Stock code: 1445

UNIVERSAL TEXTILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT

For the Years Ended 31 December 2023 and 2022

Address: 7 F., No. 62-5, Xining N. Rd., Datong Dist., Taipei City 10343, Taiwan (R.O.C.)

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The reader is advised that these consolidated financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail

UNIVERSAL TEXTILE CO., LTD
REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of the Company as of and for the year ended 31 December 2023, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, “Consolidated Financial Statements”. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, The Company and its subsidiaries do not prepare a separate set of combined financial statements.

Hereby certified,

UNIVERSAL TEXTILE CO., LTD

CHEN,YAO-MING
CHAIRMAN

12 March 2024

Independent Auditors' Report Translated from Chinese

To UNIVERSAL TEXTILE CO., LTD.

Opinion

We have audited the accompanying consolidated balance sheets of UNIVERSAL TEXTILE CO., LTD. (the "Company") and its subsidiaries as of 31 December 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2023 and 2022, and notes to the consolidated financial statements, including the summary of material accounting policies (together "the consolidated financial statements").

In our opinion ,the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2023 and 2022, and its consolidated financial performance and cash flows for the years ended 31 December 2023 and 2022, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the 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 Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2023 consolidated financial statements. 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.

<u>Revenue recognition</u>

The company mainly sales textured yarns and synthetic fabrics, the industry are greatly affected by market supply and demand. The operating revenues amounted to NT$1,381,718 thousand for the year ended 31 December 2023 compared with NT$1,511,208 thousand for the year ended 31 December 2022 decreased about 8.57%, among which the sales revenue from specific customers increased significantly. The operating revenue was NT $456,037 thousand for the year ended 31 December 2023, accounting for about 33.00% of the overall operating revenue, therefore, the accountant in this year's review, the authenticity of operating revenue recognition is listed as a key audit matter.

The audit procedures of the accountants included (but not limited to), understanding and evaluating the accounting policies for revenue recognition; understanding and testing the effectiveness of relevant internal control design and implementation; selecting samples for operating revenue details, and performing transaction detail tests, Review the major clauses in the contract and test the five steps of revenue recognition and check the relevant transaction certificates to evaluate and judge the correctness of the performance obligation and the timing of its satisfaction and verify the authenticity of the transaction; for before and after the balance sheet date for transactions over a period of time, analyze whether the changes are reasonable, and select samples to perform the cut-off point test; analyze the sales situation by customer, products, and region to understand the rationality of changes in operating revenue. Please refer to the consolidated financial statement Notes 4 and 6 indicate the appropriateness of the disclosure of operating income.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the ability to continue as a going concern of the Group, 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 audit committee or supervisors, are responsible for overseeing the financial reporting process of the Group.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misrepresentation may 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 internal control of the Group.

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 ability to continue as a going concern of the Company and its subsidiaries. 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 Company and its subsidiaries to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries 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 2023 consolidated financial statements 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.

And others

We have audited and expressed an unqualified opinion on the parent company only financial statements of the Company as of and for the years ended 31 December 2023 and 2022.

Ernst & Young, Taiwan

Huang, Ching Ya

Liu, Jung Chin

12 March 2024

<u>Notice to Readers</u>

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

Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

UNIVERSAL TEXTILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of 31 December 2023 and 31 December 2022

(Expressed in Thousands of New Taiwan Dollars)

		As of 31 December	
Assets	Notes	2023	2022
Current assets			
Cash and cash equivalents	4, 6(1) and 12	$1,242,589	$302,038
Current financial assets at amortised cost	4, 6(1) and 12	211,410	46,065
Net accounts receivable	4, 5, 6(3) and 12	15,603	19,407
Accounts receivable, net	4, 5, 6(3) and 12	164,053	172,671
Accounts receivable-related parties, net	4, 5, 6(3) and 12	5,010	3,316
Other receivables		3,842	6,727
Current income tax assets		557	51
Inventories	4, 5 and 6(4)	344,909	402,594
Other current assets		10,817	22,074
Total current assets		1,998,790	974,943
Non-current assets			
Financial assets at fair value through other comprehensive income, noncurrent	4, 6(5) and 12	332,150	260,838
Property, plant and equipment	4 and 6(6)	669,768	803,323
Right-of-use assets	4 and 6(13)	465	1,045
Intangible assets		1,112	-
Deferred tax assets	4 and 6(16)	85,083	88,482
Other non-current assets		17,130	2,150
Total non-current assets		1,105,708	1,155,838
Total assets		$3,104,498	$2,130,781

(continued)

English Translation of Consolidated Financial Statements Originally Issued in Chinese

UNIVERSAL TEXTILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of 31 December 2023 and 31 December 2022

(Expressed in Thousands of New Taiwan Dollars)

		As of 31 December	
Liability and Equity	Note	2023	2022
Current liabilities			
Short-term loans	4, 6(8) and 12	$ -	$80,000
Contract liabilities, current	4 and 6(11)	48,301	60,013
Notes payables	12	20,740	50,542
Accounts payable	12	64,605	71,414
Accounts payable-related parties, net	12	1,295	-
Other payables	6.(7) and 12	177,445	83,666
Lease liabilities, current	4, 6(13) and 12	398	580
Other current liabilities		4,462	287
Total current liabilities		317,246	346,502
Non-current liabilities			
Deferred tax liabilities	4 and 6(16)	62,882	120,369
Lease liabilities, noncurrent	4, 6(13) and 12	71	469
Deferred revenue		6,359	-
Net defined benefit obligation, noncurrent		23,560	29,784
Guarantee deposits received	12	620	620
Non-current liabilities		93,492	151,242
Total liabilities		410,738	497,744
Equity	4 and 6(10)		
Capital			
Common stock		1,306,660	1,306,660
Additional paid-in capital		1,450	1,294
Retained earnings			
Legal reserve		1,520	-
Special reserve		69,236	201,716
Unappropriated retained earnings		1,138,843	15,202
Subtotal		1,209,599	216,918
Other Components of equity			
Unrealized Gains (Losses) on Equity Instruments Measured at Fair Value Through Other Comprehensive Income		176,051	108,165
Total equity		2,693,760	1,633,037
Total liabilities and equity		$3,104,498	$2,130,781

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

UNIVERSAL TEXTILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended 31 December 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		For the years ended 31 December	
	Note	2023	2022
Operating revenues	4, 6(11) and 7	$1,381,718	$1,511,208
Operating costs	6(4)	(1,196,069)	(1,392,090)
Gross profit		185,649	119,118
Operating expense	6(14)		
Sales and marketing expenses		(122,021)	(113,273)
General and administrative expenses		(118,798)	(33,076)
Research and development expenses		(18,360)	(9,383)
Expected credit gain (loss)	6(12)	(2,182)	2,795
Total operating expenses		(261,361)	(152,937)
Operating loss		(75,712)	(33,819)
Non-operating income and expenses	4 and 6(15)		
Other income		20,466	13,048
Other gains and losses		1,112,754	15,573
Finance costs		(1,425)	(947)
Total non-operating income and expenses		1,131,795	27,674
Income from continuing operations before income tax(loss)		1,056,083	(6,145)
Income tax (expense) benefit	4 and 6(16)	(47,702)	17,133
Net income		1,008,381	10,988
Other comprehensive income (loss)			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of defined benefit plans		(3,291)	9,326
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income		67,886	(32,038)
Income tax related to items that will not be reclassified subsequently		658	(1,866)
Total other comprehensive income, net of tax		65,253	(24,578)
Total comprehensive income		$1,073,634	$(13,590)
Earnings per share (NTD)	6(17)		
Earnings per share-basic		$7.72	$0.08
Earnings per share-diluted		$7.65	$0.08

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
UNIVERSAL TEXTILE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGE IN STOCKHOLDERS' EQUITY
For the Years Ended 31 December 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

		Total equity attributable to owners of parent						
				Retained earnings			Other Components of Equity	
	Notes	Capital	Additional paid-in capital	Legal reserve	Special reserve	(Accumulated deficit) Unappropriated retained earnings	Unrealized Gains (Losses) on Equity Instruments Measured at Fair Value Through Other Comprehensive Income	Total equity
Balance as of 1 January 2022	6(10)	$1,306,660	$23,698	$ -	$201,716	$(25,879)	$140,203	$1,646,398
Other changes in additional paid-in capital								
Capital surplus transferred from unclaimed dividends			229					229
Capital surplus used to offset accumulated deficits			(22,633)			22,633		-
Net income in 2022						10,988		10,988
Other comprehensive income in 2022						7,460	(32,038)	(24,578)
Total comprehensive income		-	-	-	-	18,448	(32,038)	(13,590)
Balance as of 31 December 2022	6(10)	$1,306,660	$1,294	$ -	$201,716	$15,202	$108,165	$1,633,037
Balance of 1 January 2023		$1,306,660	$1,294	$ -	$201,716	$15,202	$108,165	$1,633,037
Appropriation of earnings								
Legal reserve				1,520		(1,520)		-
Special reserve					(132,480)	132,480		-
Common stock -cash dividend						(13,067)		(13,067)
Other changes in additional paid-in capital								
Capital surplus transferred from unclaimed dividends			156					156
Net income of the year ended in 31 December 2023						1,008,381		1,008,381
Other comprehensive income of the year ended in 31 December 2023						(2,633)	67,886	65,253
Total comprehensive income		-	-	-	-	1,005,748	67,886	1,073,634
Balance as of 31 December 2023	6(10)	$1,306,660	$1,450	$1,520	$69,236	$1,138,843	$176,051	$2,693,760

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

UNIVERSAL TEXTILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended 31 December 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Notes	For the years ended 31 December 2023	2022
Cash flows from operating activities:			
Net income (loss) before tax		$1,056,083	$(6,145)
Income and expense adjustments:			
Depreciation		32,110	33,297
Amortization		730	519
Expected credit (gain) loss		2,182	(2,795)
Net loss on financial assets or liabilities at fair value through profit or loss		-	(1,454)
Interest expense		1,425	947
Interest income		(5,799)	(721)
Dividend income		(5,021)	(9,008)
Gains on disposal of property, plant and equipment		(1,124,977)	(2,642)
Inventory valuation losses (gain)		(15,809)	63,469
Changes in operating assets and liabilities:			
Decrease in financial assets at fair value through profit or loss		-	17,605
Decrease in notes receivable		3,804	21,411
Decrease in accounts receivable (including related parties)		4,742	19,615
Decrease/(Increase) in other receivables		3,229	(4,030)
Decrease/(Increase) in inventories		73,494	(81,595)
Decrease in other current assets		11,257	31,946
(Decrease)/Increase in contract liabilities		(11,712)	24,623
(Decrease) Increase in notes payable		(29,802)	2,892
(Decrease) Increase in accounts payable-related parties		(5,514)	32,550
Increase in other payables		80,878	3,570
(Decrease)/Increase in other current liabilities		4,175	(76)
Decrease in net defined benefit obligation, noncurrent		(9,515)	(4,298)
Increase in deferred revenue		6,359	-
Cash generated from operations		72,319	139,680
Interest received		5,455	480
Interest paid		(1,467)	(905)
Income taxes paid		(101,638)	(378)
Net cash (used in) provided by operating activities		(25,331)	138,877
Cash flows from investing activities:			
Acquisition of financial asset at fair value through other comprehensive income		(3,524)	(25,138)
Acquisition of current financial assets at amortised cost		(165,345)	(46,065)
Proceeds from disposal of financial assets at fair value through other comprehensive income		98	98
Acquisition of property, plant and equipment		(86,317)	(20,778)
Proceeds from disposal of property, plant and equipment		1,325,091	2,746
Increase in other noncurrent assets		(15,651)	(845)
Cash dividends received		5,021	9,008
Net cash flows from (used in) investing activities		1,059,373	(80,974)
Cash flows from financing activities:			
(Decrease)/Increase in short-term loans		(80,000)	80,000
Cash payments for the principal portion of the lease liability		(580)	(506)
Cash dividends paid		(13,067)	-
Capital surplus transferred from unclaimed dividends		156	229
Net cash (used in) provided by financing activities		(93,491)	79,723
Increase in cash and cash equivalents		940,551	137,626
Cash and cash equivalents, at beginning of period		302,038	164,412
Cash and cash equivalents, at end of period	6(1)	$1,242,589	$302,038

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

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. History and organization

Universal Textile Co., Ltd. (the Company) was incorporated in Republic of China (R.O.C) on 12 September 1969. The main activities of the Company include the production and sales of various processed yarns and synthetic fiber fabrics. The shares of the Company were listed on the Taiwan Stock Exchange in 5 February 1991.

2. Date and procedures of authorization of financial statements for issue

The consolidated financial statements of the Company and its subsidiaries ("the Group") for the years ended 31 December 2023 and 2022 were authorized for issue by the Board of Directors on 12 March 2024.

3. Newly issued or revised standards and interpretations

(1) Changes in accounting policies resulting from applying for the first-time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after 1 January 2023. The adoption of these new standards and amendments had no material impact on the Group.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, and not yet adopted by the Group as of the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024
b	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
c	Non-current Liabilities with Covenants – Amendments to IAS 1	1 January 2024
d	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	1 January 2024

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(a) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(b) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

(c) Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

(d) Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after 1 January 2024. The standards and interpretations have no material impact on the Group.

(3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 “Insurance Contracts”	1 January 2023
c	Lack of Exchangeability – Amendments to IAS 21	1 January 2025

(a) IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

(b) IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

After the guideline was issued in May 2017, it was further amended in 2020 and 2021. These amendments not only postponed the effective date by two years in the transitional provisions (from 1 January 2021, to 1 January 2023) and provided additional exemptions but also reduced the cost of adopting this guideline by simplifying and modifying certain provisions to make them easier to interpret in specific circumstances. IFRS 17 replaces an interim Standard – IFRS 4 I*nsurance Contracts* – from annual reporting periods beginning on or after 1 January 2023.

(c) Lack of Exchangeability – Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, how to determine the exchange rate to use and the disclosures to provide. The amendments apply to annual reporting periods beginning on or after 1 January 2025.

The abovementioned standards and interpretations issued by IASB have not yet been endorsed by the FSC at the date when the Group's financial statements were authorized for issue, the local effective dates are to be determined by the FSC. Except for the potential impacts of the newly announced or revised standards, or interpretations being evaluated currently (as mentioned in), for which the effects on the Group cannot be reasonably estimated at the moment, the remaining newly announced or revised standards, or interpretations have no significant impact on the Group.

4. Summary of significant accounting policies

(1) Statement of compliance

The consolidated financial statements of the Group for the years ended 31 December 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the International Financial Reporting Interpretations Committee, which are endorsed and became effective by the FSC.

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars ("NT$") unless otherwise stated.

(3) Basis of consolidation

Preparation principle of consolidated financial statement

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(a) power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
(b) exposure, or rights, to variable returns from its involvement with the investee, and
(c) the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee
(b) rights arising from other contractual arrangements
(c) the Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The accounting period and accounting policies of the subsidiary's financial statements are consistent with those of the parent company. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Group loses control of a subsidiary, it:

(a) derecognizes the assets (including goodwill) and liabilities of the subsidiary;
(b) derecognizes the carrying amount of any non-controlling interest;
(c) recognizes the fair value of the consideration received;
(d) recognizes the fair value of any investment retained;
(e) recognizes any surplus or deficit in profit or loss; and
(f) reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss.

The consolidated entities are listed as follows:

			Percentage of ownership (%)	
Investor company	Name of Subsidiaries	Main businesses	31 December 2023	31 December 2022
The Company	CHANG FU INVESTMENT CO., LTD.	Investment	100%	100%
The Company	HUNG YU TECHNOLOGY CO., LTD.	Wholesale of Chemical Feedstock	100%	100%

(4) Foreign currency transactions

The Group's consolidated financial statements are presented in NT$, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

(a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

(b) Foreign currency items within the scope of IFRS 9 *Financial Instruments* are accounted for based on the accounting policy for financial instruments.

(c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Current and non-current distinction

An asset is classified as current when:

(a) The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
(b) The Group holds the asset primarily for the purpose of trading
(c) The Group expects to realize the asset within twelve months after the reporting period
(d) 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.

All other assets are classified as non-current.

A liability is classified as current when:

(a) The Group expects to settle the liability in its normal operating cycle
(b) The Group holds the liability primarily for the purpose of trading
(c) The liability is due to be settled within twelve months after the reporting period
(d) 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.

(6) Cash and cash equivalents

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

(7) Financial instruments

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

Financial assets and financial liabilities within the scope of IFRS 9 *Financial Instruments* are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial instruments: Recognition and Measurement

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

(a) the Group's business model for managing the financial assets and
(b) the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

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

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

(a) Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
(b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

(a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

(a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
(b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
(c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

    (i) Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

(ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment.

Financial assets at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial asset measured at amortized cost.

The Group measures expected credit losses of a financial instrument in a way that reflects:

(a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
(b) the time value of money; and
(c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follow:

(a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
(b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
(c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.
(d) For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

(a) The rights to receive cash flows from the asset have expired
(b) The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred
(c) The Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

D. Financial liabilities and equity

<u>Classification between liabilities or equity</u>

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

<u>Equity instruments</u>

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 *Financial Instruments* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as of fair value through profit or loss. A financial liability is classified as held for trading if:

(a) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
(b) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
(c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as of fair value through profit or loss when doing so results in more relevant information, because either:

(a) It eliminates or significantly reduces a measurement or recognition inconsistency; or
(b) A group of financial liabilities or financial assets and financial liabilities is managed, and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(8) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

A. In the principal market for the asset or liability, or
B. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(9) Inventories

The inventory value includes costs incurred in bringing the inventory to its present location and condition. Inventory accounted for purchase cost on a weighted average cost basis with the perpetual inventory system. Ending inventories are valued at lower of cost and net realizable value item by item.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(10) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 *Property, plant and equipment*. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Items	Useful lives
Buildings and structures	3~60 years
Office equipment	3~15 years
Machinery equipment	5~10 years
Other equipment	5~35 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(11) Leases

The Group assesses whether the 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. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

A. the right to obtain substantially all of the economic benefits from use of the identified asset; and
B. the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximizing the use of observable information.

Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

A. fixed payments (including in-substance fixed payments), less any lease incentives receivable:
B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
C. amounts expected to be payable by the lessee under residual value guarantees;
D. the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortized cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

A. the amount of the initial measurement of the lease liability;
B. any lease payments made at or before the commencement date, less any lease incentives received;
C. any initial direct costs incurred by the lessee; and
D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset 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.

The Group applies IAS 36 *Impairment of Assets* to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statement's comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

For the rent concession arising as a direct consequence of the Covid-19 pandemic, the Group elected not to assess whether it is a lease modification but accounted it as a variable lease payment. The Group have applied the practical expedient to all rent concessions that meet the conditions for it.

(12) Revenue recognition

The Group's revenue arising from contracts with customers are primarily related to sale of goods. The accounting policies are explained as follows:

The Group manufactures and sells goods. Revenues are recognized when the commitment goods are delivered to the customers and control of which is transferred to the customers. (Control of an asset is defined as the customers have ability to direct the use of and obtain substantially all of the remaining benefits from the goods.). The main products of the Group are various processed yarns and synthetic fiber fabrics and revenues are recognized based on the consideration stated in the contract.

The credit period of the Group's sale of goods is from 30 to 120 day. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Group usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. For some of the contracts, the Group has transferred the goods to customers but does not have a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Group measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

(13) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

(14) Post-employment benefits

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore, fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

A. the date of the plan amendment or curtailment, and
B. the date that the Group recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(15) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination, affects neither the accounting profit nor taxable profit or loss at the time of the transaction, and does not give rise to equal taxable and deductible temporary differences and at the time of the transaction.

B. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination, affects neither the accounting profit nor taxable profit or loss at the time of the transaction, and does not give rise to equal taxable and deductible temporary differences at the time of the transaction.

B. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

According to the temporary exception in the International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12), information about deferred tax assets and liabilities related to Pillar Two income tax will neither be recognized nor be disclosed.

5. Significant accounting judgments, estimates and assumptions

When preparing the consolidated financial statements, the management of the Group is required to make judgements, estimates and assumptions as of the end of the reporting period. These extimates and assumptions affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, as well as the disclosure of the contingent liabilities. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The following points are provided as an explanation:

A. Accounts receivables－ estimation of impairment loss

The Group estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6(12) for more details.

B. Inventories

Estimates of net realizable value of inventories takes into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6(4) for more details.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

6. Contents of significant accounts

(1) Cash and cash equivalents

	As of 31 December	
	2023	2022
Inventory of cash	$150	$200
Cash in banks	627,959	301,838
Time deposits	614,480	-
Total	$1,242,589	$302,038

(2) Financial assets measured at amortized cost

	As of 31 December	
	2023	2022
Financial assets measured atamortized cost	$211,410	$46,065

(3) Notes and accounts receivable, including related parties

	As of 31 December	
	2023	2022
Notes receivables	$15,603	$19,407
Less: allowance for doubtful debts	-	-
Subtotal	15,603	19,407
Accounts receivable (total carrying amount)	166,236	172,672
Less: allowance for doubtful debts	(2,183)	(1)
Subtotal	164,053	172,671
Accounts receivable from related parties	5,010	3,316
Total	$184,666	$195,394

Notes and accounts receivable were not pledged.

Accounts receivable credit terms are generally on 30-120 day terms. The total carrying amount as of 31 December 2023 and 2022 are NT$186,849 thousand and NT$195,395 thousand, respectively. Please refer to Note 6 (12) for more details on loss allowance of accounts receivable for the years ended 31 December 2023 and 2022 and Note 12 for more details on credit risk.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(4) Inventories

	As of 31 December	
	2023	2022
Finished goods	$148,042	$190,835
Work in progress	67,260	56,501
Raw materials	105,763	128,348
Supplies & parts	23,844	26,910
Total	$344,909	$402,594

The cost of goods sold for the years ended 31 December 2023 and 2022 are as follows, including the price reduction (gain from price recovery) of inventories:

	As of 31 December	
	2023	2022
Cost of goods sold	$1,196,069	$1,392,090
The price reduction (gain from price recovery) of inventories	$(15,809)	$63,469

The Group recognized gain from price recovery of inventories as of 31 December 2023 as the slow-moving inventory had been gradually consumed and the obsolete inventory of the Group had decreased, resulting in the reversal gains of the write-down of inventories.

No inventories were pledged.

(5) Financial assets at fair value through other comprehensive income

	As of 31 December	
	2023	2022
Equity instrument investments measured at fair value through other comprehensive income – Non-current:		
Listed companies' stocks		
TAIWAN TAFFETA FABRIC CO., LTD		
Ordinary share	$331,855	$260,445
Unlisted companies' stocks		
TAIWAN FILAMENT WEAVING DEVELOPMENT CO., LTD.		
Ordinary share	-	-
TAIWAN FILAMENT WEAVING DEVELOPMENT CO., LTD.		
Preference share	295	393
Total	$332,150	$260,838

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Group made investments in TAIWAN TAFFETA FABRIC CO.,LTD's common stocks and TAIWAN FILAMENT WEAVING DEVELOPMENT CO., LTD.'s common stocks and preferred stocks. According to its medium-to-long-term strategic objectives, and expected to gain profits through long-term investments, the management of the Group believed that it would be inconsistent with the aforementioned long-term investment plan if they determined the investment as the short-term fair value fluctuations. Therefore, the Group determined to designate these investments as financial assets at fair value through other comprehensive income.

Financial assets at fair value through other comprehensive income were not pledged.

(6) Property, plant and equipment

	As of 31 December	
	2023	2022
Owner occupied property, plant and equipment	$669,768	$803,323

	Land	Buildings and structures	Machinery equipment	Office equipment	Other equipment	Construction in progress and equipment awaiting inspection	Total
Cost (Including revaluation increment)							
As of 1 January 2023	$588,679	$502,511	$1,370,479	$131,019	$77,668	$10,137	$2,680,493
Additions	-	1,778	17,894	4,268	98	75,221	99,259
Disposal	(193,985)	(60,337)	(53,003)	(32,509)	(10,095)	-	(349,929)
Reclassification	-	4,178	52,059	1,563	-	(58,970)	(1,170)
As of 31 December 2023	$394,694	$448,130	$1,387,429	$104,341	$67,671	$26,388	$2,428,653
As of 1 January 2022	$588,679	$502,428	$1,519,357	$143,419	$75,738	$717	$2,830,338
Additions	-	1,697	3,759	4,397	2,609	9,420	21,882
Disposal	-	(1,614)	(152,637)	(16,797)	(679)	-	(171,727)
As of 31 December 2022	$588,679	$502,511	$1,370,479	$131,019	$77,668	$10,137	$2,680,493

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Land	Buildings and structures	Machinery equipment	Office equipment	Other equipment	Construction in progress and equipment awaiting inspection	Total
Depreciation and impairment:							
As of 1 January 2023	$ -	$360,613	$1,328,687	$114,918	$72,952	$ -	$1,877,170
Depreciation	-	11,897	14,514	4,193	926	-	31,530
Disposal	-	(55,673)	(52,892)	(31,210)	(10,040)	-	(149,815)
As of 31 December 2023	$ -	$316,837	$1,290,309	$87,901	$63,838	$ -	$1,758,885
As of 1 January 2022	$ -	$350,080	$1,466,809	$127,161	$71,955	$ -	$2,016,005
Depreciation	-	12,126	14,513	4,544	1,605	-	32,788
Disposal	-	(1,593)	(152,635)	(16,787)	(608)	-	(171,623)
As of 31 December 2022	$ -	$360,613	$1,328,687	$114,918	$72,952	$ -	$1,877,170
Net carrying amount as of:							
31 December 2023	$394,694	$131,293	$97,120	$16,440	$3,833	$26,388	$669,768
31 December 2022	$588,679	$141,898	$41,792	$16,101	$4,716	$10,137	$803,323

A. Please refer to Note 8 for more details on property, plant and equipment under pledge.

B. There is no capitalization of interest due to purchase of property, plant and equipment.

(7) Other payables

	As of 31 December	
	2023	2022
Salaries and bonuses payable	$116,567	$41,386
Payable on machinery and equipment	14,811	1,869
Accrued utilities	11,720	7,510
Commissions payable	11,148	9,751
Accrued freight expenses	3,535	3,370
Accrued labor and health insurance expenses	3,121	3,640
Other	16,543	16,140
Total	$177,445	$83,666

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(8) Short-term loans

	As of 31 December	
	2023	2022
Unsecured bank loans	$ -	$80,000
Interest Rates (%)	-	0.80%~1.90%

The Group's unused short-term lines of credits amounted to NT$370,000 thousand and NT$320,000 thousand as of 31 December 2023 and 2022, respectively.

(9) Post-employment benefits

Defined contribution plan

The Group adopted a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Group will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Group have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Pension expenses under the defined contribution plan for the years ended 31 December 2023 and 2022 were NT$6,933 thousand and NT$6,830 thousand, respectively.

Defined benefits plan

The Company adopts a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contributes an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company assesses the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company will make up the difference in one appropriation before the end of March the following year.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under discretionary accounts, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Comapny expects to contribute NT$7,200 thousand to its defined benefit plan during the 12 months beginning after 31 December 2023.

The weighted average duration of the defined benefits obligation as of 31 December 2023 and 2022 were both 7 years.

Pension costs recognized in profit or loss are as follows:

	For the years ended 31 December	
	2023	2022
Current service cost	$534	$844
Net interest on the net defined benefit assets	376	304
Total	$910	$1,148

Reconciliations in the defined benefit obligation and fair value of plan ssets are as follows:

	As of		
	31 Dec. 2023	31 Dec. 2022	1 Jan. 2022
Present value of defined benefit obligation	$104,423	$125,093	$143,152
Fair value of plan assets	(80,863)	(95,309)	(99,744)
Net defined benefit liabilities (assets)	$23,560	$29,784	$43,408

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Reconciliation of liability (asset) of the defined benefit plan is as follows:

	Defined benefit obligation	Plan assets at fair value	Net defined benefit liabilities (assets)
As of 1 January 2023	$125,093	$(95,309)	$29,784
Current service cost	534	-	534
Interest expenses (income)	1,541	(1,165)	376
Subtotal	127,168	(96,474)	30,694
Remeasurements of the defined benefit liabilities /assets:			
Actuarial gains and losses arising from changes in financial assumptions	644	-	644
Experience adjustments	3,436	-	3,436
Remeasurements of the defined benefit assets	-	(789)	(789)
Subtotal	4,080	(789)	3,291
Payments of benefit obligation	(26,825)	22,945	(3,880)
Contributions by employer	-	(6,545)	(6,545)
As of 31 December 2023	$104,423	$(80,863)	$23,560

	Defined benefits plan	Fair value of plan assets	Benefit liability (asset)
As of 1 January 2022	$143,152	$(99,744)	$43,408
Current service cost	844	-	844
Interest expenses (income)	1,051	(747)	304
Subtotal	145,047	(100,491)	44,556
Remeasurement of defined benefit liability/asset:			
Actuarial gains and losses arising from changes in financial assumptions	(5,121)	-	(5,121)
Experience adjustments	3,386	-	3,386
Remeasurements of the defined benefit assets	-	(7,592)	(7,592)
Subtotal	(1,735)	(7,592)	(9,327)
Payments of benefit obligation	(18,219)	18,219	-
Contributions by employer	-	(5,445)	(5,445)
As of 31 December 2022	$125,093	$(95,309)	$29,784

The following significant actuarial assumptions are used in determining the Company’s defined benefit plan:

	As of 31 December	
	2023	2022
Discount rate	1.30%	1.40%
Expected salary increase rate	2.50%	2.50%

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Sensitivity analysis for significant assumption is shown below:

	For the years ended 31 December			
	2023		2022	
	Defined benefit obligation increase	Defined benefit obligation decrease	Defined benefit obligation increase	Defined benefit obligation decrease
Discount rate increase by 0.25%		$(1,695)		$(2,073)
Discount rates decrease by 0.25%	$1,648		$2,016	
Future salary increase by 0.25%	1,572		1,926	
Future salary decrease by 0.25%		(1,608)		(1,971)

The sensitivity analyses above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

(10) Equity

A. Common stock

As of 1 January 2022, the Company's authorized capital was NT$2,200,000 thousand, issued capital was NT$ 1,306,660 thousand, and issued shares was 130,666 thousand shares, each at a par value of NT$10. There have been no changes as of 31 December 2023. Each share has one voting right and a right to receive dividends.

B. Capital surplus

	As of 31 December	
	2023	2022
Only allowed for covering the deficit		
Unpaid dividends due to overdue	$1,450	$1,294

According to the Company Act, the additional paid-in capital shall not be used except for covering the deficit of the company. When a company incurs no loss, it may distribute the additional paid-in capital arising from the issuance of new shares at a premium and donations. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

C. Retained earnings and dividend policies

The Company's policy of dividend distribution is in line with current and future development plans, considering the investment environment, capital requirements, and domestic and international competitive conditions, as well as the interests of shareholders. Earnings distribution is based on the principle of sustainable and stable operation of the Company.

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order: payment of all taxes and dues; offset operation losses in previous years (including adjustments to unappropriated earnings); set aside 10% of the remaining amount as legal reserve; set aside or reverse special reserve in accordance with law and regulations. After deducting the items above from the current year's earnings, the distribution of the remaining portion with the undistributed earnings at the beginning of period (including adjustments to unappropriated earnings), if any, will be proposed by the board of directors and resolved in the shareholders' meeting.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

When the Company distributing distributable earnings, it shall set aside to special reserve, an amount equal to “other net deductions from shareholders” equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders’ equity. For any subsequent reversal of other net deductions from shareholders’ equity, the amount reversed may be distributed from the special reserve.

Due to the inadequate amount of retained earnings increase arising from the first-time adoption of IFRS, only the retained earnings increase of NT$201,716 thousand resulting from the conversion to IFRS was set aside as special reserve.

The FSC on 31 March 2021 issued Order No. Financial-Supervisory-Securities-Corporate-1090150022, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders’ equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the Company can reverse the special reserve by the proportion of the special reserve first appropriated and distribute it. As the Company’s retained earnings was negative (accumulated deficit) as of 1 January 2012, the standard had no impact on the Company.

Additionally, during the period from 1 January to 31 December 2023, the Company disposed of certain assets, resulting in the reversal of special surplus reserve in the amount of NT$132,480 thousand. As of 31 December 2023 and 2022, the amounts of special reserve for the first time adoption amounted to NT$69,236 thousand and NT$201,716 thousand, respectively.

This Company proposed the allocation and distribution of earnings for the year ended 31 December 2023 and resolved the profit allocation and distribution for the year ended 31 December 2022 in meetings held by the Board of Directors on 12 March 2024, and the Shareholders' Meeting on 30 May 2023, respectively. The details of the proposed allocation, distribution, and per-share dividends are as follows:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Appropriation of earnings		Dividend per share (NT$)	
	2023	2022	2023	2022
Legal reserve	$113,823	$1,520		
Common stock - cash dividend	326,665	13,067	$2.5	$0.1

Please refer to Note 6(14) for details on employees' compensation and remuneration to directors and supervisors.

(11) Operating revenue

	For the years ended 31 December	
	2023	2022
Revenue from contracts with customers		
Sale of goods	$1,381,718	$1,511,208

Analysis of revenue from contracts with customers for the years ended 31 December 2023 and 2022 are as follows:

A. Contract liabilities - current

	As of		
	31 Dec. 2023	31 Dec. 2022	1 Jan. 2022
Sale of goods	$48,301	$60,013	$35,390

(12) Expected credit (loss) gain

	For the years ended 31 December	
	2023	2022
Operating expenses – Expected credit (losses)/gains		
Accounts receivables	$(2,182)	$2,795

Please refer to Note 12 for more details on credit risk.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Group measures the loss allowance of its trade receivables (including note receivables and trade receivables) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as of 31 December 2023 and 2022 are as follows:

31 December 2023

		Past due days				
	Not yet due	1~60 days	61~90 days	91~120 days	Over 120 days	Total
Gross carrying amount	$143,543	$38,995	$3,762	$ -	$549	$186,849
Lifetime expected credit losses	(541)	(575)	(518)	-	(549)	(2,183)
Carrying amount	$143,002	$38,420	$3,244	$ -	$-	$184,666

31 December 2022

		Past due days				
	Not yet due	1~60 days	61~90 days	91~120 days	Over 120 days	Total
Gross carrying amount	$161,260	$30,651	$3,480	$ -	$4	$195,395
Lifetime expected credit losses	-	-	(1)	-	-	(1)
Carrying amount	$161,260	$30,651	$3,479	$ -	$4	$195,394

Note: The Group's note receivables are not overdue.

The movement in the provision for impairment of note receivables and trade receivables during the 31 December 2023 and 2022 are as follows:

	Notes receivables	Accounts receivables	Total
As of 1 January 2023	$ -	$1	$1
Addition	-	2,182	2,182
As of 31 December 2023	$ -	$2,183	$2,183
As of 1 January 2022	$ -	$2,796	$2,796
Reversal	-	(2,795)	(2,795)
As of 31 December 2022	$ -	$1	$1

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(13) Leases

The Group as a lessee

The Group leases transportation equipment .The lease terms range from 1 to 6 years.

The Group’s leases effect on the financial position, financial performance and cash flows are as follows:

A. Amounts recognized in the balance sheet

(a) Right-of-use assets

The carrying amount of right-of-use assets

	As of 31 December	
	2023	2022
Transportation equipment	$465	$1,045

(b) Lease liabilities

	As of 31 December	
	2023	2022
Lease liabilities		
Current	$398	$580
Non-current	71	469
Total	$469	$1,049

Please refer to Note 6, 15(3) for the interest on lease liabilities recognized during the years ended 31 December 2023 and 2022. Refer to Note 12(5) liquidity risk management for the maturity analysis for lease liabilities.

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended 31 December	
	2023	2022
Transportation equipment	$580	$509

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C. Income and costs relating to leasing activities

	For the years ended 31 December	
	2023	2022
The expenses relating to short-term leases	$112	$93

D. Cash outflow relating to leasing activities

During the years ended 31 December 2023 and 2022, the Group's total cash outflows for leases amounting to NT$698 thousand and NT$515 thousand.

(14) Summary statement of employee benefits, depreciation and amortization expenses by function for the years ended 31 December 2023 and 2022:

By function / By nature	For the years ended 31 December					
	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	$135,322	$101,974	$237,296	$142,500	$46,696	$189,196
Labor and health insurance	15,359	4,122	19,481	15,054	3,340	18,394
Pension	5,875	1,968	7,843	6,259	1,719	7,978
Remuneration to directors	-	35,005	35,005	-	5,758	5,758
Other employee benefits expense	4,735	1,626	6,361	6,253	1,595	7,848
Depreciation	29,766	2,344	32,110	31,712	1,585	33,297
Amortization	671	59	730	519	-	519

According to the Articles of Incorporation, should not be less than 2% and no higher than 3% of profit of the current year is distributable as employees' compensation and remuneration to directors and supervisors. However, the Company's accumulated losses shall have been covered. The employee remuneration, whether in the form of stocks or cash, should be determined by a resolution of the board of directors with the attendance of at least two-thirds of the directors and the consent of more than half of the attending directors, and reported to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For the year ended in 31 December 2023, the Company estimated employee compensation and director remuneration based on profitability at rates of 2% and 3%, in the amount of NT$22,233 thousand and NT$33,350 thousand, respectively, and were recorded under payroll expense and other expenses. The Company was at a loss for the year ended 31 December 2022, therefore no provision for employee compensation and director remuneration was made.

(15) Non-operating income and expenses

(a) Other income

	For the years ended 31 December	
	2023	2022
Dividend income	$5,021	$9,008
Interest income	5,799	720
Other income	9,646	3,320
Total	$20,466	$13,048

(b) Other gains and losses

	For the years ended 31 December	
	2023	2022
Gains on disposal of property, plant and equipment	$1,124,977	$2,642
Foreign exchange gain (losses), net	(1,735)	11,477
Gains of financial asset at fair value through profit or loss	-	1,454
Other loss	(10,488)	-
Total	$1,112,754	$15,573

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(c) Finance costs

	For the years ended 31 December	
	2023	2022
Interest on borrowings from bank	$1,419	$938
Interest on lease liabilities	6	9
Total	$1,425	$947

(16) Income taxes

(a) Deferred tax assets (liabilities) relate to the following:

<u>Income tax expense (income) recognized in profit or loss</u>

	For the years ended 31 December	
	2023	2022
Current income tax expense:		
Current income tax charge	$6	$ -
Land value increment tax	101,106	-
Adjustments in respect of current income tax of prior periods	20	-
Deferred tax (income) expense		
Deferred tax income relating to origination and reversal of temporary differences	(53,430)	(17,133)
Current income tax expense (income):	$47,702	$(17,133)

<u>Income tax relating to components of other comprehensive income</u>

	For the years ended 31 December	
	2023	2022
Deferred tax (income) expense		
Actuarial gain and loss of the defined benefit	$(658)	$1,866
Income tax relating to components of other comprehensive income	$(658)	$1,866

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b) A reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the years ended 31 December	
	2023	2022
Accounting profit (loss) before tax from continuing operations	$1,056,083	$(6,145)
At statutory income tax rate	$211,215	$(1,229)
Expenses not deductible for tax purposes	(83)	(236)
Income exempt from taxation	(213,723)	(1,832)
Land value increment tax recognized as current income tax	41,738	-
Unrecognized tax losses/Deductible temporary difference	8,555	(13,836)
Total income tax expense (income) recognized in profit or loss	$47,702	$(17,133)

(c) Deferred tax assets (liabilities) relate to the following:

For the year ended 31 December 2023

Items	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary differences				
Allowance loss from price reduction of inventories	$22,420	$(3,163)	$-	$19,257
Allowance for doubtful debts	-	63	-	63
Unrealized loss on foreign exchange	(155)	(1,413)	-	(1,568)
Leave payable	1,978	91	-	2,069
Accumulated losses	64,085	(391)	-	63,694
Land value increment tax preparation	(114,667)	59,368	-	(55,299)
Defined Benefit Retirement Plan	(5,548)	(1,125)	658	(6,015)
Deferred tax income/(expense)		$53,430	$658	
Deferred tax assets/(liabilities) Net	$(31,887)			$22,201
The information presented on the balance sheet is as follows:				
Deferred tax assets	$88,482			$85,083
Deferred tax liabilities	$(120,369)			$(62,882)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For the year ended 31 December 2022

Items	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary differences				
Allowance loss from price reduction of inventories	$9,725	$12,695	$ -	$22,420
Allowance for doubtful debts	1,951	(1,951)	-	-
Unrealized loss on foreign exchange	429	(584)	-	(155)
Leave payable	1,837	141	-	1,978
Accumulated losses	56,393	7,692	-	64,085
Land value increment tax preparation	(114,667)	-	-	(114,667)
Defined Benefit Retirement Plan	(2,822)	(860)	(1,866)	(5,548)
Deferred tax income/(expense)		$17,133	$(1,866)	
Deferred tax assets/(liabilities) Net	$(47,154)			$(31,887)
The information presented on the balance sheet is as follows:				
Deferred tax assets	$70,335			$88,482
Deferred tax liabilities	$(117,489)			$(120,369)

(d) Information on unused tax losses of individuals within the group is summarized as follows:

Year of occurrence	Deficit amount	Unused balance 31 December 2023	Unused balance 31 December 2022	Last deductible year
2017	$41,579	$6,978	$8,931	2027
2018	58,992	58,992	58,992	2028
2019	59,271	59,271	59,271	2029
2020	134,320	134,320	134,320	2030
2021	58,906	58,906	58,906	2031
2023	35,147	35,147	-	2033
Total	$388,215	$353,614	$320,420	

(e) Unrecognized deferred tax assets

As of 31 December 2023 and 2022, the total amount of deferred income tax assets that the group did not recognize is NT$7,029 thousand and NT$0 thousand respectively.

(f) The assessment of income tax returns

As of 31 December 2023, the assessment of the income tax returns of the Company and its subsidiaries is as follows:

	The assessment of income tax returns
UNIVERSAL TEXTILE CO., LTD	Assessed and approved up to 2021
CHANG FU INVESTMENT CO., LTD.	Assessed and approved up to 2022
HUNG YU TECHNOLOGY CO., LTD.	Assessed and approved up to 2022

(17) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit (loss) attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the years ended 31 December	
	2023	2022
(a) Basic earnings per share		
Profit (loss) attributable to ordinary equity holders of the Company(thousand)	$1,008,381	$10,988
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	130,666	130,666
Basic earnings per share (NT$)	$7.72	$0.08

	For the years ended 31 December	
	2023	2022
(b) Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company(thousand)	$1,008,381	$10,988
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	130,666	130,666
The impact of potential common shares with dilutive effects:		
Employee compensation expenses	1,084	-
Weighted average number of ordinary shares outstanding after dilution (in thousands)	131,750	130,666
Earnings per share - diluted	$7.65	$0.08

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

7. Related party transactions

Information of the related parties that had transactions with the Group during the financial reporting period is as follows:

Name and nature of relationship of the related parties

Name of Related Party	Nature of relationship of the related parties
LIANG-WOEI FIBRE CO., LTD.	Substantive related party (President is the natural person representative of the company's legal person directors)
HONG JEN TEXTILE CO., LTD.	Substantive related party (Directors are natural person representatives of the company's legal person directors)
TAIWAN TAFFETA FABRIC CO., LTD.	Substantive related party(Note)

Note: The resignation of the chairman of the company as the chairman of the company took effect on 18 February 2022, so TAIWAN TAFFETA FABRIC CO., LTD. is no longer a related person of the company.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Significant transactions with the related parties

(a) Sales

	For the years ended 31 December	
	2023	2022
HONG JEN TEXTILE CO., LTD.	$27,992	$97,310

The sales price to the above related parties was determined through mutual agreement based on the market rates. The outstanding balance as of 31 December 2023 and 2022 was unsecured, non-interest bearing and must be settled in cash. The receivables from the related parties were not guaranteed.

(b) Purchases

	For the years ended 31 December	
	2023	2022
LIANG-WOEI FIBRE CO., LTD.	$1,881	$7,570

The purchase price from the above related parties was determined through mutual agreement based on the market rates. The payment terms from the related party suppliers are comparable with third party suppliers.

(c) Accounts receivable

	As of 31 December	
	2023	2022
HONG JEN TEXTILE CO., LTD.	$5,010	$3,316

(d) Accounts payable

	As of 31 December	
	2023	2022
LIANG-WOEI FIBRE CO., LTD.	$1,295	$ -

(e) Key management personnel compensation

	For the years ended 31 December	
	2023	2022
Short-term employee benefits	$43,498	$9,821

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

8. Assets pledged as security

The following table lists assets of the Group pledged as security:

Items	As of 31 December 2023	As of 31 December 2022	Guarantee purpose
Land	$45,102	$239,087	Bank loan
Buildings and structures	4,543	6,907	Bank loan
Other non-current assets	12,282	-	Government subsidy for special projects
Total	$61,927	$245,994	

9. Commitments and contingencies

None.

10. Losses due to major disasters:

None.

11. Significant subsequent events:

None.

12. Others

(1) Categories of financial instruments

Financial assets

	As of 31 December 2023	As of 31 December 2022
Financial assets measured at amortized cost	$211,410	$46,065
Cash and cash equivalents	1,242,589	302,038
Notes receivables and accounts receivable (Including Related Parties)	184,666	195,394
Other receivables (excluding income tax refund receivables)	1,365	926
Refundable deposits	2,585	23
Financial assets at fair value through other comprehensive income		
Equity instrument investment	332,150	260,838
Total	$1,974,765	$805,284

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Financial liabilities

	As of 31 December	
	2023	2022
Financial liabilities at amortized cost:		
Short-term loans	$ -	$80,000
Notes and accounts payable	86,640	121,956
Other receivables	177,445	83,666
Deposits received	620	620
Total	$264,705	$286,242

(2) Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activates. The Group identifies measures and manages the aforementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk.

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency).

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. Hedge accounting is not applied as they did not qualify for hedge accounting criteria.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for USD and RMB. The sensitivity analysis information is as follows:

When the NT dollar appreciates/depreciates by 5% against the U.S. dollar, it will affect the Group for the years ended 31 December 2023 and 2022.The annual pre-tax profit and loss will decrease/increase by NT$16,299 thousand and NT$10,582 thousand respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt instrument investments at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit. The profit and loss of the group for the years ended 31 December 2023 and 2022 will be reduced/increased NT$0 thousand and NT$80 thousand respectively.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(4) Credit risk management

Credit risk is the risk that a counterparty default obligation under a contract, leading to a financial loss to the group.

The credit risk of the Group is assessed on contracts whose fair value is a positive number on the balance sheet date. The Group only transacts with counterparties, which are financial institutions, companies with good credit rating. Consequently, there is no significant credit risk for these counter parties.

(5) Liquidity risk management

Our group has constructed satisfied liquidity risk management construction. Our group manage liquidity risk by maintain enough loan limit, and monitor cash flows continuously. The unused bank loan limit on 31 December 2023 shows as below.

Non-derivative financial liabilities

	Less than 1 year	1 to 3 years	3 to 5 years	> 5 years	Total
31 December 2023					
Lease liabilities	$400	$71	$ -	$ -	$471
31 December 2022					
Lease liabilities	$586	$471	$ -	$ -	$1,057
Short-term loans	80,042	-	-	-	80,042

Derivative financial liabilities

None.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended 31 December 2023:

	Short-term loans	Lease liabilities	Total liabilities from financing activities
As of 1 January 2023	$80,000	$1,049	$81,049
Cash flows	(80,000)	(586)	(80,586)
Non-cash changes	-	6	6
As of 31 December 2023	$ -	$469	$469

Reconciliation of liabilities for the year ended 31 December 2022:

	Short-term loans	Lease liabilities	Total liabilities from financing activities
As of 1 January 2022	$ -	$921	$921
Cash flows	80,000	(506)	79,494
Non-cash changes	-	634	634
As of 31 December 2022	$80,000	$1,049	$81,049

(7) Fair values of financial instruments

(a) The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

a. The carrying amount of cash and cash equivalents, accounts receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.

b. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.

c. Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

(b) Fair value of financial instruments measured at amortized cost

The carrying amount of the Group's financial assets and liabilities measured at amortized cost approximate their fair value.

(c) Please refer to Note 12(8)(2) for fair value measurement hierarchy for financial instruments of the Group.

(8) Fair value measurement hierarchy

(a) Definition of fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Each level inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(b) Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis was as follows:

As of 31 December 2023	Level 1	Level 2	Level 3	Total
Fair value measurement hierarchy of the Group's assets and liabilities:				
Financial assets measured at fair value through other comprehensive income				
Equity instrument investment				
Domestic listed stocks	$331,855	$ -	$ -	$331,855
Domestic unlisted (counter) ordinary share	-	-	-	-
Domestic unlisted (counter) preference share	-	-	295	295
Total	$331,855	$ -	$295	$332,150

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As of 31 December 2022

	Level 1	Level 2	Level 3	Total
Fair value measurement hierarchy of the Group's assets and liabilities:				
Financial assets measured at fair value through other comprehensive income				
Equity instrument investment				
Domestic listed stocks	$260,445	$ -	$ -	$260,445
Domestic unlisted (counter) ordinary share	-	-	-	-
Domestic unlisted (counter) preference share	-	-	393	393
Total	$260,445	$ -	$393	$260,838

Transfers between Level 1 and Level 2 during the period

During the years ended 31 December 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

Details of Changes in Level 3 Fair Value Measurements for Recurring Fair Value Measurements

Reconciliation for Recurring fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	At fair value through other comprehensive income
	Stocks
Beginning balances as of 1 January 2023	$393
Deferred tax income (expense) recognized in other comprehensive income	-
Disposal	(98)
Ending balances as of 31 December 2023	$295

	At fair value through other comprehensive income
	Stocks
Beginning balances as of 1 January 2022	$3,292
Deferred tax income (expense) recognized in other comprehensive income	(2,801)
Disposal	98
Ending balances as of 31 December 2022	$393

(9) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

(Unit: expressed in thousands of New Taiwan Dollars)

	As of 31 December 2023			As of 31 December 2022		
	Foreign currencies	Foreign exchange rate	NTD	Foreign currencies	Foreign exchange rate	NTD
Financial assets						
Monetary items:：						
USD	$10,978	30.71	$337,134	$8,726	30.71	$267,975
EUR	54	33.98	1,835	78	32.72	2,567
Financial liabilities						
Monetary items:：						
USD	$363	30.71	$11,148	$318	30.71	$9,766

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

The Group has a number of different functional currencies; therefore, we are unable to disclose the exchange loss and gain of monetary financial assets and financial liabilities under each foreign currency that has significant impact. The Group recognized NT$(1,735) thousand foreign exchange loss and NT$11,477 thousand foreign exchange gain for the years ended 31 December 2023 and 2022, respectively.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(10) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payments to shareholders, return capital to shareholders or issue new shares.

13. Other disclosure

(1) Information at significant transactions

(a) Financing provided to others for the year ended 31 December 2023: None

(b) Endorsement/Guarantee provided to others for the year ended 31 December 2023: None

(c) Securities held as of 31 December 2023 (excluding investment in a subsidiaries, affiliated enterprises and joint venture control parts):

Holding Company	Types of Securities	Relationship with Securities Issuers	Financial Statement Account	As of 31 December 2023				
				Shares/Unit	Carrying amount	Share holding ratio	Fair value	Remark
UNIVERSAL TEXTILE CO., LTD	TAIWAN TAFFETA FABRIC CO., LTD.	—	Financial assets at fair value through other comprehensive income, non-current	17,695,218	$294,625	13.63%	$294,625	
UNIVERSAL TEXTILE CO., LTD	TAIWAN FILAMENT WEAVING DEVELOPMENT CO., LTD.- ordinary share	—	Financial assets at fair value through other comprehensive income non-current	1,613,844	-	3%	-	Note
UNIVERSAL TEXTILE CO., LTD	TAIWAN FILAMENT WEAVING DEVELOPMENT CO., LTD. - Preference share	—	Financial assets at fair value through other comprehensive income, non-current	29,505	295	-%	295	

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Holding Company	Types of Securities	Relationship with Securities Issuers	Financial Statement Account	As of 31 December 2023				
				Shares/Unit	Carrying amount	Share holding ratio	Fair value	Remark
CHANG FU INVESTMENT CO., LTD.	TAIWAN TAFFETA FABRIC CO., LTD.	—	Financial assets at fair value through other comprehensive income - noncurrent	2,236,000	37,230	1.72%	37,230	

Note: The Group held financial assets measured at fair value through other comprehensive income-non current—Taiwan Filament Weaving Development CO., LTD.- ordinary share, due to the loss according to its latest report, the loss was fully withdrawn in June 2023.

(d) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended 31 December 2023: None

(e) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended 31 December 2023: None.

(f) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended 31 December 2023: None.

Company Disposing of Real Estate	Name of property	Transaction date (Note)	Original Acquisition Date	Carrying amount	Transaction amount	Status of Payment Receipt	Disposal gain or loss	Related Party	Relationship with the Company	Purpose of Disposal	Basis for Determining the Price	Other terms
UNIVERSAL TEXTILE CO., LTD	Building and structures	25 August 2023	28 December 1970	$199,857 thousands	$1,325,091 thousands	Payment Received in Full	$1,115,116 thousand (note 1)	SUSHI EXPRESS CO., LTD	None	Revitalizing Assets	Appraisal Report	None

Note 1: including appraisal service fee of $10,118 thousand

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(g) Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20 percent of the capital stock for the year ended 31 December 2023: None.

(h) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of the capital stock as of 31 December 2023: None.

(i) Financial instruments and derivative transactions: None.

(j) The business relationship, significant transactions and amounts between parent company and subsidiaries: None.

(2) Information on investees

(a) Invested companies with significant influence or control:

Names, locations, main businesses and products, original investment amount, investment as of 31 December 2023, net income (loss) of investee company and investment income (loss) recognized as of 31 December 2023:

Investor	Investee company	Address	Main business and products	Initial Investment		Investment as of 31 December 2023			Net income(loss) of investee company (Note 1)	Investment income (loss) recognized (Note1)	Remark
				Ending balance	Beginning balance	Number of shares	Percentage of ownership (%)	Carrying amount			
UNIVERSAL TEXTILE CO., LTD	CHANG FU INVESTMENT CO., LTD.	7th Floor, No. 62-5, Xining North Road, Datong District, Taipei City	Holding company	$30,000	$30,000	3,000,000	100%	$40,078	$512	$512	Subsidiaries
UNIVERSAL TEXTILE CO., LTD	HUNG YU TECHNOLOGY CO., LTD.	7th Floor, No. 62-5, Xining North Road, Datong District, Taipei City	Wholesale of chemical raw materials	$30,000	$30,000	3,000,000	100%	30,126	138	138	Subsidiaries

Note1：Consolidation

(3) Information on investments in mainland China；

None

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(4) Information of major shareholders：The name, shareholding amount and proportion of the shareholders whose equity ratio is more than 5%

Share / Main shareholder name	Total shares owned	Shareholding ratio
LIANG HAW TECHNOLOGY CO., LTD.	15,000,000	11.47%
EVERWIN CAPITAL LIMITED	10,000,000	7.65%
DAR YU ASSET MANAGEMENT CO., LTD.	9,250,000	7.07%
SHINE LEE INVESTMENT CO., LTD	7,500,000	5.73%

14. Operating Segment information

(1) For management purposes, the Group is organized into business units based on their products and services and has two reportable operating segments as follows:

(a) Textile segment:The main products of this department include polyester filament fabrics, T/R mixed weave fabrics, elastic fabrics, etc. The woven fabrics can be used as filament suit fabrics, women's thin fabrics and various finishing fabrics.

(b) Textured yarn segment:The main construction is Changbin Factory, produced polyester processed yarn, the specifications including 75D-600D，including CD100%、CD50%、Fur、linen and various composite yarns.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and measured in a manner consistent with operating profit and loss in the consolidated financial statements. However, income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segment are on an arm's length basis in a manner similar to transactions with third parties.

(1)Information on profit or loss, assets and liabilities of the reportable segment were as of:

For the year ended 31 December 2023

	Textile segment	False Twist segment	Reportable segment Subtotal	Others	Adjustment and Elimination	Total
External customer	$927,276	$454,442	$1,381,718	$ -	$ -	$1,381,718
Inter-segment	-	135,549	135,549	-	(135,549)	-
Total revenue	$927,276	$589,991	$1,517,267	$ -	$(135,549)	$1,381,718
Segment profit	$34,397	$(93,174)	$(58,777)	$10,723	$(10,723)	$(58,777)

For the year ended 31 December 2022

	Textile segment	False Twist segment	Reportable segment Subtotal	Others	Adjustment and Elimination	Total
External customer	$793,430	$717,778	$1,511,208	$ -	$ -	$1,511,208
Inter-segment	-	93,401	93,401	-	(93,401)	-
Total revenue	$793,430	$811,179	$1,604,609	$ -	$(93,401)	$1,511,208
Segment profit	$49,908	$(43,763)	$6,145	$5,691	$(5,691)	$6,145

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Information on assets and liabilities of the Group's operating segments as of 31 December 2023 and 2022:

Segment assets

	Textile segment	False Twist segment	Reportable segment Subtotal	Others	Adjustment and Elimination	Total
31 December 2023	$519,799	$630,668	$1,150,467	$2,024,235	$(70,204)	$3,104,498
31 December 2022	$900,414	$857,376	$1,757,790	$435,895	$(62,904)	$2,130,781

Segment liabilities

	Textile segment	False Twist segment	Reportable segment Subtotal	Others	Adjustment and Elimination	Total
31 December 2023	$68,461	$32,854	$101,315	$309,423	$ -	$410,738
31 December 2022	$99,701	$24,123	$123,824	$373,920	$ -	$497,744

(1) Reportable reconciliation of departmental income, profit and loss, assets, liabilities and other major items

Reconciliations of reportable segments

	For the year ended 31 December 2023
Total profit or loss for reportable segments	$(58,777)
Other profit or loss	10,723
Elimination of inter-segment profit	(10,723)
Unallocated amounts:	
Gains on disposal of property plant and equipment	1,114,860
Profit before tax from continuing operations	$1,056,083

For the year ended 31 December 2022 the Group did not have information on segment income, profit and loss, capital, assets, liabilities and other major items need to be adjusted.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(3) Geographical information

i. Revenue from external customers:

	For the years ended 31 December	
District	2023	2022
Taiwan	$514,312	$779,853
Asia	418,300	300,534
Europe	371,598	287,031
America	61,859	118,812
Other	15,649	24,978
Total	$1,381,718	$1,511,208

The revenue information above is based on the location of the customers.

(4) Information about major customers

There's no sales revenue from a single customer accounting for over 10% of revenue on income statement for the years ended 31 December 2023 and 2022.