4,167)	(3,821)
Net	$ 2,067,926	1,691,168
Unused credit line	$ 175,979	18,000
Range of interest rates	1.79%~4.80%	0.588%~7.87%
Maturity	2023.07~2036.05	2022.01~2036.05

(i) The Group entered into a five-year syndicated loan agreement of 1.2 billion with 5 banks including Changhua Commercial Bank LTD on april 14, 2022.The funds obtained from the joint loan are used to settle the outstanding balance of the previous syndicated loan agreement and to supplement the operating turnover.According to the agreement, the Group shall calculate and maintain its current ratio, debt ratio and net tangible asset based on the Group's annual parent only financial statements audited by auditors during the loan period.The Group met the aforementioned financial ratio as of December 31, 2022.

(ii) Please refer to Note 8 for details of the related assets pledged as collateral.

(m) Lease liabilities

The carrying amount of lease liabilities were as follows:

	December 31, 2022	December 31, 2021
Current	$ 46,253	33,277
Non-current	$ 205,220	189,775

For the maturity analysis, please refer to Note 6(w).

The amounts recognized in profit or loss were as follows:

	For the year ended December 31, 2022	2021
Interest on lease liabilities	$ 7,469	8,515
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 18,504	19,913

(Continued)

The amounts recognized in the statement of cash flows for the Group were as follows:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Total cash outflow for leases	$ **67,366**	**60,521**

(n) Operating lease

Please refer to Note 6(f) and 6(h) for information about the operating leases of property.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date were as follows:

	December 31, 2022	December 31, 2021
Less than one year	$ 33,704	30,497
One to two years	30,329	30,332
Two to three years	28,186	29,617
Three to four years	31,599	27,475
Four to five years	32,282	30,801
More than five years	95,367	124,425
Total undiscounted lease payments	$ **251,467**	**273,147**

(o) Employee benefits

(i) Defined benefit plans

Reconciliation of defined obligation at present value and asset at fair value were as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	$ (35,458)	(58,160)
Fair value of plan assets	23,739	36,227
Net defined benefit liabilities	$ **(11,719)**	**(21,933)**

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provide pension benefits for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for six months prior to retirement.

1) Composition of plan assets

The Group set aside pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. Under these regulations, the minimum earnings from these pension funds shall not be less than the earnings from two-year time deposits with the interest rates offered by local banks.

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The Group' s Bank of Taiwan labor pension reserve account balance amounted to $23,739 thousands as of December 31, 2022. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations for the years ended December 31, 2022 and 2021 were as follows:

	For the years ended December 31	
	2022	**2021**
Defined benefit obligation, January 1	$ (58,160)	(61,223)
Current service costs and interest cost	(423)	(211)
Remeasurements of the net defined benefit liability		
—Experience adjustments	230	(131)
—Actuarial gains (losses) arose from changes in demographic assumptions	(1)	(72)
—Actuarial gains (losses) arose from changes in financial assumption	2,903	2,215
Benefits paid by the plan	4,607	1,262
Loss of control of a subsidiary	15,386	-
Defined benefit obligation, December 31	**$ (35,458)**	**(58,160)**

3) Movements in the fair value of plan assets

The movements in the fair value of the defined benefit plan assets for the years ended December 31, 2022 and 2021 were as follows:

	For the years ended December 31	
	2022	**2021**
Fair value of plan assets, January 1	$ 36,227	33,522
Interests revenue	251	103
Remeasurements of the fair value of plan assets		
—Return on plan asset excluding interest income	2,693	582
Contributions made	3,372	3,282
Benefits paid by the plan	(4,620)	(1,262)
Settlement payment of plan asset	(14,184)	-
Fair value of plan assets, December 31	**$ 23,739**	**36,227**

4) Movements of the effect of the asset ceiling: None.

(Continued)

5) Expenses recognized in profit or loss

The Group's pension expenses that should be recognized in profit or loss for the years ended December 31, 2022 and 2021 were as follows:

	For the years ended December 31	
	2022	2021
Current service costs	$ 27	27
Net interest of net liabilities for defined benefit obligations	145	81
Curtailment or settlement gains	(1,189)	-
	$ (1,017)	108

The actual expenses recognized in profit or loss for the years ended December 31, 2022 and 2021 were as follows:

	For the years ended December 31	
	2022	2021
Operating costs	$ 13	4
Selling expenses	(672)	60
Administration expenses	(293)	25
Research and development expenses	(65)	2
Prepayment	-	17
	$ (1,017)	108

The difference between the above expenses and the amount should to be reported in the actuarial report will be regarded as a change in accounting estimates and recognized as the profit and loss of the following year.

6) Actuarial assumptiions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2022	December 31, 2021
Discount rate	1.3%~1.35%	0.70%
Future salary increase rate	2.00 %	2.00 %

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is $1,514 thousands.

The weighted average lifetime of the defined benefits plans is 8～10 years.

7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

		Influences of defined benefit obligations	
		Increase 0.25%	**Decrease 0.25%**
December 31, 2022			
Discount rate (change 0.25%)	$	(765)	793
Future salary increasing rate (change 0.25%)		785	(763)
December 31, 2021			
Discount rate (change 0.25%)		(1,350)	1,400
Future salary increasing rate (change 0.25%)		1,378	(1,337)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2022 and 2021.

(ii) Defined contribution plans

The Group allocates the regulated percentage of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to $46,043 thousand and $43,096 thousand for the years ended December 31, 2022 and 2021, respectively.

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(p) Income taxes

(i) Tax expense

The components of income tax for the years ended December 31, 2022 and 2021 were as follows:

	For the years ended December 31	
	2022	**2021**
Current income tax expense		
Current period	$ 100,784	110,662
Prior years income tax adjustment	(22,868)	17,327
Additional tax on undistributed earnings	271	5,101
	78,187	133,090
Deferred income tax expense		
Origination and reversal of temporary differences	9,374	7,905
Recognition of previously unrecognized tax losses	(584)	(24,578)
	8,790	(16,673)
Tax expense	**$ 86,977**	**116,417**

The reconciliation of tax expense and income before tax for the years ended December 31, 2022 and 2021 are as followed:

	For the years ended December 31	
	2022	**2021**
Profit before tax	$ 45,303	73,662
Income tax expense at domestic statutory tax rate	$ 9,061	14,732
Effect of tax rates in foreign jurisdiction	89,589	108,825
Tax-exempt income	-	(4)
Gains on financial assets at fair value through profit or loss	-	(22)
Origination and reversal of temporary differences	9,374	7,905
Current-year losses for which no deferred tax asset was recognized	(584)	(24,578)
Adjustment to the prior year	(22,868)	17,327
Realized investment loss	(1,536)	(4,400)
Other	3,941	(3,368)
	$ 86,977	**116,417**

The applicable statutory tax rates for subsidiaries in foreign regions were as follows: America: 22.1%~43.84%, Netherlands: 15%, Mexico: 30%, Mainland: 25%, South Africa: 28% and Swaziland: 27.5%.

(Continued)

(ii) Deferred tax asset and liability recognized

Changes in the amount of deferred tax assets and liabilities for 2022 and 2021. were as follows:

1) Deferred tax asset:

		Unrealized loss of inventory valuation	Unrealized sales margin	Carryforward of unused tax loss	Other	Total
Balance on January 1, 2022	$	17,252	2,647	30,856	11,028	61,783
Recognized in profit or loss		(5,581)	(488)	19	(1,046)	(7,096)
Effect of movement in exchange rates		-	-	3,372	-	3,372
Balance on December 31, 2022	$	**11,671**	**2,159**	**34,247**	**9,982**	**58,059**
Balance on January 1, 2021	$	19,723	1,467	7,220	17,390	45,800
Recognized in profit or loss		(2,471)	1,180	24,578	(6,362)	16,925
Effect of movement in exchange rates		-	-	(942)	-	(942)
Balance on December 31, 2021	$	**17,252**	**2,647**	**30,856**	**11,028**	**61,783**

2) Deferred tax liabilities:

		Defined benefit plan	Provision for land value increment tax	Unrealized exchange benefits	Other	Total
Balance on January 1, 2022	$	654	177,045	-	914	178,613
Recognized in profit or loss		-	-	1,639	55	1,694
Balance on December 31, 2022	$	**654**	**177,045**	**1,639**	**969**	**180,307**
Balance on January 1, 2021	$	654	177,045	-	664	178,363
Recognized in profit or loss		-	-	-	250	250
Balance on December 31, 2021	$	**654**	**177,045**	**-**	**914**	**178,613**

(iii) The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

(q) Capital and other equity

(i) Ordinary shares

A resolution was passed by the general meeting of shareholders held on 27 June 2013 for the issuance of 42,052 thousand ordinary shares for cash under private placement, with par value of $10 per share, amounting to $420,524 thousand. The date of capital increase was on 28 April, 2014, which was approved on 23 April 2014 by the Board. The relevant statutory registration procedures have since been completed.

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A resolution was passed by the temporary meeting held on 4 December 2018 for the issuance of 23,362 thousand ordinary shares for cash under private placement, with par value of $10 and issuance price of $10.16 per share, amounting to $237,363 thousands, The date of capital increase was on December 12, 2018. The relevant statutory registration procedures have been completed.

As of December 31, 2022 and 2021, the number of authorized shares were each $$3,000,000 thousand, respectively, with par value of $10 per share and divided into $300,000 thousand shares. All of the aforementioned shares are ordinary shares, and the number of issued shares was $233,625 thousand shares. All proceeds from the shares have been collected.

The aforementioned private placement of ordinary shares and the transfer of any subsequently obtained bonus shares would be subject to article 43-8 under the Securities and Exchange Act. The Company can only apply for these shares to be traded on the Taiwan Stock Exchange after a three-year period has elapsed from the delivery date of the private-placed securities, and after applying for a public offering with the Financial Supervisory Commission.

(ii) Capital surplus

The components of the capital surplus were as follows:

	December 31, 2022	December 31, 2021
Share capital	$ 121,485	121,485
Conversion of bonds	14,648	14,648
Treasury stock transactions	3,949	3,949
Difference between consideration and carrying amount of subsidiaries acquired or disposed	95,847	95,847
Changes in equity of subsidiaries under equity method	3,516	3,531
Donated surplus	254	254
	$ 239,699	**239,714**

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

The Company's article of incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes or salary. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit, together with any undistributed retained earnings, shall be distributed according to the distribution plan proposed by the Board of Directors to be submitted to the stockholders' meeting for approval.

The Company's dividend policy considering factors such as current and future development plans, investment environment, capital requirements and domestic and international competition, and the interests of shareholders, is to distribute dividends to shareholders in an amount not less than 10% of the current distributable earnings each year.

The earnings distribution may be distributed by cash or stock. The distribution ratio of cash dividends should not be less than 10% of the total dividends.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

When the Company first adopted the International Financial Reporting Standards recognized by the FSC, it chose to apply the exemption item of IFRS 1 "First-time Application of International Financial Reporting Standards". Hence, the unrealized revaluation and accumulation accounted for shareholders' equity amounted to $216,408 thousand, resulting in a decrease in retained earnings. Since the net reduction of retained surplus on the conversion date was due to the initial adoption of IFRSs based on FSC's regulations, the Company need not apply for a special surplus reserve for the amount reclassified to retained earnings on January 1, 2013.

The Company chose the fair value model for subsequent measurement of its investment property. According to the regulations of the FSC, the net increase in special surplus reserve amounting to the net increase in fair value of investment property measured by the fair value model adopted for the first time should be applied. Also, the special surplus reserve shall be taken in the following order when the Company distribute its annual earnings:

a) The fair value model is used in calculating the special reserve amounting to the net for subsequent measurement of investment property from undistributed earnings of current period and prior year. If the cumulative net increase in fair value in the previous period, the amount of the special surplus reserve of the same amount from the undistributed surplus in the previous period cannot be distributed; when the accumulated net increase in fair value of the investment real estate is subsequently reduced or the investment real estate is disposed of, the surplus may be reverted to distribute the surplus based on the reduction or the disposal situation.

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b) The special surplus reserve calculated based on the shareholding ratio, which amounts to the difference between the market value and the book value of the parent company's stock held by the subsidiary company at the end of the period, shall not be distributed. If there is any rebound in the market price thereafter, the amount of that part must be converted to a special surplus reserve based on the shareholding ratio.

c) A portion of current period earnings and undistributed prior period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the total net reduction of other shareholders' equity for the current period. Similarly, a portion of undistributed prior period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. The amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

On June 15, 2022, the Company resolved not to distribute dividends at the general meeting of stockholders. On July 12, 2021, the general meeting of stockholders resolved to distribute earnings for 2020. The cash dividends of $0.7 per share, amounting to $163,537 thousand, were distributed to ordinary shareholders for the year 2020.

(r) Share-based payment

On January 20, 2021, the Board of Directors decided to issue 1,000 shares as employee stock options for employees who meet certain conditions, with the subscription price of $15 per share on the grant date.

(i) The Group used Black-DScholes method in measuring the fair value of the share-based payment at the grant date. For the year ended December 31, 2021, the measurement inputs were as follows:

	Equity-settled Employee stock options
Grant date	2021.01.20
Fair value at grant date	15.00
Exercise price(TWD/per share)	18.02
Expected volatility (%)	57.23%
Risk-free interest rate (%)	0.16%
Expected dividend	0.00%
Expected life (years)	0.02
Fair value(TWD/per share)	3.0280

(ii) Description of share-based payment arrangements

Details of the employee stock options were as follows:

	2021	
	Weighted average exercise price	**Number of options**
Outstanding at January 1	$ -	-
Granted during the year (number)	15.00	1,000
Exercised during the year (number)	(15.00)	(1,000)
Outstanding at December 31, 2022	**$ -**	**-**

In 2021, the Group incurred the expenses on share-based arrangement amounting to $3,028 thousands.

(s) Earnings per share

The basic earnings per share and diluted earnings per shares were calculated as follow:

(i) Basic earnings per share

	For the years ended December 31	
	2022	**2021**
Basic earnings per share		
Loss attributable to ordinary shareholders	**$ (38,383)**	**(30,882)**
Weighted-average number of ordinary shares (thousand shares)	**233,625**	**233,625**
Loss attributable to shareholders per share	**$ (0.16)**	**(0.13)**

(ii) The Group's suffers from operating losses for the years ended December 31, 2022 and 2021 and has no dilution effect. Thus, no diluted earnings per share has been disclosed.

(t) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the years ended December 31	
	2022	**2021**
Primary geographical markets:		
Taiwan	$ 226,349	212,666
America	2,351,386	2,810,172
Asia	1,529,395	1,594,514
Mexico	200,555	240,162
Africa	1,576,771	1,561,854
Other countries	244,764	218,568
	$ 6,129,220	**6,637,936**

(Continued)

(ii) Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liabilities	$ 108,992	80,400	69,478

The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(u) Employee compensation and directors' and supervisors' remuneration

Based on the amended Company’ s Articles of Incorporation, remuneration of employees and directors are appropriated at the rate of at least 2% and no more than 2% of profit before tax, respectively. Prior years’ accumulated deficit is first offset before any appropriation of profit. Employees of subsidiaries may also be entitled to the employee remuneration of the Company, which can be settled in the form of cash or stock.

For the year ended December 31, 2022 and 2021, the Company suffered an operating loss, hence, no remuneration to employees and directors were estimated. The estimated amounts were calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, and multiplied by the percentage of remuneration to employees and directors as specified in the Company’s Articles of Incorporation.

There was no difference between the amounts approved in Board of Directors meeting and recognized for the years ended December 31, 2022 and 2021. For further information, please refer to Market Observation Post System.

(v) Non-operating income and expenses

(i) Other income

The details of other income were as follows:

	For the years ended December 31	
	2022	2021
Rent income	$ 8,445	3,727
Dividend income	-	21
	$ 8,445	3,748

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(ii) Other gains and losses

The details of other gain and losses were as follows:

	For the years ended December 31	
	2022	**2021**
Losses on disposal of intangible assets	$ -	(146)
Gains (losses) on disposal of property, plant and equipment	415	(808)
(Losses) gains on fair value adjustment of investment property	(34,250)	27,988
Foreign exchange gains (losses)	83,741	(23,312)
Gains of financial asset at fair value through profit or loss	-	111
Other income	48,774	50,086
Other expenses	(24,904)	(4,047)
	$ 73,776	**49,872**

(iii) Interest income

The details of interest income were as follows:

	For the years ended December 31	
	2022	**2021**
Bank deposits	$ 32,242	20,761
Overdue accounts	181	144
Interest subsidy	17	22
	$ 32,440	**20,927**

(iv) Interest expenses

The details of interest expenses were as follows:

	For the years ended December 31	
	2022	**2021**
Loans and borrowings	$ 92,512	86,404
Lase liabilities	7,469	8,515
	$ 99,981	**94,919**

(w) Financial instruments

(i) Categories of financial instruments

1) Financial asset

	December 31, 2022	December 31, 2021
Measured at fair value through other comprehensive income	$ 24,512	10,689
Measured at amortized cost (deposits and receivables)		
Cash and cash equivalents	2,144,613	1,343,026
Notes, accounts receivables, and other receivables	842,595	1,405,327
Other financial assets－current	178,190	172,533
Other non-current financial assets	42,811	38,196
Subtotal	3,208,209	2,959,082
Total	**$ 3,232,721**	**2,969,771**

2) Financial liabilities

	December 31, 2022	December 31, 2021
Financial liabilities carried at amortized cost		
Short-term borrowings	$ 1,440,752	1,432,249
Short-term notes and bills payable	279,473	299,584
Accrued payable	898,978	1,206,968
Lease liabilities	251,473	223,052
Long-term borrowings (including current portion)	2,185,979	1,917,419
Total	**$ 5,056,655**	**5,079,272**

(ii) Credit risk

1) Credit risk exposure

The carrying amount of financial assets and contract assets represents the maximum amount exposed to the credit risk. The amounts of maximum credit risk exposure of the Group on December 31, 2022 and 2021 was $3,232,721 thousand and $2,969,771 thousand, respectively.

2) The customers of the Group are concentrated in the retail and wholesale of textile or garments. In order to reduce credit risk, the Group continuously evaluates the financial status of customers, conducts individual assessment based on the signs of impairment of accounts receivable and credit risk characteristics, handles accounts receivable insurance policy for some customers; On December 31, 2022 and 2021, The Group has a vast client base that is not connected, thus, the extent of concemtration credit risk is limited.

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3) For credit risk exposure of trade receivables and other receivables, please refer to Notes 6(c) and 6(d).

(iii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
December 31, 2022							
Non-derivative financial liabilities							
Secured bank loans	$ 2,695,709	2,961,297	358,110	421,193	124,998	943,938	1,113,058
Unsecured bank loans	935,189	944,877	838,546	20,240	42,895	43,196	-
Short-term notes and bills payable	279,473	280,000	280,000	-	-	-	-
Accured payables	898,978	898,978	898,978	-	-	-	-
Lease liabilities	251,473	273,113	26,550	27,118	54,661	152,268	12,516
	$ 5,060,822	5,358,265	2,402,184	468,551	222,554	1,139,402	1,125,574
December 31, 2021							
Non-derivative financial liabilities							
Secured bank loans	$ 2,392,128	2,494,538	340,057	438,171	186,457	1,244,654	285,199
Unsecured bank loans	961,361	989,922	794,816	134,579	35,106	25,421	-
Short-term notes and bills payable	299,584	300,000	300,000	-	-	-	-
Accured payables	1,206,968	1,206,968	1,206,968	-	-	-	-
Lease liabilities	223,052	247,960	21,014	19,034	38,146	129,234	40,532
	$ 5,083,093	5,239,388	2,662,855	591,784	259,709	1,399,309	325,731

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iv) Currency risk

1) Exposure to foreign currency risk

The Group's significant exposures to foreign currency risk were as follow:

	December 31, 2022			December 31, 2021		
	Foreign Currency	**Exchange Rate**	**NTD**	**Foreign Currency**	**Exchange Rate**	**NTD**
Financial assets						
Monetary items						
NTD:USD	$ 28,093	30.7100	862,736	29,754	27.6800	823,604
SZL:USD	530	17.0068	16,268	673	15.9236	18,653
CNY:USD	1,048	6.8983	31,879	5,509	6.3614	152,244
VND:USD	338	23,633	10,366	618	22,828	17,139
EUR:NTD	1,391	32.7200	45,519	1,373	31.3200	42,989
MXN:USD	520	19.4932	15,958	293	20.4499	8,125
JPY:NTD	58,475	0.2324	13,590	51,937	0.2405	12,491
Financial liabilities						
Monetary items						
NTD:USD	15,324	30.7100	470,607	8,257	27.6800	228,566
SZL:USD	302	17.0068	9,262	4,086	15.9236	113,185
CNY:USD	9,187	6.8983	279,357	16,743	6.3614	462,679
VND:USD	794	23,633	24,386	1,548	22,828	42,890
MXN:USD	-	19.4932	-	12,973	20.4499	359,331
USD:GBP	300	0.8266	9,213	-	-	-

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable and other receivables, other financail assets, loans, trade and other payables that are denominated in foreign currency. A 1% of appreciation or depreciation of each major foreign currency against the Group's functional currency as of December 31, 2022 and 2021 would have increased (decreased) the net income for the years ended December 31, 2022 and 2021 would have increased (decreased) the before-tax net income for the years ended December 31, 2022 and 2021 by $2,035 and $1,314, respectively.

3) Foreign exchange gains or losses on monetary item

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the years ended December 31, 2022 and 2021, foreign exchange gains (including realized and unrealized portions) amounted to $83,741 thousand and losses $23,312 thousand, respectively.

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(v) Interest rate analysis

The book values of the financial assets and financial liabilities affected by the interest rate risk on the reporting date were as below:

	Fixed-rate instrument		Variable rate instrument	
	December 31, 2022	**December 31, 2021**	**December 31, 2022**	**December 31, 2021**
Financial assets	$ 1,172,874	686,526	1,151,573	823,947
Financial liabilities	(325,895)	(308,253)	(3,601,124)	(3,340,999)
	$ 846,979	**378,273**	**(2,449,551)**	**(2,517,052)**

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The Group' s internal management reported the change of interest rate and the exposure to changes in interest rate of 1% is considered by management to be a reasonable change of interest rate.

If the interest rate had increased / decreased by 1%basis points, the Group's interest expenses would have increased / decreased by $24,496 thousands and $25,171 thousands for the years ended December 31, 2022 and 2021 respectively, with all other variable factors remaining constant. The reason is mainly due to variable-rate loans.

(vi) Other market price risk

If the securty price of domestic stocks measured at fair value through profit or loss held by the Group changes, the impact to other comprehensive income will be as follows, assuming the analysis is based on the same basis for both years and assuming that all other variables considered in the analysis remain the same:

	For the years ended December 31	
	2022	**2021**
Price of securities at reporting date	**Net income (loss)**	**Net income (loss)**
Increasing 7%	$ 1,716	748
Decreasing 7%	(1,716)	(748)

(vii) Information of fair value

1) Classification of financial instruments and fair value hierarchy

The book value of the financial assets and liabilities was close to the fair value; the fair value of the financial assets measured at fair value through profit and loss and those measured at fair value through other comprehensive income was estimated on a recurring basis of level 1 and 3, respectively.

2) Valuation techniques for financial instruments not measured at fair value

The Group's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

a) Financial assets and liabilities measured at amortized cost (including debt investment that has no active markets).

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

3) Valuation techniques for financial instruments measured at fair value

The Group's valuation techniques and assumptions used for financial instruments measured at fair value are as follows:

a) Financial instruments that have standard terms and are traded in an active market, such as listed stocks, the fair value are determined by quoted prices.

b) Measurements of fair value of financial instruments without an active market

i) Using discounted cash flow analysis to measure its fair value. The main assumption is investors' expected standard profit which is manipulated by capitalization rate that reflects investment risk.

ii) Using observable market data at the reporting date to measure its fair value. The main assumption is based on comparable price-book ratio, which is adjusted by offsetting the impact of discount for lack of marketability and minority interest.

c) The fair values of financial assets and financial liabilities other than those aforesaid are determined in accordance with discounted cash flow analysis which is generally accepted.

4) Transfers between Level 1 and Level 2

There are no transfers from each level for the years ended December 31, 2022 and 2021.

(x) Financial risk management

(i) Overview

The Group have exposures to the following risks from its financial instruments:

1) credit risk

2) liquidity risk

3) market risk

The following likewise discusses the Group's exposure information, objectives, policies and processes for measuring and managing the above mentioned risks. For further information, please refer to the relevant notes to the consolidated financial statement.

(ii) Structure of risk management

The financial management department of the Group provides intercompany services for various businesses, coordinates the operation of entering the domestic and international financial markets, and supervises and manages the financial risks related to the operation of the Group by analyzing the internal risk report according to the degree and breadth of the risk. Internal auditors continue to review compliance with policies and the risk limit. The Group did not trade financial instruments (including derivative financial instruments) for speculative purposes.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in equity investment.

1) Trade and other receivable

The policy adopted by the Group is to only trade with reputable customers and obtain collateral when necessary to reduce the risk of financial losses from default. The Group only trades with companies rated equivalent to the investment grade. Such information is provided by independent rating agencies; if such information is not available, the Group will use other publicly available financial information and transaction experience to rate major customers. The Group continues to monitor the credit risk insurance level and the credit rating of the counterparty, and distributes the total transaction amount to those with qualified credit ratings, and controls the credit risk through the credit limit that is reviewed and approved annually.

The accounts receivable is comprised from vast customers base, which is scattered in different industries and geographic regions. The Group continues to evaluate the financial status of customers.

2) Investments

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Group's finance department. The Group only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Group does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

3) Guarantees

The Group's policy is to provide financial guarantees only to wholly owned subsidiaries. On December 31, 2022 and 2021, no other guarantees were outstanding.

(Continued)

(iv) Liquidity risk

The Group manages and maintains sufficient cash and cash equivalents to support the operation and ease the impact of cash flow fluctuation. The management supervises the unused credit lines and ensures the compliance of loan contracts.

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group' s approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Bank loans were important resource of liquidity risk for the Group. For the unused credit line amount of the Group on December 31, 2022 and 2021, please refer to the Notes(k) and (m).

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Group is exposed to currency risk arising from sales, purchases and borrowings that are not denominated in functional currencies of the Group's main operating entities. The functional currency of the Group is primarily the New Taiwan Dollars (NTD), as well as US Dollars (USD), Euro (EUR) Chinese Yuan (CNY) and South African Rand (ZAR). The currencies used in these transactions are denominated in NTD, EUR, USD, CNY and ZAR.

The loan interest is denominated in the same currency as principal. Generally, borrowings are denominated in the same currencies that generates operating cash flows of the Group, mainly in NTD, as well as in USD and CNY. This provides an economic hedge without derivatives being entered into, and therefore, hedge accounting is not applied in these circumstances.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

2) Interest rate risk

The Group borrowed funds in the fixed and variable rate simultaneously, resulting in fair value change risk and cash flow risk. The Group manage the interest rate risk through maintaining a proper combination of fixed and variable rate.

3) Other market price risk

The Group is exposed to equity price risk due to the investments in domestic listed stocks. The Group does not actively trade these investments, and the management continuously monitor the price risk and assess the portfolio.

(Continued)

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(y) Capital management

The Group's objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Group and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, other equity and non-controlling interests plus net debt.

As of December 31, 2022, the Group's capital management strategy is consistent with the prior year. The Group's debt-to-equity ratio at the end of the reporting period as of December 31, 2022 and 2021, were as follows:

		December 31, 2022	December 31, 2021
Total liabilities	$	5,437,534	5,511,496
Less: cash and cash equivalents		(2,144,613)	(1,343,026)
Net debt		3,292,921	4,168,470
Total Equity		3,218,955	3,106,769
Adjusted equity	$	**6,511,876**	**7,275,239**
Debt-to-equity ratio		**50.57%**	**57.30%**

(7) Related-party transactions:

(a) Names and relationship with related parties

Name of related party	Relationship with the Group
SEN JEWEL TECHNOLOGY CO., LTD.	Same president with the Company
TAI CHAM TECHNOLOGY CO., LTD.	The entity's chairman is the vice chairman of the Company
Yancheng Nanwei Composite Material R & D Co., Ltd.	Key management personnel of the entity is the subsidiary of the group
Feng-Ying Yeh	Key management personnel
Yao Wan-Kuei	Key management personnel

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(b) Significant transactions with related parties

(i) Sales

The amounts of sales to the related parties were as follows:

	For the years ended December 31 2022	2021
Other related party	$ -	150
Associates	593	32
	$ 593	**182**

The payment terms ranged from one to three months, which were no difference from the those given to other customers. The pricing cannot be compared due to the specifications and styles of the orders.

(ii) Receivables from Related Parties

The receivables from related parties were as follows:

Account	Relationship	December 31, 2022	December 31, 2021
Account receivables	Other related parties	**$ -**	**158**
Other receivables	Other related parties	**$ -**	**200**

(iii) Payables from Related Parties

Account	Relationship	December 31, 2022	December 31, 2021
Other payables due to related parties	Other related parties	**$ -**	**4**

(iv) Leases

The Group leased its factory buildings and offices to associates and other related party in lease terms of a year. The rental income was paid on a monthly basis. For years ended December 31, 2022 and 2021, there were $15 thousand and $60 thousand, respectively.

(v) Loans to related parties (accounted as other payables due to related parties)

	December 31, 2022	December 31, 2021
Key management personnel-Feng Ying, Yeh	$ -	28,250
Key management personnel-Yao Wan-Kuei	12,000	-
Other related parties	8,816	-
	$ 20,816	**28,250**
Range of interest rates	**2%~4%**	**4%**

Account	Relationship	December 31, 2022	December 31, 2021
Interest payable	Key management personnel	$ 32	807

Account	Relationship	For the years ended December 31 2022	2021
Interest expense	Key management personnel	$ 523	807

No collaterals were pledged for the abovementioned loans.

(vi) Advance receipts

The advance receipts from related parties were as follows:

	December 31, 2022	December 31, 2021
Other related parties	$ 690	633

(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the years ended December 31 2022	2021
Short-term employee benefits	$ 29,329	30,309
Post-employment benefits	816	723
	$ 30,145	31,032

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Pledged to secure	December 31, 2022	December 31, 2021
Account receivables	Collateral for short-term borrowings	$ -	4,666
Other financial assets－current and non-current	Collateral for long-term and short-term borrowings, guarantee of litigation and performance	191,200	190,238
Property, plant and equipment	Collateral for long-term and short-term borrowings	1,090,034	1,201,403
Investment property	Collateral for long-term borrowings	1,236,035	1,068,630
Right-of-use assets	Collateral for short-term borrowings	65,524	76,463
		$ 2,582,793	2,541,400

(Continued)

TEX-RAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(9) Commitments and contingencies:

(a) Significant commitments and contingencies were as follows:

(i) Unrecognized contractual commitments

	December 31, 2022	December 31, 2021
Acquisition of property, plant and equipment	$ -	1,561

(ii) Outstanding standby letter of oredit

	December 31, 2022	December 31, 2021
USD	$ 7,314	12,036

(b) Significant contingent liability: None

(10) Losses due to major disasters: None

(11) Subsequent events: None

(12) Other:

A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By funtion / By item	For the year ended December 31					
	2022			2021		
	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits						
Salary	701,434	499,249	1,200,683	694,331	485,018	1,179,349
Labor and health insurance	49,030	37,806	86,836	50,020	37,389	87,409
Pension	20,706	24,320	45,026	19,987	23,200	43,187
Others	39,646	29,419	69,065	38,864	33,680	72,544
Depreciation	114,366	89,116	203,482	136,796	69,729	206,525
Depletion	-	-	-	-	-	-
Amortization	1,330	16,075	17,405	1,508	15,980	17,488

(Continued)

TEX-RAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral Item	Collateral Value	Individual funding loan limits	Maximum limit of fund financing
0	The Company	TRYD APPAREL	Other accounts receivable-related party	Yes	64,430	61,420	-	4%	2	-	Operating turnover	-	-	-	1,223,877	1,223,877
0	The Company	TRYD TEXTILE	〃	Yes	84,075	61,420	30,710	4%	2	-	Operating turnover	-	-	-	1,223,877	1,223,877
0	The Company	AIQ	〃	Yes	40,000	-	-	4%	2	-	Operating turnover	-	-	-	1,223,877	1,223,877
0	The Company	AIQ-S	〃	Yes	9,665	9,213	9,213	2.5%-4%	2	-	Operating turnover	-	-	-	1,223,877	1,223,877
1	Z-PLY(NY)	TRYD TEXTILE	〃	Yes	128,860	122,840	61,420	2.5%	2	-	Operating turnover	-	-	-	322,557	483,835
1	Z-PLY(NY)	TEXRAY (MEXICO)	〃	Yes	64,430	61,420	-	2.5%	2	-	Operating turnover	-	-	-	322,557	483,835
1	Z-PLY(NY)	AMRAY (MEXICO)	〃	Yes	32,215	30,710	-	2.5%	2	-	Operating turnover	-	-	-	322,557	483,835
2	TEX-RAY (SHANGHAI)	TRYD TEXTILE	〃	Yes	270,850	267,177	266,509	6%	2	-	Operating turnover	-	-	-	422,882	634,323
2	TEX-RAY (SHANGHAI)	TRYD APPAREL	〃	Yes	90,283	89,059	-	6%	2	-	Operating turnover	-	-	-	422,882	634,323
2	TEX-RAY (SHANGHAI)	AIQ(Zheijiang)	〃	Yes	49,656	48,982	48,982	6%	2	-	Operating turnover	-	-	-	422,882	634,323
3	TEX-RAY (MEXICO)	AMRAY (MEXICO)	〃	Yes	81,182	78,771	49,626	2.5%	2	-	Operating turnover	-	-	-	293,086	439,629
4	TEX-RAY (CAYMAN)	TEXRAY (MEXICO)	〃	Yes	128,860	122,840	118,848	2.5-4%	2	-	Operating turnover	-	-	-	471,333	707,000
4	TEX-RAY (CAYMAN)	AMRAY (MEXICO)	〃	Yes	289,935	276,390	261,035	2.5-4%	2	-	Operating turnover	-	-	-	471,333	707,000
5	AIQ	AIQS	〃	Yes	4,832	-	-	4%	2	-	Operating turnover	-	-	-	578	578
6	ZHENG-RAY	HUAI WEI BIOTECHNOLOGY CO.,LTD	〃	Yes	10,000	-	-	4%	2	-	Operating turnover	-	-	-	43,326	43,326

Note 1: Financing purposes:

1) Business dealings

2) Short-term financing needs

Note 2: The maximum limit of Capital Finance is limited to 40% of the company's net value, so the calculation is based on the net value of the most recent financial report. The calculation limit is 3,059,692 thousand NTD × 40% = 1,223,877 thousand NTD.

Note 3: The loan amount of individual objects is limited to not more than 40% of the company's net value, so the calculation is based on the net value of the most recent financial report. The calculation limit is 3,059,692 thousand NTD × 40% = 1,223,877 thousand NTD.

Note 4: The maximum limit of capital financing is limited to 40% of the net value of the financial report of the loan and the company. However, the maximum limit of 100% holding of foreign subsidiary financing is limited to 150% of the company’s financial report net value.

Note 5: The loan amount of individual objects shall not exceed 40% of the subsidiary’s financial report net value. However, the amount of loans to individual objects between 100% held foreign subsidiaries shall not exceed 100% of the net value of the financial report of the subsidiary.

TEX-RAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	TRYD TEXTILE	2	1,529,846	969,517	783,105	458,531	230,808	25.59 %	3,059,692	Y	N	Y
0	The Company	TRYD APPAREL	2	1,529,846	225,505	214,970	145,565	51,589	7.03 %	3,059,692	Y	N	Y
0	The Company	TEX-RAY (VN)	2	1,529,846	64,430	61,420	-	-	2.01 %	3,059,692	Y	N	N
0	The Company	TEX-RAY (SHANGHAI)	2	1,529,846	108,340	106,871	87,500	-	3.49 %	3,059,692	Y	N	Y
0	The Company	TST	2	1,529,846	48,625	20,000	-	-	0.65 %	3,059,692	Y	N	N
0	The Company	AIQ	2	1,529,846	41,000	41,000	35,021	15,355	1.34 %	3,059,692	Y	N	N
0	The Company	WEI LI TEXTILE	2	1,529,846	100,000	100,000	50,607	-	3.27 %	3,059,692	Y	N	N
1	TEX-RAY (SHANGHAI)	TEX-RAY (KUNSHAN)	2	422,882	45,142	44,530	30,280	-	10.53 %	634,323	N	N	Y
2	TRYD TEXTILE	TRYD APPAREL	4	1,529,846	180,567	178,118	178,118	190,989	- %	3,059,692	N	N	Y

Note 1: The relationship between the guarantee and the guarantor are as follows:
1. Transactions between the companies.
2. The Company directly or indirectly holds more than 50% voting right.
3. When other companies directly or indirectly hold more than 50% voting rights of the Company.
4. The Company directly or indirectly holds more than 90% voting right.
5. A company that is mutually protected under contractual requirements based on the needs of the contractor.
6. A company that is endorsed by all the contributing shareholders in accordance with their shareholding ratio due to joint investment relationship.
7. Under the Consumer Protection Act, performance guarantees for pre-sale contracts for companies in the same industry.

Note 2: The maximum limit of endorsement guarantee is limited to not exceeding 100% of the net value of the company's latest financial report, so the calculation is based on the net value of the most recent financial report, and the calculation limit is 3,059,692 thousand NTD × 100% = 3,059,692 thousand NTD.

Note 3: The limit for a single enterprise endorsement guarantee is limited to 50% of the net value of the company's latest financial report. Therefore, the calculation is based on the net value of the latest financial report. The calculation limit is 3,059,692 thousand NTD × 50% = 1,529,846 thousand NTD.

Note 4: The amount of the endorsement guarantee provided to a single enterprise in business dealings shall not exceed the total amount of business dealings in the twelve months before the endorsement of the two parties.

Note 5: The maximum limit of overseas subsidiary endorsement guarantee is limited to 150% of the net value of each subsidiary's latest financial statement, and the limit of endorsement guarantee for individual objects is limited to 100% of the net value of each subsidiary's latest financial statement.

(iii) Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest Percentage of ownership (%)	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
The Company	SHIN ERA TECH	-	Non current financial assets at fair value through other comprehensive income	68	-	1.88 %	-	1.88 %	
The Company	Cayman iMaker Technlogy Inc.	-	Non current financial assets at fair value through other comprehensive income	800	-	8.80 %	-	8.80 %	
The Company	TAIWAN United Outdoor Group, Inc.	-	Non current financial assets at fair value through other comprehensive income	500	-	15.67 %	-	15.67 %	

(Continued)

TEX-RAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest Percentage of ownership (%)	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
The Company	PHYSICLO, Inc.	-	Non current financial assets at fair value through other comprehensive income	51	-	5.00 %	-	5.00 %	
The Company	Uniigym Global	-	Non current financial assets at fair value through other comprehensive income	250	9,092	2.26 %	9,092	2.26 %	
The Company	eAi Technologies Inc.	-	Non current financial assets at fair value through other comprehensive income	1,092	10,920	13.03 %	10,920	13.03 %	
AIQ	Joiiup Technology Co., Ltd.	-	Non current financial assets at fair value through other comprehensive income	333	-	5.71 %	-	5.71 %	
ZENG-RAY	SEN JEWEL TECHNOLOGY CO., LTD.	-	Non current financial assets at fair value through other comprehensive income	950	4,500	19.00 %	4,500	19.00 %	

Note: The stocks of unlisted OTC companies have no market price to follow, so they are listed based on the net equity value multiplied by the shareholding ratio or equity evaluation report for reference.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
TEX-RAY Industrial	Z-PLY CORPORTION	Investment accounted for asing equity method,net	FLYNN (SAMOA)	Subsidiary	-	-	200	314,491	-	-	-	-	200	314,491

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Z-PLY(NY)	Subsidiary	Sale	$ (645,534)	(22.43) %	45 days	-		43,322	15.32%	
The Company	T.Q.M. (SWAZILAND)	Sub-subsidiary	Sale	(243,332)	(8.45) %	30 days	-		63,901	22.59%	
TRYD APPAREL	Z-PLY(NY)	Affiliated company	Sale	(161,834)	(22.62) %	90 days	-		30,848	17.73%	
T.Q.M(SWAZILAND)	TEX-RAY(SA)	Parent company	Sale	(1,384,113)	(95.80) %	75 days	-		1,096,649	99.24%	
KASUMI(SWAILAND)	T.Q.M (SWAZILAND)	Affiliated company	Sale	(180,367)	(99.36) %	75 days	-		379,695	99.99%	
GOOD TIME	The Company	Ultimate Parent company	Sale	(124,237)	(87.92) %	60 days	-		-	-%	
KMT	KMBV	Subsidiary	Sale	(129,708)	(33.40) %	60 days	-		28,051	40.82%	

(Continued)

TEX-RAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
TEX-RAY(VN)	The Company	Ultimate Parent company	Sale	(275,624)	(97.46) %	60 days	-		-	-%	
Z-PLY(NY)	The Company	Ultimate Parent company	Purchase	645,534	73.45 %	45 days	-		(43,322)	(56.56)%	
T.Q.M(SWAZILAND)	The Company	Ultimate Parent company	Purchase	243,332	30.00 %	30 days	-		(63,901)	(11.70)%	
TEX-RAY (SA)	T.Q.M (SWAZILAND)	Subsidiary	Purchase	1,384,113	99.52 %	75 days	-		(1,096,649)	(99.83)%	
T.Q.M(SWAZILAND)	KASUMI (SWAZILAND)	Affiliated Company	Purchase	180,367	22.24 %	75 days	-		(379,695)	(69.55)%	
The Company	GOOD TIME	Sub-subsidiary	Purchase	124,237	8.19 %	60 days	-		-	-%	
KMBV	KMT	Subsidiary	Purchase	129,708	96.85 %	60 days	-		(28,051)	(99.60)%	
The Company	TEX-RAY (VN)	Sub-subsidiary	Purchase	275,624	18.16 %	60 days	-		-	-%	
Z-PLY(NY)	TRYD APPAREL	Affiliated company	Purchase	161,834	18.41 %	90 days	-		(30,848)	(40.27)%	

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
T.Q.M.(SWAZILAND)	TEX-RAY(SA)	Parent company	1,096,649	1.29%	-		176,947	-
KASUMI(SWAILAND)	T.Q.M.(SWAZILAND)	Affiliated company	379,695	0.48%	-		12,841	-
TEXRAY(KUNSHAN)	TRYD APPAREL	Affiliated company	337,810	-	-		-	-
TEX-RAY (SHANGHAI)	TRYD TEXTILE	Affiliated company	266,509	(note 1)	-		-	-
TEX-RAY(CAYMAN)	TEX-RAY(MEXICO)	Subsidiary	261,035	(note 1)	-		-	-
TEX-RAY(CAYMAN)	AMRAY(MEXICO)	Subsidiary	118,848	(note 1)	-		-	-

Note 1: Loan provided by the related party.

(ix) Trading in derivative instruments: None

(x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Z-PLY(NY)	1	Sales revenue	645,534	Similar to non-related parties	10.53%
0	The Company	Z-PLY(NY)	1	Account receivable	43,322	Similar to non-related parties	0.50%
0	The Company	TEX-RAY(VN)	1	Other prepaid expenses	119,652	Similar to non-related parties	1.38%
0	The Company	TRCA GARMENT	1	Other prepaid expenses	23,797	Similar to non-related parties	0.27%
0	The Company	T.Q.M.(SWAZILAND)	1	Sales revenue	243,332	Similar to non-related parties	3.97%
0	The Company	T.Q.M.(SWAZILAND)	1	Account receivable	63,901	Similar to non-related parties	0.74%
0	The Company	GOOD TIME	1	Other prepaid expenses	32,203	Similar to non-related parties	0.37%
0	The Company	TRYD TEXTILE	1	Other receivable	30,710	By contract	0.35%
1	TEX-RAY(CAYMAN)	AMRAY(MEXICO)	1	Other receivable	261,035	By contract	3.02%
1	TEX-RAY(CAYMAN)	TEX-RAY(MEXICO)	1	Other receivable	118,848	By contract	1.37%
2	TRYD APPAREL	TEX-RAY (SHANGHAI)	1	Sales revenue	67,491	Similar to non-related parties	1.10%
2	TRYD APPAREL	TEX-RAY (SHANGHAI)	1	Account receivable	48,607	Similar to non-related parties	0.56%
2	TRYD APPAREL	The Company	1	Account receivable	16,237	Similar to non-related parties	0.19%
2	TRYD APPAREL	The Company	1	Sales revenue	91,701	Similar to non-related parties	1.50%
2	TRYD APPAREL	Z-PLY (NY)	1	Sales revenue	161,834	Similar to non-related parties	2.64%

(Continued)

TEX-RAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
2	TRYD APPAREL	Z-PLY (NY)	3	Account receivable	30,848	Similar to non-related parties	0.36%
3	TEX-RAY (SHANGHAI)	The Company	2	Sales revenue	58,320	Similar to non-related parties	0.95%
3	TEX-RAY (SHANGHAI)	Z-PLY (NY)	3	Sales revenue	65,376	Similar to non-related parties	1.07%
3	TEX-RAY (SHANGHAI)	TRYD APPAREL	3	Sales revenue	62,224	Similar to non-related parties	1.02%
3	TEX-RAY (SHANGHAI)	TEX-RAY (YANCHENG)	3	Account receivable	59,355	Similar to non-related parties	0.69%
3	TEX-RAY (SHANGHAI)	TRYD TEXTILE	2	Other receivable	266,509	By contract	3.08%
3	TEX-RAY (SHANGHAI)	TRYD TEXTILE	3	Sales revenue	19,990	Similar to non-related parties	0.33%
3	TEX-RAY (SHANGHAI)	AIQ (Zhejieng)	3	Other receivable	48,982	By contract	0.57%
4	T.Q.M(SWAZILAND)	TEX-RAY (SA)	3	Account receivable	1,096,649	Similar to non-related parties	12.67%
4	T.Q.M(SWAZILAND)	TEX-RAY (SA)	3	Sales revenue	1,384,113	Similar to non-related parties	22.58%
5	KASUMI(SWAILAND)	T.Q.M.(SWAZILAND)	3	Account receivable	379,695	Similar to non-related parties	4.39%
5	KASUMI(SWAILAND)	T.Q.M.(SWAZILAND)	3	Sales revenue	180,367	Similar to non-related parties	2.94%
6	GOLDEN JUBILEE	T.Q.M.(SWAZILAND)	3	Sales revenue	62,897	Similar to non-related parties	1.03%
6	GOLDEN JUBILEE	T.Q.M.(SWAZILAND)	3	Account receivable	25,538	Similar to non-related parties	0.30%
7	GOOD TIME	The Company	2	Processing revenue	124,237	Similar to non-related parties	2.03%
8	MSWATI	TRYD APPAREL	3	Other receivable	21,483	Similar to non-related parties	0.25%
9	AMRAY(MEXICO)	TRLA GROUP	3	Sales revenue	80,987	Similar to non-related parties	1.32%
10	TEX-RAY(MEXICO)	AMRAY(MEXICO)	3	Account receivable	44,413	Similar to non-related parties	0.51%
10	TEX-RAY(MEXICO)	AMRAY(MEXICO)	3	Other receivable	49,626	By contract	0.57%
10	TEX-RAY(MEXICO)	AMRAY(MEXICO)	3	Prepayment for purchases	65,935	Similar to non-related parties	0.76%
11	Z-PLY(NY)	TRYD TEXTILE	3	Other receivable	61,420	By contract	0.71%
12	KMT	KMBV	3	Sales revenue	129,708	Fixed profit margin	2.12%
12	KMT	KMBV	3	Account receivable	28,051	Similar to non-related parties	0.32%
13	TEX-RAY(VN)	The Company	2	Processing revenue	275,624	Similar to non-related parties	4.50%
14	TRYD TEXTILE	TRYD APPAREL	3	Sales revenue	72,852	Similar to non-related parties	1.19%
14	TRYD TEXTILE	TRYD APPAREL	3	Account receivable	17,937	Similar to non-related parties	0.21%
14	TRYD TEXTILE	TEX-RAY (SHANG HAI)	3	Sales revenue	17,198	Similar to non-related parties	0.28%
15	TEX-RAY (KUNSHAN)	TRYD APPAREL	3	Account receivable	95,172	Similar to non-related parties	1.10%
15	TEX-RAY (KUNSHAN)	TEX-RAY (SHANG HAI)	3	Sales revenue	40,965	Similar to non-related parties	0.67%
16	TEX-RAY (YANCHENG)	TRYD APPAREL	3	Sales revenue	21,239	Similar to non-related parties	0.35%
17	FLYNN(SAMOA)	The Company	3	Other receivable	337,810	By contract	3.90%

Note 1: The numbering is as follows:
1. “0” represents the parent company
2. Subsidiaries are sequentially numbered from 1 by company

Note 2: Relation between related parties are as follows:
1. Parent company and its subsidiaries
2. Subsidiaries and its parent company
3. Subsidiaries and its subsidiaries

(Continued)

TEX-RAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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(b) Information on investees:

The following is the information on investees for the years ended December 31, 2022 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2022			Highest Percentage of wnership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2022	December 31, 2021	Shares (thousands)	Percentage of wnership	Carrying value				
The Company	Great CPT	TAIWAN	Overseas investment holding	124,370	104,370	5,000,000	100.00 %	66,549	100.00 %	(7,563)	(7,661)	Subsidiary
The Company	KMT	TAIWAN	Non-woven fabrics, copper secondary processing and fabric retailing, etc	83,002	83,002	12,924,963	59.22 %	217,818	59.22 %	68,734	40,702	Subsidiary
The Company	ZHENG-RAY	TAIWAN	Trading and manufacturing of Spinning and weaving	63,000	63,000	11,580,000	100.00 %	77,874	100.00 %	(4,222)	(5,362)	Subsidiary
The Company	WLT	TAIWAN	Wholesale trade	27,440	27,440	2,744,000	68.60 %	(20,145)	68.60 %	(27,548)	(18,898)	Subsidiary
The Company	FLYNN (SAMOA)	SAMOA	Overseas investment holding	310,613	310,613	9,100,000	100.00 %	356,880	100.00 %	11,190	11,190	Subsidiary
The Company	TEX-RAY (BELIZE)	BELIZE	Overseas investment holding	1,063,287	1,063,287	32,348,213	100.00 %	423,900	100.00 %	1,022	1,022	Subsidiary
The Company	TEX-RAY (BN)	SAMOA	Overseas investment holding	1,756,813	1,756,813	60,579,330	100.00 %	(384,978)	100.00 %	(221,040)	(221,040)	Subsidiary
The Company	TEX-RAY (SA)	SOUTH AFRICA	Marketing and trading	102,704	102,704	39,651,771	100.00 %	1,470,477	100.00 %	228,908	228,908	Subsidiary
The Company	TEX-RAY (CAYMAN)	CAYMAN	Overseas investment holding	1,414,580	1,353,739	46,042,722	100.00 %	471,334	100.00 %	(85,597)	(85,597)	Subsidiary
The Company	AIQ	TAIWAN	Wholesale trade	163,512	163,512	11,503,200	70.44 %	1,019	70.44 %	(54,561)	(38,434)	Subsidiary
The Company	Z-PLY (NY)	USA	Marketing and trading	314,491	-	200	100.00 %	483,809	100.00 %	11,801	-	Subsidiary
The Company	TRLA GROUP	USA	Marketing and trading	42,109	-	2,936,000	100.00 %	40,960	100.00 %	(611)	-	Subsidiary
TEX-RAY (BN)	GOOD TIME	VIETNAM	Garment processing	227,750	227,750	-	100.00 %	11,528	100.00 %	15,997	Exempt from disclosure	Sub-subsidiary
TEX-RAY (BN)	MSWATI	MAURITIUS	Overseas investment holding	1,160,125	1,160,125	-	100.00 %	(513,076)	100.00 %	(204,685)	Exempt from disclosure	Sub-subsidiary
TEX-RAY (BN)	TEXRAY (VN)	VIETNAM	Garment processing	423,990	423,990	-	100.00 %	134,325	100.00 %	(27,231)	Exempt from disclosure	Sub-subsidiary
TEX-RAY (BN)	TRCA GARMENT	CAMBODIA	Garment processing	63,564	63,564	-	100.00 %	(23,644)	100.00 %	-	Exempt from disclosure	Sub-subsidiary
FLYNN (SAMOA)	TRLA GROUP	USA	Marketing and trading	-	18,384	-	- %	-	100.00 %	(611)	Exempt from disclosure	Sub-subsidiary
FLYNN (SAMOA)	Z-PLY (NY)	USA	Marketing and trading	-	260,443	-	- %	-	100.00 %	11,801	Exempt from disclosure	Sub-subsidiary
Great CPT	TEXRAY (SWAZILAND)	ESWATINI	Garment processing	158,524	158,524	12,417,938	100.00 %	3,622	100.00 %	169	Exempt from disclosure	Sub-subsidiary
ZHENG-RAY	HUAI WEI BIOTECHNOLOGY CO.,LTD	TAIWAN	Biotechnology Service	9,540	9,540	1,200,000	60.00 %	(2,255)	60.00 %	(12,509)	Exempt from disclosure	Sub-subsidiary
ZHENG-RAY	TST	TAIWAN	Printing and dyeing finishing, machinery and equioment manufacturing and whole sale, etc.	68,067	68,067	5,067,217	75.63 %	56,708	75.63 %	5,173	Exempt from disclosure	Sub-subsidiary
KMT	KMBV	NETHERLANDS	Marketing and trading	7,950	7,950	200,000	100.00 %	10,370	100.00 %	1,179	Exempt from disclosure	Sub-subsidiary
AIQ	AIQ-S	UK	Development of smart clothing technology	15,419	15,419	396,266	50.00 %	(1,774)	50.00 %	(5,608)	Exempt from disclosure	Sub-subsidiary
AIQ	Taiwan Innoration(HK)	HONG KONG	Development of smart clothing technology	390	390	100,000	100.00 %	(2,229)	100.00 %	(1,453)	Exempt from disclosure	Sub-subsidiary
TEX-RAY (CAYMAN)	TEXRAY (MEXICO)	MEXICO	Dyeing	1,168,882	1,168,882	-	100.00 %	293,086	100.00 %	9,099	Exempt from disclosure	Sub-subsidiary
TEX-RAY (CAYMAN)	AMRAY (MEXICO)	MEXICO	Garment processing	178,119	178,119	-	100.00 %	(265,690)	100.00 %	(100,247)	Exempt from disclosure	Sub-subsidiary
TEXRAY (SA)	KASUMI (SWAZILAND)	ESWATINI	Trading and manufacturing of Spinning and weaving	43,461	43,461	1,657,400	100.00 %	375,413	100.00 %	(111)	Exempt from disclosure	Sub-subsidiary
TEXRAY (SA)	T.Q.M.(SWAZILAND)	ESWATINI	Dyeing	569,316	569,316	132,525,183	100.00 %	1,154,231	100.00 %	110,494	Exempt from disclosure	Sub-subsidiary
TEXRAY (SA)	U.I.W.(SWAZILAND)	ESWATINI	Garment processing	47,508	47,508	12,031,000	100.00 %	20,157	100.00 %	120	Exempt from disclosure	Sub-subsidiary
TEXRAY (SA)	J.M. Rotary Print Industrial Co.,Ltd.	ESWATINI	Dyeing and finishing of fabrics, clothing sales	12,908	12,908	5,618,729	100.00 %	4,241	100.00 %	5,202	Exempt from disclosure	Sub-subsidiary
TEXRAY (SA)	GOLDEN JUBILEE APPAREL (PTY) LTD.	ESWATINI	Garment processing	10,800	10,800	5,000,000	100.00 %	42,275	100.00 %	5,290	Exempt from disclosure	Sub-subsidiary

Note : Voting interest percentage differed due to secured bonds converted to ordinary shares.

(Continued)

TEX-RAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Information on investment in Mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership	Investment income (losses)	Book value	Accumu-lated remittance of earnings in current period
					Outflow	Inflow							
TEX-RAY (SHANGHAI)	Operating textile storage, trading, distribution, display and technology development	282,574	(2)	282,574	-	-	282,574	1,163	100.00%	100.00%	1,163	422,882	-
TEX-RAY (YANCHENG)	Manufacturing and sales of textiles, clothing, shoes and hats	45,527	(3)	-	-	-	-	(4,932)	100.00%	100.00%	(4,932)	(54,778)	-
TEXRAY(KUNSHAN)	Development of composite fabrics	168,268	(3)	-	-	-	-	1,486	100.00%	100.00%	1,486	187,851	-
TRYD TEXTILE	Garment processing and engaged in spinning, weaving, highend fabrics, bleaching and dyeing, printing and garment production	1,749,139	(2)	1,235,108	-	-	1,235,108	(146,480)	100.00%	100.00%	(146,480)	(233,485)	-
TRYD ARRAREL	Knitted garment processing	164,220	(2)	86,711	-	-	86,711	(60,934)	100.00%	100.00%	(60,934)	(188,262)	-
KING'S METAL FIBER (SHANGHAI)	Wholesale of glass products, high-efficiency insulation materials, textiles, clothing, apparel and accessories	62,008	(2)	51,221	10,787	-	62,008	(20,577)	70.44%	70.44%	(14,494)	(11,702)	-
AIQ (Zhejiang)	System development, production and sales of smart devices	20,947	(3)	-	-	-	-	(20,643)	70.44%	70.44%	(14,541)	(23,770)	-
TRYD ARRAREL (HENAN) (Note 3)	Garment processing	-	(2)	46,494	-	-	46,494	-	-%	-%	-	-	-
TRYD TEXTILE RESEARCH INSTITUTE (Note 4)	Technology research and development of polymer composite materials and new textile material	49,149	(3)	-	-	-	-	-	-%	-%	-	-	-
Wei-Da Testing	Testing service and environmental assessment	31,065	(3)	-	-	-	-	2,134	100.00%	100.00%	2,134	9,366	-
SHANGHAI JIN PEILI (Note 5)	Weaving, dyeing and finishing of high-end fabrics, sales of products of the company	111,088	(2)	14,321	-	-	14,321	-	-%	-%	-	-	-
JIANAN TEXTILE (Note 6)	Weaving, dyeing and finishing of high-grade fabrics	29,613	(2)	29,613	-	-	29,613	-	-%	-%	-	-	-

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TEX-RAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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Note 1: Three types of investment method are as follows:
1. Directly investing in the mainland area
2. Investing in the mainland through companies in another country (Please refer to Noter 4(c)).
3. Other methods

Note 2: The investment gains and losses recognized at the equity method are based on the financial information of the mainland investee companies, which was audited by the auditors of parent company during the same fiscal period.

Note 3: The business was deregistered in November 2015, and the share capital was remitted back to the upper parent company MSWATI in March 2016.

Note 4: The business was liquidated in October 2019.

Note 5: The business was liquidated in December 2012.

Note 6: The business was deregistered in June 2012, and only the investment fund was remitted back to the upper parent company MSWATI.

Note 7: The numbers listed above are presented in NTD, according to the currency rate on December 31, 2022. (USD: 30.710, CNY: 4.4080)

(ii) Limitation on investment in Mainland China

The Company had obtained the certification letter of the operating headquarters from the Ministry of Economic Affairs on July 12, 2021. The validity period is from June 29, 2021 to June 28, 2024, and there is no such restriction of ceiling on investment in Mainland China.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information on significant transactions”.

(d) Major shareholders:

Shareholding / Shareholder’s Name	Shares	Percentage
Yue-Da Textile holdings, Ltd B.V	42,052,440	17.99 %
Nan-Yu, Guo	23,680,000	10.13 %
Suzhou Wei-De Co., Ltd.	23,362,466	9.99 %
Feng-Ying, Yeh	14,280,000	6.11 %

TEX-RAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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(14) Segment information:

(a) General information

(i) The Group's reportable segments are as below: the dyeing and wearing segment, the garment pracess segment, the Machine manufacturing segment, the Metal Fiber segment and other segments. They are respectively engaged in the weaving, manufacturing and processing, dyeing and finishing and trading of cotton, cloth, various fibers and textiles, and cotton yarn purchasing, export business, garment processing and export business, etc.

(ii) The operating results of all operating departments are regularly reported to the Company's operating decision-makers for resource allocation and for evaluation of their performance. It was prepared on a basis consistent with the consolidated financial statements.

(b) Information about reportable segments and their measurement and reconciliations

The Group uses the internal management report that the chief operating decision maker reviews as the basis to determine resource allocation and make a performance evaluation. The internal management report includes profit before taxation, but not including any extraordinary activity and foreign exchange gain or losses because taxation, extraordinary activity, and foreign exchange gain or losses are managed on a group basis, and hence they are not able to be allocated to each reportable segment. In addition, not all reportable segments include depreciation and amortization of significant non-cash items. The reportable amount is similar to that in the report used by the chief operating decision maker.

The operating segment accounting policies are similar to those described in note (4) "Sumrnary of significant accounting policies" except for the recognition and measurement of pension cost, which is on a cash basis.

The Group treated intersegment sales and transfers as third-party transactions. They are measured at market price.

The Group's operating segment information and reconciliation were as follows:

For the year ended December 31, 2022		Dyeing and weaving segment	Garment processing segment	Machine Manufacturing segment	Metal Fiber segment	Other	Adjustment and eliminations	Total
Revenue from external customers	$	529,738	4,979,578	105,166	491,044	23,694	-	6,129,220
Intersegment revenues		595,207	2,929,512	520	160,677	255,130	(3,941,046)	-
Total revenue	**$**	**1,124,945**	**7,909,090**	**105,686**	**651,721**	**278,824**	**(3,941,046)**	**6,129,220**
Interest revenue	**$**	**2,667**	**47,838**	**190**	**415**	**11,825**	**(30,495)**	**32,440**
Interest expenses	**$**	**47,353**	**35,364**	**48**	**11,947**	**35,764**	**(30,495)**	**99,981**
Depreciation and amortization	**$**	**65,467**	**82,769**	**3,492**	**34,642**	**34,517**	**-**	**220,887**
Share of profit (loss) of associates and joint ventures accounted for using equity method	**$**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Reportable segment profit or loss	**$**	**(22,653)**	**194,899**	**3,098**	**29,448**	**(159,489)**	**-**	**45,303**

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TEX-RAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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For the year ended December 31, 2021		Dyeing and weaving segment	Garment processing segment	Machine Manufacturing segment	Metal Fiber segment	Other	Adjustment and eliminations	Total
Revenue from external customers	$	527,102	5,604,042	76,406	401,232	29,154	-	6,637,936
Intersegment revenues		497,225	2,942,927	158	148,028	227,967	(3,816,305)	-
Total revenue	$	**1,024,327**	**8,546,969**	**76,564**	**549,260**	**257,121**	**(3,816,305)**	**6,637,936**
Interest revenue	$	**1,896**	**33,631**	**13**	**42**	**5,811**	**(20,466)**	**20,927**
Interest expenses	$	**45,078**	**28,946**	**230**	**8,501**	**32,630**	**(20,466)**	**94,919**
Depreciation and amortization	$	**79,941**	**82,719**	**3,242**	**29,486**	**28,625**	**-**	**224,013**
Share of profit (loss) of associates and joint ventures accounted for using equity method	$	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Reportable segment profit or loss	$	**(47,030)**	**237,242**	**1,017**	**9,666**	**(127,233)**	**-**	**73,662**

Note:The departmental assets and liabilities information of the Group is not provided to the main management for reference or for decision-making purposes, and there is no need to disclose departmental assets and liabilities.

(c) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers, please refer to Note 6(z) and segment assets are based on the geographical location of the assets.

Region		**For the years ended December 31** 2022	2021
Non-current assets			
Taiwan	$	2,376,040	2,129,849
USA		65,734	210,001
China		727,363	784,663
Mexico		297,853	250,631
Africa		240,874	299,099
Vietnam		237,730	245,065
Others		21,873	25,684
	$	**3,967,467**	**3,944,992**

Non-current assets include property, plant and equipment use-of-right assets, investment property, intangible assets and other non-current assets, excluding financial instruments, deferred tax assets, pension fund assets, and rights arising from an insurance contract (non-current).

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TEX-RAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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(d) Major customers

	For the years ended December 31	
	2022	**2021**
Customer A from garment processing segment	$ 604,293	549,194
Customer B from garment processing segment	517,812	604,206
Customer C from garment processing segment	510,673	647,228
	$ 1,632,778	**1,800,628**